

PERMANITE ASPHALT LIMITED

Registered Number: 2423586

Directors' report and financial statements

For the year ended

31 December 1995



Permanite Asphalt Limited

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 1995.

Principal activity and business review

The principal activity of the Company is the manufacture and supply of mastic asphalt.

Results and dividends

The profit and loss account is shown on page 7.

The loss for the year transferred from reserves amounted to £403,000 (1994: retained profit £316,000)

The Directors recommend the payment of a final dividend of £750,000 (1994 : £nil). Interim dividends of £270,000 (1994 : £268,000) were also paid during the year.

Fixed assets

The movements in tangible assets during the year are shown in note 8 on page 13.

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 standards.

Directors and Directors' interests

The Directors who served during the year and subsequently were:

P A Bentley	
L Doyle	appointed 1 February 1996
B Haymes	appointed 1 February 1996
A D Hooton	appointed 1 February 1996
R D Hopper	appointed 2 February 1995
J T Hunt	resigned 2 February 1995
P Race	resigned 1 July 1995
D O Udell	appointed 1 February 1996
D T Watson	

The interest of Mr D T Watson in the share capital of the Company's ultimate parent Company, Ruberoid PLC, is disclosed in the report and financial statements of that Company.

Directors and Directors' Interests (continued)

The declarable interests in the share capital of Ruberoid PLC of the other Directors who held office in the Company at 31 December 1995 were as follows:

	At 31 December 1995		At 31 December 1994 (or at date of appointment if later)		Share option movements in the year	
	Fully paid	Share options	Fully paid	Share options	Granted	Exercised
R D Hopper	400	-	400	-	-	-

None of the Directors had any beneficial interest in the share or loan capital of any subsidiary undertaking of Ruberoid PLC during the year.

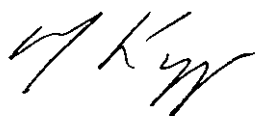
Employees

The Directors recognise the benefits which accrue from keeping employees informed on the progress of their Company. It is the Company's policy to give fair consideration to the employment needs of disabled people.

Insurance

Insurance cover has been arranged in respect of liabilities which may be incurred by Directors and officers of the Company in the course of their duties.

This report was approved by the board on 23 October 1996 and signed on its behalf by:



M L Kippen
Secretary

197 Knightsbridge
London SW7 1RB

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 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.

Auditors report to the members of Permanite Asphalt Limited

We have audited the financial statements on pages 7 to 17.

Respective responsibilities of Directors and auditors

As described on page 5 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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
Registered Auditors

23 October 1996
2 Cornwall Street
Birmingham
B3 2DL

Permanite Asphalt Limited

Profit and loss account

for the year ended 31 December 1995

	<i>Note</i>	<i>1995</i> <i>£000</i>	<i>1994</i> <i>£000</i>
Turnover	2	7,739	7,481
Cost of sales		(5,623)	(5,425)
Gross profit		2,116	2,056
Administrative expenses		(1,242)	(1,231)
Operating profit		874	825
Net interest	3	51	21
Profit on ordinary activities before taxation	5	925	846
Tax on profit on ordinary activities	6	(308)	(262)
Profit for the financial year		617	584
Dividends	7	(1,020)	(268)
Retained (loss)/profit for the financial year transferred (from)/to reserves	15	(403)	316

The profit for the financial year was derived wholly from continuing operations.

In both current and preceding years there is no difference between the result disclosed in the profit and loss account and the result calculated on an unmodified historical cost basis.

Movements in reserves are set out in note 15 on page 16.

Statement of total recognised gains and losses

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account.

Permanite Asphalt Limited

Balance sheet at 31 December 1995

	<i>Note</i>	£000	1995 £000	£000	1994 £000
Fixed assets					
Tangible assets	8		1,123		1,179
Current assets					
Stocks	9	413		361	
Debtors	10	2,569		2,517	
Cash		1,346		1,002	
		<u>4,328</u>		<u>3,880</u>	
Creditors: amounts falling due within one year	11	(2,719)		(1,897)	
Net current assets			<u>1,609</u>		<u>1,983</u>
Total assets less current liabilities			<u>2,732</u>		<u>3,162</u>
Creditors: amounts falling due after more than one year	12		(27)		(27)
Provision for liabilities	13		(15)		(42)
Net assets			<u><u>2,690</u></u>		<u><u>3,093</u></u>
Capital and reserves					
Called up share capital	14		50		50
Share premium account	15		2,631		2,631
Profit and loss account	15		9		412
Equity shareholders' funds			<u><u>2,690</u></u>		<u><u>3,093</u></u>

