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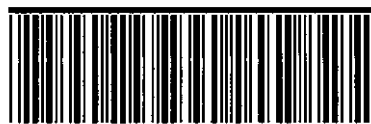
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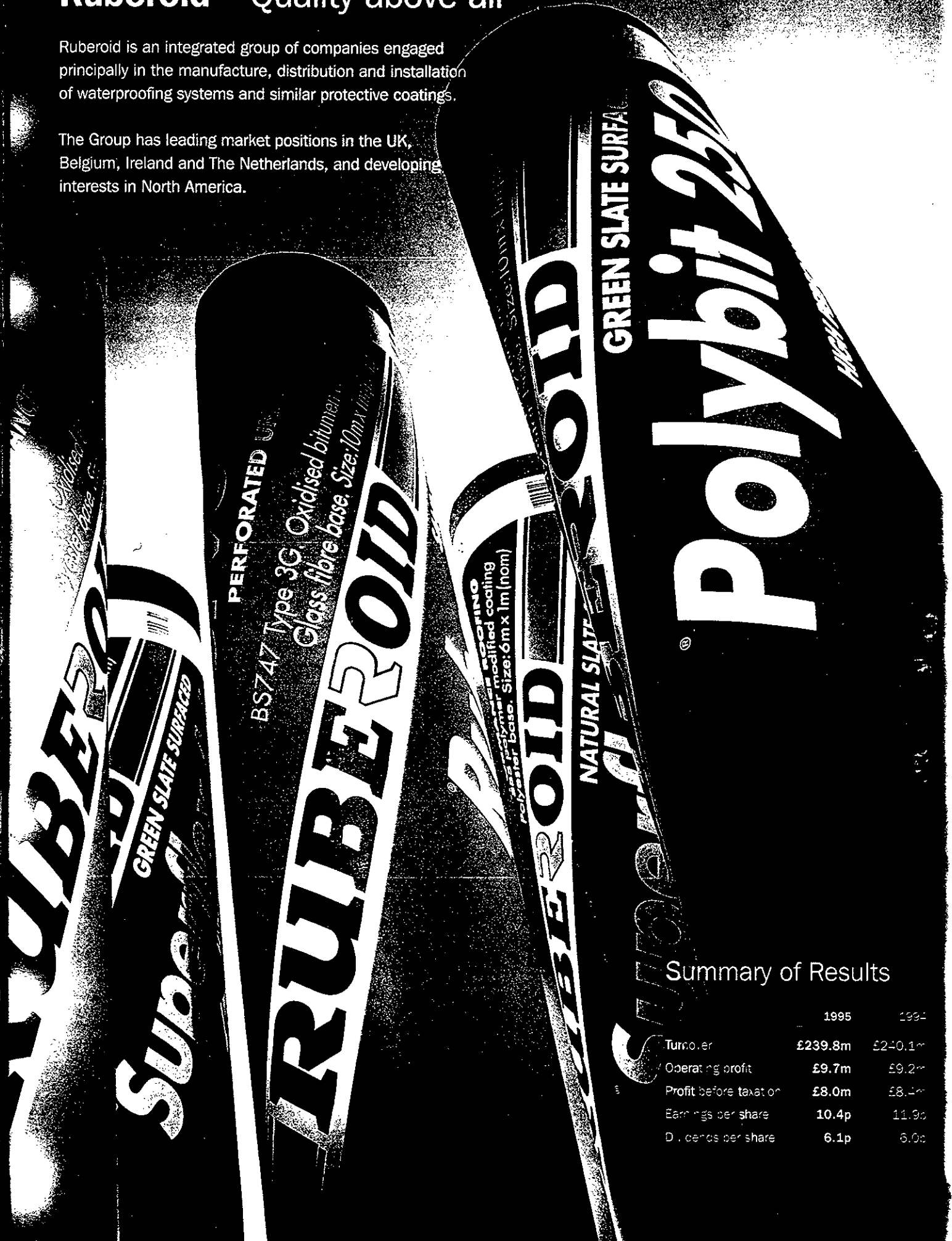
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# Ruberoid – Quality above all

Ruberoid is an integrated group of companies engaged principally in the manufacture, distribution and installation of waterproofing systems and similar protective coatings.

The Group has leading market positions in the UK, Belgium, Ireland and The Netherlands, and developing interests in North America.



## Summary of Results

	1995	1994
Turnover	£239.8m	£240.1m
Operating profit	£9.7m	£9.2m
Profit before taxation	£8.0m	£8.4m
Earnings per share	10.4p	11.9p
Dividends per share	6.1p	6.0p

## Chairman's Statement

Ruberoid is an integrated group of companies engaged principally in the manufacture, distribution and installation of waterproofing systems and similar protective coatings. The Group has leading market positions in the UK, Belgium, Ireland and The Netherlands, and developing interests in North America.

We continue to reshape the Group by increasing its involvement in manufacturing and distribution whilst containing or reducing the less profitable contracting operations.

