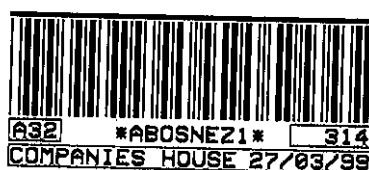


## **Ruberoid Contracts Limited**

### **Directors' report and financial statements**

For the year ended 31 December 1998  
Registered number 1036456



## **Directors' report and financial statements**

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## Directors' report

The Directors present their report together with the audited financial statements for the year ended 31 December 1998.

### Principal activity and business review

The principal activity of the Company is that of roofing and wall cladding contracting. Future developments will be in the same area.

### Results and dividends

The profit and loss account is shown on page 5. The loss for the year after taxation amounted to £44,000 (1997: £1,000). The Directors do not recommend the payment of a dividend (1997: £Nil).

### Research and development

The Company's policy is to enhance the performance of its products through continuous improvements and quality control in order to meet evolving building design criteria and expected European building standards.

### Directors and Directors' interests

The Directors who served during the year and subsequently were:

BB Dyson  
 IGS McPherson (appointed 27 February 1998)  
 EB McCann (resigned 6 March 1998)  
 B Stock

The interests of Messrs McPherson and Stock in the share capital of the Company's ultimate parent company, Ruberoid PLC, are disclosed in the report and financial statements of that Company.

The interests in the share capital of Ruberoid PLC of the remaining Director who held office in the Company at 31 December 1998 was as follows:

	At 31 December 1998		At 31 December 1997		Share option movements in year	
	Ordinary shares	Share options	Ordinary shares	Share options	Granted	Exercised
BB Dyson	-	* 3,890	-	* 3,890	-	-
		‡ 2,875		‡ 2,875	-	-
		† 40,000		-	† 40,000	-

\* Granted on 28 June 1994 under the Ruberoid PLC Employee Savings Related Share Option Scheme, normally exercisable after 28 June 1999 at 133 pence per share.

‡ Granted on 12 June 1996 under the Ruberoid PLC Employee Savings Related Share Option Scheme, normally exercisable after 12 June 2001 at 120 pence per share.

† Granted on 23 April 1998 under the Ruberoid PLC Executive Share Option Scheme, normally exercisable (subject to the achievement of performance targets) between April 2001 and April 2005 in respect of the Unapproved Part of the scheme, and April 2008 in respect of the Approved Part at 101 pence per share.

## **Directors' report (continued)**

### **Directors and Directors' interests (continued)**

Allocations between the Approved and Unapproved Parts of the scheme for the purposes of this grant were as follows:

BB Dyson	<b>Unapproved</b> 10,298	<b>Approved</b> 29,702
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None of the Directors had any beneficial interest in the share or loan capital of any subsidiary undertaking of Ruberoid PLC during the year.

### **Year 2000**

A project to address the impact on the Group's IT systems of the Year 2000 problem was commissioned by the Board in 1997. This project covers all the Company's IT systems. All the key systems were assessed, and action plans put in place to deal with any non-compliant systems. The Group Board receives regular reports on progress. KPMG Audit Plc have been used to review the Group's assessment and plans and they report directly to the Group Board. Whilst it is not possible to guarantee that no Year 2000 problems remain, the Board is confident that the Company is appropriately prepared. The costs to the Company of implementing the action plans are not significant and have been expensed as incurred.

### **Payment Policy**

It is the Company's general policy to abide by the terms of payment agreed with its suppliers. The Company does not follow any code or standard payment practice.

This report was approved by the board on 4 March 1999 and signed on its behalf by:



**ML Kippen**  
*Secretary*

Carthusian Court  
12 Carthusian Street  
London  
EC1M 6EZ

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG Audit Plc

2 Cornwall Street  
Birmingham  
B3 2DL

### Auditor's report to the members of Ruberoid Contracts Limited

We have audited the financial statements on pages 5 to 10.

#### Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

4 March 1999

**Profit and loss account**  
*for the year ended 31 December 1998*

	<i>Note</i>	<b>1998</b> <b>£000</b>	1997 £000
<b>Turnover</b>			
Cost of sales	2	295 (318)	729 (597)
<b>Gross (loss)/profit</b>		<hr/>	<hr/>
Administrative expenses		(23) (34)	132 (127)
<b>Operating (loss)/profit</b>		<hr/>	<hr/>
Interest payable		(57) (7)	5 (7)
<b>Loss on ordinary activities before taxation</b>		<hr/>	<hr/>
Tax on loss on ordinary activities	5 6	(64) 20	(2) 1
<b>Retained loss for the financial year transferred from reserves</b>	14	<hr/> (44) <hr/>	<hr/> (1) <hr/>

The result for the financial year was derived wholly from continuing operations.  
Movements in reserves are set out in note 14 on page 10.

**Statement of total recognised gains and losses**

There were no recognised gains or losses other than the profit for the year reported above.

**Reconciliation of movements in equity shareholders' funds**

	<b>1998</b> <b>£000</b>	1997 £000
Loss for the financial year		
Equity shareholders' funds at beginning of year	(44) 189	(1) 190
<b>Equity shareholders' funds at end of year</b>	<hr/> 145 <hr/>	<hr/> 189 <hr/>

**Balance sheet**  
*at 31 December 1998*

	Note	1998		1997	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	7		-		-
<b>Current assets</b>					
Stocks	8	-		-	
Debtors: amounts falling due within one year	9	195		381	
Debtors: amounts falling due after more than one year	9	664		726	
Creditors: amounts falling due within one year	10	859 (241)		1,107 (445)	
<b>Net current assets/(liabilities)</b>					
Due within one year					
Due after more than one year		(46) 664		(64) 726	
			618		662
<b>Total assets less current liabilities</b>					
Creditors: amounts falling due after more than one year	11		618 (473)		662 (473)
<b>Net assets</b>			145		189
<b>Capital and reserves</b>					
Called up share capital	13		3,250		3,250
Profit and loss account	14		(3,105)		(3,061)
<b>Equity shareholders' funds</b>			145		189

These financial statements were approved by the board of directors on 4 March 1999 and were signed on its behalf by:



**B Stock**  
*Director*



## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of accounting***

The financial statements are prepared in accordance with applicable accounting standards using the historic cost accounting rules.