These financial statements were approved by the Board of Directors on 23 October 1996 and were signed on its behalf by:



D T Watson
Director

Permanite Asphalt Limited

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 preparation

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

Turnover

Turnover represents the net amount receivable, excluding value added tax, for goods and services supplied to external customers.

Depreciation

Freehold land is not depreciated. Depreciation is provided to write off the cost of tangible assets, less their estimated residual values, by equal annual instalments over their estimated useful lives as follows:

Freehold buildings	- 50 years
Short leasehold properties	- period of lease
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.

Leased Assets

Operating lease costs are charged to the profit and loss account on a straight line basis over the life of the lease.

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 Group.

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2 Turnover

All turnover arose from one class of business and in the United Kingdom.

3 Net interest

	1995 £000	1994 £000
Interest receivable from group undertakings	54	22
Finance lease charges	(3)	(1)
	<u>51</u>	<u>21</u>

4 Employees and Directors

The average number of employees (including Directors) of the Company during the year comprised:

	1995 Number	1994 Number
Production	70	67
Selling and administration	21	26
	<u>91</u>	<u>93</u>

The aggregate employment costs were as follows:

	1995 £000	1994 £000
Wages and salaries	1,811	1,748
Social security costs	160	162
Other pension costs	111	111
	<u>2,082</u>	<u>2,021</u>

Permanite Asphalt Limited

4 Employees and Directors (continued)

Total directors' emoluments were as follows:

	1995	1994
	£000	£000
Remuneration	53	60
Pension contributions	14	12
	<u>67</u>	<u>72</u>

	1995	1994
	£000	£000
Emoluments of the Chairman	-	-
Emoluments of the highest paid director:		
Remuneration	53	60
Pension contributions	14	12
	<u>67</u>	<u>72</u>

None of the other directors received any emoluments during the year (1994:£Nil)

5 Profit on ordinary activities before taxation

	1995	1994
	£000	£000
The profit on ordinary activities before taxation has been arrived at after charging		
Depreciation on tangible assets (note 8)	190	258
Operating leases:		
Hire of plant and machinery	-	6
Hire of other assets	91	47
Auditors' remuneration - audit	8	8
	<u></u>	<u></u>

Permanite Asphalt Limited

6 Tax on profit on ordinary activities

Taxation based on the profit for the year comprises:

	1995 £000	1994 £000
UK Corporation tax at 33%	335	336
Deferred taxation	(27)	(74)
	<hr/> 308 <hr/>	<hr/> 262 <hr/>

7 Dividends

	1995 £000	1994 £000
Interim dividend of £5.40 (1994 : £5.36) per ordinary share paid	270	268
Final dividend of £15.00 (1994 : £Nil) per ordinary share proposed	750	-
	<hr/> 1,020 <hr/>	<hr/> 268 <hr/>

Permanite Asphalt Limited

8 Tangible assets

	Land and buildings	Plant, machinery & vehicles	Total
	£000	£000	£000
Cost			
At beginning of year	693	4,404	5,097
Additions	33	101	134
Disposals	-	(13)	(13)
At end of year	<u>726</u>	<u>4,492</u>	<u>5,218</u>
Gross book value of depreciable assets	<u>556</u>	<u>4,492</u>	<u>5,048</u>
Depreciation			
At beginning of year	191	3,727	3,918
Charge for the period	27	163	190
Disposals	-	(13)	(13)
At end of year	<u>218</u>	<u>3,877</u>	<u>4,095</u>
Net book value			
At 31 December 1995	<u>508</u>	<u>615</u>	<u>1,123</u>
At 31 December 1994	<u>502</u>	<u>677</u>	<u>1,179</u>

Included in plant, machinery and vehicles above are assets held under finance leases with a net book value of £39,000 (1994: £36,000). Depreciation charged on these assets during the year amounted to £8,000 (1994: £1,000).