### Acquisitions

In support of this strategy, Ruberoid acquired Hilbre Laboratories Ltd and its subsidiary, Hilglaze Polycarbonate Ltd, in July 1995. Hilbre supplies a range of building chemicals, tile adhesives, sealants, putties and similar products which enhances the Group's portfolio of solutions and compounds. Hilglaze distributes in Britain solid and structured polycarbonate sheeting of the type already handled by the Group in Belgium.

As a logical extension of the Hyload/Martin Rubber business in the US, the Group purchased Blair Rubber Company, Inc in August 1995. Blair makes natural and synthetic rubber protective linings and belt-splicing products for use in the storage and handling of corrosive and abrasive materials. A particular attraction was that, immediately prior to Ruberoid's acquisition, Blair had itself bought Goodyear's tank lining activity. The combination of Blair and the former Goodyear business with the existing Martin Rubber operation gives Ruberoid an estimated 25% share of the North American tank lining market.

We are very pleased with the contribution that these acquisitions are making to the Group and encouraged by the opportunities for further rationalisation of production and purchasing.

### Disposal

In March 1996, the Group disposed of its small Norwegian fire protection company, Aaronite A/S. The operation lost money in 1995 and, as the Group's only business in Scandinavia, was



peripheral to our main sphere of activity. The disposal further reduces the Group's involvement in contracting.

### Trading performance

The Group made a strong start to 1995 and, at the half-year, pre-tax profits were 20% higher than in the corresponding period of 1994. In the second half, however, Ruberoid – in common with many other companies in the UK Building Materials Sector – felt the effect of the downturn in industrial and commercial building and in the housing market, and of reduced investment in civil engineering projects.

In general, our manufacturing and distribution businesses performed robustly. The new acquisitions met or exceeded our expectations, and many of our contracting operations performed well in difficult circumstances.

Unfortunately, three contracting activities let us down: Fire Protection, which was hit by low investment in offshore projects; Albitum, which experienced weak demand and contract problems in one branch; and the small French operations whose margins were depressed by strong competition in a poor market. Aaronite A/S has since been sold, the Albitum branch at Paal has been closed and the French companies have been merged.

## Results

Group turnover was virtually unchanged at £239.8 million (1994: £240.1 million).

This small overall movement reflects the Board's conscious decision to improve the business mix by containing the level of contracting work and increasing the value of business in manufacture and distribution. Operating profit rose to £9.7 million (1994: £9.2 million), including £0.7 million from the companies acquired during the year.

The Group's profit before taxation was £8.0 million (1994: £8.4 million) and the profit after taxation was £5.1 million (1994: £5.8 million), giving earnings per share of 10.4 pence (1994: 11.9 pence).

## Dividends

An interim dividend of 1.9 pence per share was paid in November 1995. The Directors propose a final dividend of 4.2 pence per share making a total for the year of 6.1 pence (1994: 6.0 pence). The final dividend, if approved, will be paid on 31 May 1996 to shareholders on the register at the close of business on 30 April 1996.

## Board

Peter Race resigned from the Board at the last Annual General Meeting, having been with the business since 1981, and I am grateful to him for his support during his fourteen years with the business.

David Winterbottom resigned from the Board on 30 September 1995 following his appointment as Chairman of another company. Having been with the Group since flotation, he left with regret and I expressed in the Interim Announcement our thanks for the valuable contribution which he made to Ruberoid.

He is replaced as chairman of the Audit Committee by Stuart Moberley, Group Finance Director of McKechnie plc, who joined the Board as a non-executive Director on 1 September 1995. His international financial and business experience are proving of great benefit to Ruberoid.

## Employees

1995 has not been an easy year for our industry, but employees at all levels have responded positively and responsibly to the challenges which it brought. They have worked hard to ensure the continuing development of the Group and, on behalf of shareholders and the Board, I thank them for their individual contributions.

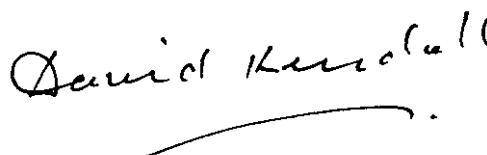
## Outlook

The results have demonstrated the resilience of our manufacturing and distribution businesses and the ability of their management teams to react to discouraging trading conditions. Some – but by no means all – of our specialist contracting companies experienced problems in 1995, but concerted action has been taken to deal with them.

Our principal markets in Continental Europe are stable, although there is a lack of buoyancy in the UK market at the moment. Commercial building activity is sustaining healthy growth in the US re-roofing market.

The prolonged period of cold weather in Europe at the start of 1996 may prevent our first half profits from matching last year's stronger showing, but we expect the position to improve in the medium term with increasing investment in commercial and industrial building and recovery in the housebuilding and repair, maintenance and improvement sectors.

Fortunately, the Group's plans for the coming year do not depend for their success upon volume increases or market growth and the continuing concentration on cost reduction and new products provides a sound platform for profit improvement, enhanced by full-year contributions from Hilbre and Blair.



David Kendall Chairman

## Chief Executive's Review

Ruberoid is a specialist in waterproofing systems and similar protective coatings. Its products and services are supplied particularly to the maintenance and refurbishment sector but also to the new-build sector of the construction industry, as well as to DIY, petrochemical, marine and engineering markets.