#### ***Related Party Transactions***

Under Financial Reporting Standard 8 the company is exempt from the disclosure of transactions with other Group undertakings on the grounds that it is wholly owned and its results are included in Ruberoid PLC's consolidated financial statements which are publicly available.

#### ***Turnover***

Turnover represents the net amount receivable, excluding value added tax, for contracts completed for during the year.

#### ***Depreciation***

Depreciation is provided to write off the cost of other tangible assets less their estimated residual values, by equal annual instalments, over their estimated useful lives as follows:

Plant, machinery and vehicles                      - 3 to 15 years

#### ***Stocks***

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes appropriate overheads.

#### ***Deferred Taxation***

Deferred taxation, calculated using the liability method, is included only where the effects of timing differences between results as stated in the financial statements and as computed for taxation purposes are likely to crystallise in the foreseeable future.

#### ***Pensions***

The Group operates both money purchase and final salary pension schemes. The amount charged against profit in respect of the money purchase schemes represents the contributions payable to the schemes in respect of the accounting period. Contributions to the final salary schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

#### ***Research and development***

All expenditure except that capitalised on buildings and plant is charged against income as incurred.

#### ***Turnover***

Turnover arose from one class of business and originated in the United Kingdom, the Company's sole market.

## Notes (continued)

### 3 Interest payable

	1998 £000	1997 £000
Interest payable to group undertakings	7	7
	<u>7</u>	<u>7</u>

### 4 Employees and directors

Apart from the directors, the company had no employees (1997 : Nil).

None of the directors received any emoluments during the year ended 31 December 1998 (1997: £Nil).

### 5 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation has been arrived at after charging:

	1998 £000	1997 £000
Auditors' remuneration - audit	6	5
	<u>6</u>	<u>5</u>

### Tax on loss on ordinary activities

Taxation based on the loss for the year comprises:

	1998 £000	1997 £000
Group relief receivable at 31% (1997 : 31.5%)	(22)	(4)
Adjustment relating to prior year	-	3
Deferred taxation (see note 12)	2	-
	<u>(20)</u>	<u>(1)</u>

### Tangible assets

#### Cost

At beginning and end of year

Plant,  
machinery and  
vehicles  
£000

17

#### Depreciation

At beginning and end of year

17

#### Net book value

At 31 December 1998 and 31 December 1997

**Notes (continued)**

**8 Stocks**

	1998 £000	1997 £000
Work in progress	60	58
Payments received on account	(60)	(58)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

**9 Debtors**

	1998 £000	1997 £000
<b>Amounts falling due within one year:</b>		
Trade debtors	103	297
Amounts owed by group undertakings	60	80
Other debtors	10	-
Group relief receivable	22	4
	<hr/>	<hr/>
	195	381
	<hr/>	<hr/>
<b>Amounts falling due after more than one year:</b>		
Deferred taxation (see note 12)	8	10
Amounts owed by group undertakings	656	716
	<hr/>	<hr/>
	664	726
	<hr/>	<hr/>
	859	1,107
	<hr/>	<hr/>

**10 Creditors: amounts falling due within one year**

	1998 £000	1997 £000
Bank overdrafts	34	10
Payments received on account	4	3
Trade creditors	57	57
Amounts owed to group undertakings	66	302
Other taxation and social security	42	12
Other creditors	-	9
Accruals and deferred income	38	52
	<hr/>	<hr/>
	241	445
	<hr/>	<hr/>

## Notes (continued)

### 1 Creditors: amounts falling due after more than one year

	1998 £000	1997 £000
Amounts owed to group undertakings	473	473
	<u>473</u>	<u>473</u>

### 2 Deferred taxation

The movement in the deferred tax asset during the year was as follows:

	£000
At beginning of year	10
Transfer to profit and loss	(2)
At end of year	<u>8</u>

The deferred tax asset is included in debtors (see note 9), is calculated at 31% (1997: 31.5%) and relates to accelerated capital allowances.

There was no unprovided deferred tax at 31 December 1998 (1997: £Nil).

### 3 Share capital

	1998 £000	1997 £000
<i>Authorised, allocated, called up and fully paid:</i> 3,250,000 ordinary shares of £1 each	3,250	3,250
	<u>3,250</u>	<u>3,250</u>

### 4 Profit and loss account

	£000
At beginning of year	(3,061)
Retained loss for the financial year	(44)
At end of year	<u>(3,105)</u>

### 5 Contingent liabilities

The Company has guaranteed bank overdrafts and loans in respect of its parent company and fellow subsidiary undertakings. At 31 December 1998 these guarantees amounted to £1,229,000 (1997: £22,773,611).

### Ultimate holding company and controlling interest

The ultimate parent company is Ruberoid PLC, a company incorporated in Great Britain. Copies of the consolidated financial statements are available from The Company Secretary, Ruberoid PLC, Carthusian Court, 12 Carthusian Street, London EC1M 6EZ

The financial statements of Ruberoid PLC are the only consolidated financial statements to incorporate Ruberoid Contracts Limited.