The net book value of land and buildings comprises:

	1995 £000	1994 £000
Freehold	336	335
Short leasehold	172	167
	<u><u>508</u></u>	<u><u>502</u></u>

Permanite Asphalt Limited

9 Stocks

	1995	1994
	£000	£000
Raw materials and consumables	110	143
Finished goods and goods for resale	303	218
	<hr/>	<hr/>
	413	361
	<hr/>	<hr/>

10 Debtors

	1995	1994
	£000	£000
Trade debtors	2,132	1,834
Amounts owed by parent company and fellow subsidiary undertakings	236	500
Other debtors	2	3
Prepayments and accrued income	199	180
	<hr/>	<hr/>
	2,569	2,517
	<hr/>	<hr/>

11 Creditors: amounts falling due within one year

	1995	1994
	£000	£000
Finance leases	11	7
Trade creditors	733	844
Amounts owed to parent company and fellow subsidiary undertakings	41	-
Corporation tax	336	336
Other taxation and social security	58	75
Other creditors	163	173
Accruals and deferred income	627	462
Proposed dividend	750	-
	<hr/>	<hr/>
	2,719	1,897
	<hr/>	<hr/>

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12 Creditors: amounts falling due after more than one year

	1995	1994
	£000	£000
Finance leases due between one and two years	13	8
Finance leases due between two and five years	14	19
	<hr/>	<hr/>
	27	27
	<hr/>	<hr/>

13 Provision for liabilities

The movement in the deferred tax liability during the year is as follows:

	£000
At beginning of year	42
Transfer from profit and loss account	(27)
	<hr/>
At end of year	15
	<hr/>

The amounts provided for deferred taxation are as follows:

	1995	1994
	£000	£000
Accelerated capital allowances	77	91
Other timing differences	(62)	(49)
	<hr/>	<hr/>
	15	42
	<hr/>	<hr/>

There was no unprovided deferred tax asset or liability as at 31 December 1995 and 31 December 1994.

14 Share capital

	1995	1994
	£000	£000
Authorised:		
100,000 Ordinary shares of £1 each	<hr/> 100	<hr/> 100
Allotted, called up and fully paid:		
50,000 Ordinary shares of £1 each	<hr/> 50	<hr/> 50

Permanite Asphalt Limited

15 Reserves

	Share premium account	Profit and loss account	Total
	£000	£000	£000
At beginning of year	2,631	412	3,043
Retained loss for the year	-	(403)	(403)
At end of year	<u>2,631</u>	<u>9</u>	<u>2,640</u>

16 Reconciliation of movements in equity shareholders' funds

	1995 £000	1994 £000
Profit for the financial year	617	584
Dividends	(1,020)	(268)
Movement in equity shareholders' funds	<u>(403)</u>	<u>316</u>
Equity shareholders' funds at beginning of year	3,093	2,777
Equity shareholders' funds at end of year	<u>2,690</u>	<u>3,093</u>

17 Commitments

The Company had annual commitments under non cancellable operating leases which expire as follows:

	Land and Buildings 1995 £000	Other 1995 £000	Land and Buildings 1994 £000	Other 1994 £000
Within one year	21	3	-	14
In second to fifth year	-	17	26	25
After five years	21	-	21	-
	<u>42</u>	<u>20</u>	<u>47</u>	<u>39</u>

The Company had authorised but not contracted capital expenditure commitments of £581,000 as at 31 December 1995 (31 December 1994: £551,000).

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18 Contingent liabilities

The Company has guaranteed bank overdrafts and loans in respect of its parent company and fellow subsidiary undertakings. At 31 December 1995 these guarantees amounted to £ 17,453,000 (1994 : £6,142,000).

19 Pensions

All monthly staff are entitled to contribute to a group final salary scheme. Operatives are entitled to contribute to a group money purchase scheme.

Full disclosure is contained in the financial statements of the ultimate parent company, Ruberoid PLC.

20 Ultimate parent company

The ultimate parent company is Ruberoid PLC, a company registered in England and Wales. Copies of the consolidated financial statements are available from the Secretary, Ruberoid PLC, 197 Knightsbridge, London, SW7 1RB.

The financial statements of Ruberoid PLC are the only financial statements to incorporate Permanite Asphalt Limited.