The Group is organised in three operating Divisions, and this review and the succeeding Finance Report highlight their progress in 1995.



### Ruberoid Building Materials

The Division manufactures bituminous membranes, mastic asphalt and liquid waterproofing products in the UK and distributes such products in Ireland. It also manufactures waterproofing membranes and protective linings in the US and exports products to many other markets. The Division was expanded during the year by the acquisitions of the Hilbre group and Blair Rubber.

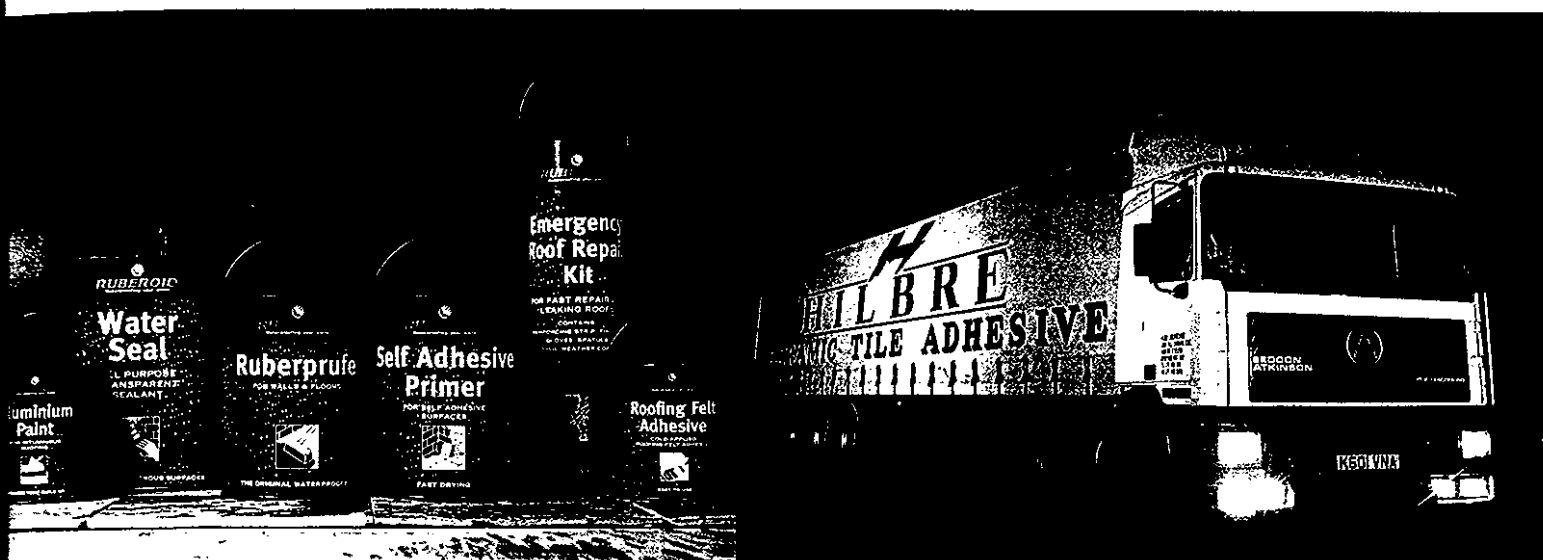
	1995	1994
Turnover	£51.0m	£44.1m
Operating profit	£6.4m	£5.0m
Employees	503	436

**Ruberoid Building Products.** RBP is a major supplier of roofing felts, damp-proof courses and other waterproofing products including solutions and compounds. Costs were reduced with the cessation of manufacture at Brimsdown, and the Company increased its operating profit by 10% despite a decline in volume sales of roofing membranes particularly in the second half of the year. Further savings will accrue in 1996 from capital investment in centralised stocking and distribution facilities at Appley Bridge, near Wigan, and the consequent closure of the Earlstown warehouse. As part of its strategy of continuing product development, RBP has introduced its new Coolbond cold-applied membranes and the award-winning Coldseal self-adhesive products. The range of solutions and compounds has also been relaunched, with admixtures, sealants and adhesives being added later in the current year.

**Permanite Asphalt.** Increased turnover and higher profits were achieved by Permanite, which is the UK's largest producer of mastic asphalt. Sales of British Standard asphalts were in line with budget and output of polymer modified roofing grades grew significantly. Further profit improvements will flow from the rationalisation of production facilities planned for 1996.

**Hilbre.** Ruberoid purchased the Hilbre group in July 1995. Its range of building chemicals and related products complements that of Ruberoid Building Products, and the acquisition has enabled the Group to manufacture in-house a number of products previously sourced from third parties. Hilbre successfully integrated the paint and sealant product lines which it acquired from a competitor earlier in the year, rationalising production between its two sites. Capital investment is being made at the Rainford factory and Hilbre is adding several Ruberoid products to its product offering. In future Hilbre will concentrate on the large potential in the DIY sector and RBP will focus particularly on builders' merchants. The Hilglaze subsidiary distributes polycarbonate sheeting similar to that stocked by Albintra, and the Group is examining the potential for further development of this activity.

**Ireland.** The restructuring carried out in 1994 has resulted in a significant turnaround of the Irish businesses which distribute and install waterproofing products. Construction activity in the Republic shows steady growth but the changing political situation in Northern Ireland actually caused a short-term decline in demand. The decision to commence the manufacture of polymer-modified asphalt in Ireland has found favour with specifiers and will support developments in 1996.



**Hyload Inc.** There was a full-year contribution from Hyload and its subsidiary, Martin Rubber. The companies specialise in high-specification elastomeric sheeting. Hyload's main products are roofing materials and it has now introduced to the US market a range of thru-wall flashings based on proven British damp proof course technology. These products have several advantages over the traditional copper and pvc materials, and initial market reactions are encouraging. Martin Rubber has launched its Marseal membrane, especially designed for secondary containment of corrosive liquids. This will fit well with Blair's primary containment product line. Both Hyload and Martin plan to extend their sales representation in the current year.

**Blair Rubber.** This company, which specialises in the manufacture of polymeric tank linings and conveyor belt-splicing materials, was acquired in August 1995. Since then, Blair has integrated Goodyear's tank lining operation, successfully transferring its formulae and improving service to its customers, many of whom are in Canada. Strong links have been forged between both activities and those of Martin Rubber. As a result, the Group has an estimated 25% share of the North American tank lining market with three complementary ranges of products for resistance to acids, chemicals and high-temperature abrasion.

### Ruberoid Building Services

The Division provides a range of specialist services to the construction, petrochemical and marine industries through four operations, each of which is a leader in its field. There was a significant drop in contracting turnover in 1995 as a consequence

Above, left:

The powerful new packaging of Ruberoid's expanding range of bituminous and non-bituminous solutions and compounds is aimed at building professionals.

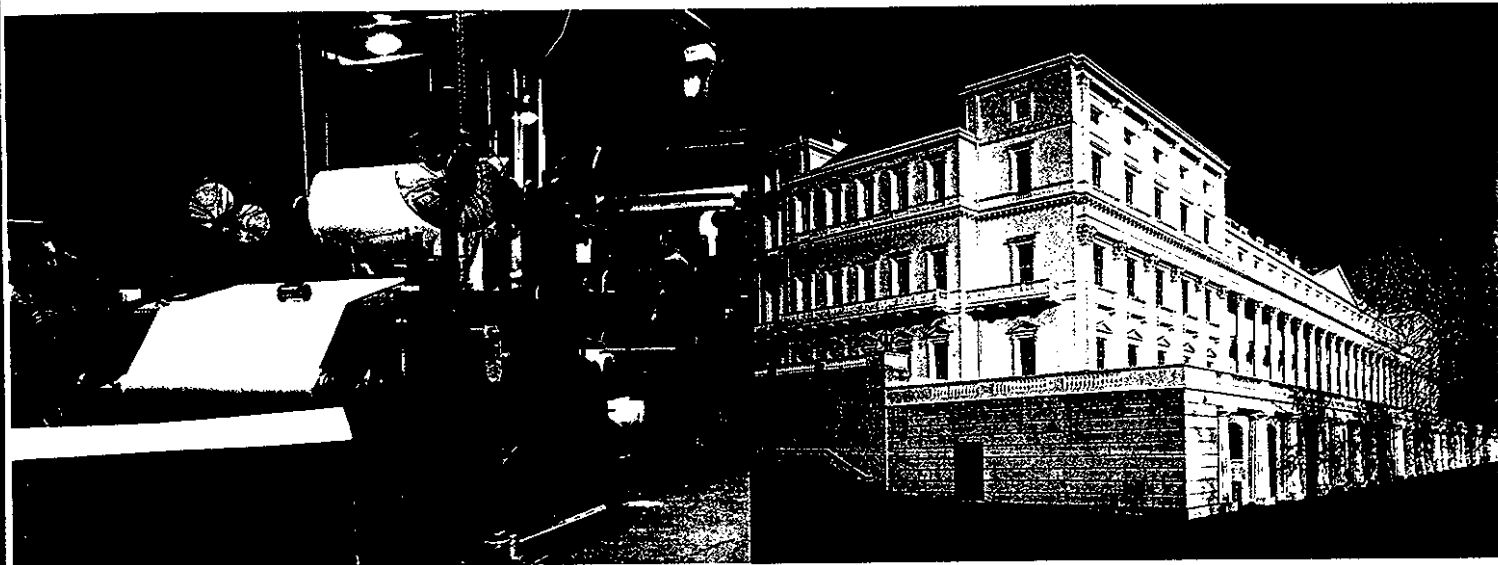
Above:

Hilbre's product portfolio includes adhesives, grouts and sealants specially designed for a wide variety of tiling applications.

of withdrawal from tendering for particularly competitive large contracts, the disposal in 1994 of Ruberoid Spray Systems, the reduction in the size of the industrial and commercial new-build market and a cut-back in fire protection projects.

	1995	1994
Turnover	£71.9m	£85.2m
Operating profit	£0.6m	£1.5m
Employees	1,170	1,380

**Briggs Roofing & Cladding.** Briggs is the largest roofing and cladding contractor in the UK. 1995 was another challenging year, but improvements in contract controls enabled the operation to raise margins and maintain its operating profit on a reduced level of turnover. However, the company's markets were patchy, with regional variations, and its main contractor clients continue to find ways of delaying payments to their specialist sub-contractors. Following the successful integration of the Group's Irish businesses, closer links are being established in Scotland. Briggs moves into the new year with reduced overheads and a reasonable workload and order prospects.



**Broderick Structures.** Broderick designs, fabricates and installs fully-supported metal roofing and cladding systems. The company continues to make progress, improving procedures and raising margins, but weak customer demand led to indifferent trading results. It is planned in 1996 to increase the level of in-house metal fabrication for other Group companies.

**Durastic.** Durastic is one of the leading manufacturers and installers of marine deck covering systems in the UK. Strong demand from the ship repair market and a reasonable level of work in the marine construction sector resulted in a substantial increase in profits. The land-based decorative flooring activity was virtually static, but export sales improved.

**Fire Protection.** Aaronite is one of the leading passive fire protection contractors in Europe. Both the UK and the Norwegian operations had a difficult year, caused initially by delays in order placement and later by postponements and disruptions to contract programmes for reasons beyond Aaronite's control. Much of the UK work has been pushed forward into 1996 and Aaronite A/S has since been sold. By contrast, Palmers, which is one of the principal applicators of specialised internal tank coatings in the UK marine field, was successful in 1995 not only in raising its profit but also in expanding its client base, especially in the local authority and power generation sectors.

### **Ruberoid European Waterproofing**

The Division manufactures and distributes bituminous roofing membranes and related building and waterproofing products in

Belgium and The Netherlands, where it holds leading market positions. These products are also exported successfully. It is also a specialist roofing contractor in Belgium, The Netherlands and France. The manufacturing and distribution businesses generally made good progress, but the Division's trading result was adversely affected by two of the contracting operations.

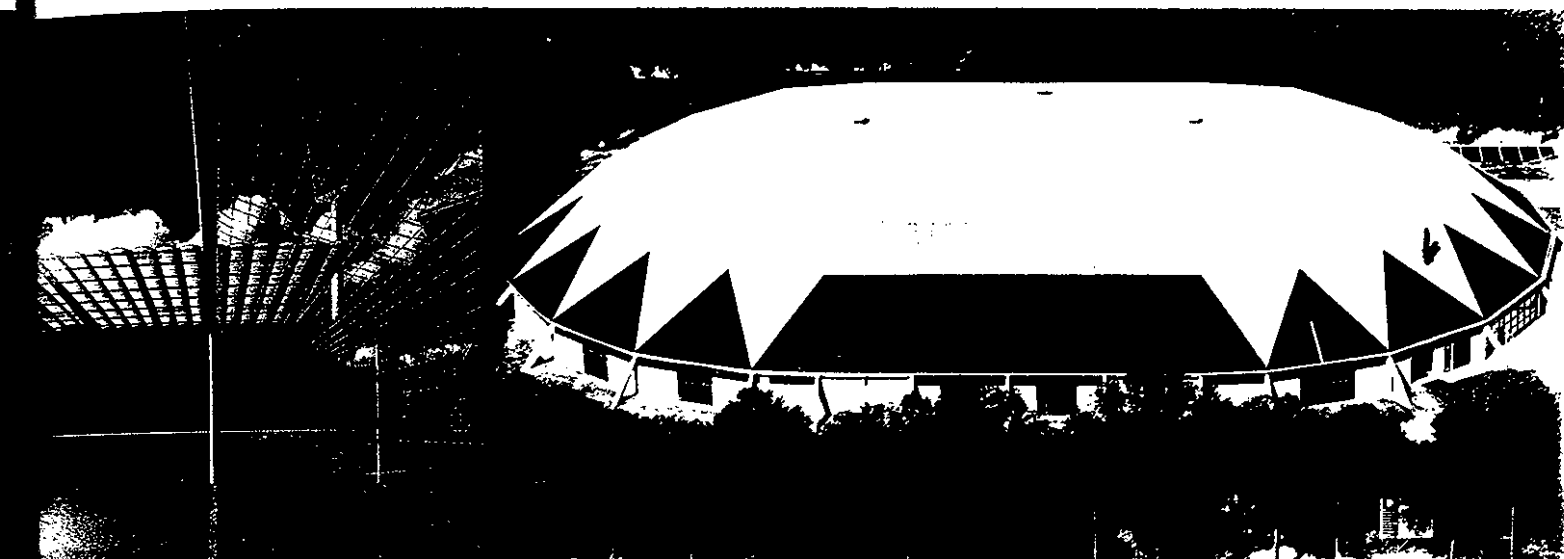
	1995	1994
Turnover	£116.8m	£110.8m
Operating profit	£3.8m	£3.7m
Employees	882	930

**Atab.** Based in Antwerp, Atab makes bituminous roofing felts and liquid waterproofing products, and is a specialist flat roofing contractor. Contributing to its increased turnover and profits were the continuing development of Aquaplan sales in the DIY sector, cost savings in manufacture and a good contracting result. Several new or improved products have been introduced and future growth will also be supported by further cost reductions and by the successful implementation of an innovative CD Rom-based specification system for architects and designers.

**Albintra.** The company is a national distributor in Belgium of roofing products including insulation, rooflights and translucent sheeting. Sales and profits increased in 1995, the greatest rise being in translucent sheeting and domes, and some new products were added to the portfolio.

**Asphaltco.** Asphaltco produces building chemicals, including mastics and coatings, and installs waterproofing systems,





particularly in mastic asphalt. Sales volumes were higher in 1995 and satisfactory margins were earned on contracts. Capital expenditure planned for 1996 will take the company into the manufacture of bitumen emulsions.

**Albitum.** Albitum is a specialist flat roofing contractor. Its trading performance was very disappointing: the Paal branch in particular was unable to maintain an adequate workload to cover its overheads and plans to obtain work in Germany were not successful. A loss resulted, and costs were incurred in closing the branch and in downsizing the company's central administrative function, which has been relocated in Atab's premises in Antwerp. The Paal property has been sold and the head office at Hoboken is now available for disposal.

**France.** Isolacier and Tcover, the two French roofing and cladding contractors, maintained their level of turnover but suffered from falling margins in a depressed market, causing a small trading loss. Action has been taken in 1996 to place the two operations under a single management based in Paris, with a consequent reduction in overheads. The Lille property has been placed on the market and the merged business entered the current year with a strong order book.

**Nebiprofa.** The main Dutch company, Nebiprofa, manufactures bituminous roofing felts and other waterproofing products and distributes insulation materials. It is also an important outlet for Atab products. Product improvements and savings in processing costs helped Nebiprofa to maintain its market share in 1995 and to remain profitable in a particularly competitive market.

Opposite page, left:  
Blair manufactures the world's largest range of rubber tank linings.

Above, left:  
The new King Baudouin stadium in Brussels is protected by over 4,000 m<sup>2</sup> of translucent polycarbonate panelling engineered and supplied by Albintra.

Opposite page, right:  
Briggs refurbished the roof of this prominent building on The Mall in London, using polymer-modified asphalt manufactured by Permanite.

Above, right:  
Nebiprofa supplied 6,000 m<sup>2</sup> of Coiflex roofing felts in three different colours to create an eye-catching design for this sports complex near Eindhoven.

**Judon/Bitasco.** Judon and Bitasco distribute roofing products from four branches in The Netherlands and carry out specialist roof contracting. Each company earned a small operating profit. More products are now being stocked, and the intention in future is to contain contracting at its present level and concentrate on the development of the merchandising side of the businesses.

**Touwen.** External paints, wood preservatives and other protective coatings are manufactured by Touwen at Zaandam. The business continued to perform strongly and increased the level of exports. The introduction of low solvent paints and the winning of private-label orders will help to underpin the current year.

**Ian McPherson** Chief Executive

# Finance Report

## Presentation

The financial statements for the year ended 31 December 1995 have been prepared in accordance with the standards issued by the Accounting Standards Board. Those standards which came into effect during the year have not required any changes to be made in the Group's accounting policies.

## Operating results

The Group's operating results for 1995 are summarised in the Chairman's Statement, and the Chief Executive's Review comments in more detail on the performance of the individual businesses. This report provides further financial explanation and should also be read in conjunction with the financial statements on pages 18 to 37.

A reduction in contracting turnover was expected for 1995, particularly in the fire protection activity, and an increase was planned in manufacturing and distribution sales. As a result, third party turnover was similar to the previous year at £239.8 million (1994: £240.1 million) whilst operating profit rose to £9.7 million (1994: £9.2 million).

Despite the slight drop in overall turnover, the gross profit increased by £3.8 million. This represents an increase in gross margins from 20.8% of turnover to 22.4%, reflecting the Group's improved business mix. The £3.4 million rise in net operating expenses is broadly accounted for by the overheads in the recent acquisitions and the impact of currency translation.

The post-acquisition trading results of the Hilbre group and Blair Rubber, both of which were purchased in 1995, are disclosed separately in the Group Profit and Loss Account. These businesses were paid for in cash and loan notes, explaining much of this year's increase in interest cost.

## Taxation and dividends

The taxation charge of £3.0 million represents an effective tax rate of 36.9% (1994: 31.5%). This rate is above that of the previous year because of the higher mix of profits in overseas countries with corporate tax rates above those in the UK. Earnings per share amounted to 10.4 pence and the Board has recommended a final dividend of 4.2 pence, making a total dividend of 6.1 pence which is covered 1.7 times by available earnings.

## Cash flow

There was a cash inflow from operations of £9.6 million (1994: £10.1 million). The working capital movement reflects both a reduction in the amount of credit taken from suppliers and delays in reaching satisfactory settlements with some main contractors over final accounts.

Dividend payments were higher in 1995 by £1.2 million, and tax payments were also up: in the UK because of full-year trading in 1994 and overseas because of higher profits and the previous utilisation of losses brought forward.

£3.6 million was invested by the Group in tangible fixed assets, notably in new UK distribution facilities and in process improvements at the Belgian and Dutch roofing felt plants. The £8.4 million net cost of acquisitions was financed partly by the issue of loan notes for £4.0 million.

## Indemnity settlement

During the year, Tarmac PLC made a £2.6 million cash settlement of certain indemnities given at the time of the Group's flotation. Following this settlement, Ruberoid has assumed future responsibility for pre-flotation product liabilities and remedial works on pre-flotation contracts, but not for any economic or consequential loss, and has released Tarmac from its liabilities under the UK and European Environmental Deeds.

Tarmac's indemnities were limited in certain respects as to value, legal conditions and time, and the Board believed that the benefit of early use of the money and the reduced administrative burden outweighed the risk considered by management to be involved.

The proceeds of this settlement have been treated as a reduction in the purchase price of the businesses and companies acquired, and appropriate fair value adjustments have been made in respect of the liabilities which have been assumed by Ruberoid, as set out in note 21 on page 35.

## Treasury and insurance

The objectives of the Group's Treasury Policy are to provide suitable finance to support operational requirements, to reduce or eliminate financial risk in a cost-effective manner and to invest any liquid resources safely and profitably.

Approval of banking and borrowing arrangements, financial and treasury policies including foreign exchange and interest rate exposure, is a matter reserved for the Board of Directors of Ruberoid PLC. The Group carries borrowing facilities in excess of its current needs, any requirements extending over one year being covered by committed facilities. The seasonal increases in working capital requirements are covered by overdraft facilities.

Currency transactions unrelated to underlying commercial transactions, and the sale or writing of currency options, are not permitted. Individual operating companies are responsible for matching or hedging material transaction exposures in foreign currencies. The Group will not normally enter into foreign exchange contracts solely to hedge translation exposure in the Balance Sheet or Profit and Loss Account but, whenever economical, it will arrange borrowings in the currency of the country concerned in order to provide a natural hedge.

Cover against the principal insurable risks is provided by reputable UK and overseas insurers and by the Group's Guernsey-based captive insurance company, Watertight Insurance Ltd, which was formed during 1995.

## Financial resources

The movement in share capital and reserves is shown on page 21. Shareholders' funds were increased in 1995 by retained earnings of £2.0 million and by a net currency translation gain of £1.3 million. The goodwill arising on the acquisitions of the Hilbre group and Blair Rubber amounted to £6.8 million, and this has been deducted from reserves in accordance with the Group's accounting policy.

Having financed the 1995 acquisitions with debt, overall net borrowings (including finance leases) totalled £16.0 million at year-end. When compared with shareholders' funds, this represents a net gearing of 39%. The net interest charge of £1.7 million was covered more than five times by operating profit.

## Going concern

After making due enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**David Watson** Finance Director

# Directors' Report

The Directors present their report together with the audited financial statements for the year ended 31 December 1995.

## Principal activities and business review

Ruberoid PLC is the parent company of a group of companies engaged principally in the manufacture, distribution and installation of a wide range of waterproofing systems and similar protective coatings. A review of the Group's activities and its prospects is contained in the Chief Executive's Review on pages 4 to 7. A summary of the results of these activities is set out in the Segmental Analysis on page 25.

## Acquisitions and disposals

The Group purchased Hilbre Laboratories Ltd and its subsidiary, Hilglaze Polycarbonate Ltd, on 7 July 1995 and Blair Rubber Company, Inc on 9 August 1995.

Aaronite A/S was sold on 4 March 1996.

## Results and dividends

The profit for the financial year was £5,018,000 (1994: £5,743,000). The Directors propose a final dividend of 4.2 pence per share (1994: 4.2 pence) amounting to £2,026,000 (1994: £2,026,000). This together with the interim dividend of 1.9 pence per share (1994: 1.8 pence) paid on 24 November 1995 makes a total of 6.1 pence for the year (1994: 6.0 pence). The final dividend, if approved, will be paid on 31 May 1996 to shareholders on the Register at the close of business on 30 April 1996. The retained profit transferred to reserves amounted to £2,076,000 (1994: £2,849,000).

## Directors

The names and details of the Directors are set out on page 16. Mr M C Bottjer was appointed as a non-executive Director on 1 January 1995 and Mr N I Simms resigned as a non-executive Director on 31 January 1995. Mr P Race resigned as a Director on 12 May 1995. Mr S G Moberley was appointed as a non-executive Director on 1 September 1995 and Mr D S Winterbottom resigned as a non-executive Director on 30 September 1995.

In accordance with Article 76 of the Articles of Association, Mr S G Moberley, having been appointed by the Board, retires from

office at the forthcoming Annual General Meeting. In accordance with Article 77, Mr E B McCann and Mr D T Watson retire by rotation. All the retiring Directors, being eligible, offer themselves for re-election.

The unexpired periods of the appointments of the retiring Directors are 20 months in the case of Mr E B McCann and Mr D T Watson, and 29 months in the case of Mr S G Moberley.

The Company maintains directors' and officers' liability insurance cover for Directors and Officers of the Company and its subsidiary undertakings.

The interests of the Directors in the share capital of the Company are set out in note 24 on page 37.

## Fixed assets

The movements in tangible assets and investments during the year are shown in notes 10 and 11 on pages 29 and 30.

## Share capital

During the year 902 shares were issued pursuant to an exercise of options under the Savings Related Share Option Scheme. No options were granted under the Executive Share Option Scheme, and no options were granted under the Savings Related Share Option Scheme. It is intended that a further limited invitation will be issued under the Savings Related Share Option Scheme in the forthcoming year. An analysis of the ownership of the issued share capital is given on the inside back cover.

Authority was granted to the Directors at last year's Annual General Meeting in accordance with Section 80 of the Companies Act 1985 to allot unissued shares in the Company up to an aggregate nominal amount of £802,978. This authority is valid until 12 May 2000.

Approval will be sought at the forthcoming Annual General Meeting to renew the Directors' authority under Section 95 of the Companies Act 1985 to allot shares, either by way of a rights issue or otherwise for cash, up to an aggregate nominal amount of £120,569. This figure represents 5% of the Company's issued share capital, in line with current institutional guidelines. This resolution is proposed annually and the Directors have no present intention of using the authority granted other than as may be required in connection with the Executive Share Option Scheme

and the Savings Related Share Option Scheme. The Directors believe that they should have the proposed authority to facilitate the proper conduct of the Company's affairs and to take advantage of business opportunities should they arise.

### **Substantial interests**

The interests which have been notified to the Company in accordance with Section 198 of the Companies Act 1985, as at 9 April 1996, are shown on the inside back cover.

### **Employees**

It is the Group's policy to promote the health, safety and welfare of its employees; to provide equal opportunity in recruitment; and to maximise the opportunities for the employment, retention and development of disabled people consistent with their aptitudes and abilities.

The Group has continued to place a high priority on the training and development of its employees and considerable emphasis has been placed on reviewing and improving health and safety procedures.

The Board recognises the need for effective communication with, and the involvement of, employees to ensure good relations and the improvement of the Group's performance and will continue to hold briefings and presentations when required.

### **Research and development**

The Group'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 international standards.

### **Environmental policy**

The Board acknowledges the need to operate the businesses in a manner which is consistent with protecting the environment. The Group is committed to compliance with relevant legislation and local standards and will, whenever feasible, pursue continuing improvement in environmental performance.

### **Charitable and political donations**

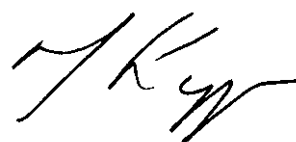
Charitable donations in the UK totalled £2,600 (1994: £900) during the year. No political contributions were made.

### **Auditors**

The Company's auditors, KPMG, have indicated that a limited liability company, KPMG Audit Plc, is to undertake part of their audit business. Accordingly, a resolution is to be proposed at the Annual General Meeting for the appointment of KPMG Audit Plc as auditors of the Company.

By order of the Board

**Michael Kippen** Secretary  
9 April 1996



# Corporate Governance

## Compliance

The Board is supportive of the highest standards of corporate governance. During the financial year the Group has complied with all elements of the Code of Best Practice on the Financial Aspects of Corporate Governance for the periods that they were in force in the year, other than in respect of Mr W G K Wilford's notice period as noted in the Remuneration Committee Report on pages 14 and 15.

## Board

The Board, which currently comprises four executive and three non-executive Directors, meets regularly throughout the year and has a formal schedule of matters reserved to it for consideration and decision. This includes the approval of strategy recommendations and budgets as well as significant operational and financial management matters. It has delegated authority to a number of sub-committees, including the Audit and Remuneration Committees, the latter also being responsible for nominations.

To reflect the requirement that there be a clearly accepted division of responsibility at the head of the Company, the Chairman of the Board is a non-executive Director. The appointment and re-appointment of non-executive Directors has to be approved by the shareholders in General Meeting. Subject to this, their appointment is for a period of three years which may be extended thereafter for a further three years by mutual agreement.

Any Director may, in furtherance of his duties, take independent professional advice where necessary, at the expense of the Company. All Directors have access to the Company Secretary whose appointment and removal is a matter for the Board as a whole and who is responsible to the Board for ensuring that agreed procedures and applicable rules and regulations are observed.

## Internal financial control

The Board has overall responsibility for the systems of internal financial control within the Group. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide the Directors with reasonable assurance that any material problems are identified on a timely basis and dealt with appropriately.

The key elements of the system, which has been established to meet the specific needs and business risks of the Group, include:

- clearly defined organisation structures and limits of authority with segregation of duties wherever practicable
- agreement of annual budgets and short-term objectives
- monthly review by the Board of financial statements and short-term objectives
- quarterly review of forecasts
- central control over treasury, taxation, legal, insurance and personnel issues
- allocations to specified Board members of overall responsibility for environmental, health and safety matters
- a clearly defined framework for investment appraisal

Local management is responsible for operating and monitoring each company's internal financial controls, and for giving formal confirmation of compliance with Group internal financial control guidelines. An initial programme of visits has been carried out in 1995 by the Group's Finance Director and Financial Controller to review the system of internal financial control and it is planned to visit all trading subsidiaries at least once during 1996, focusing on the areas of greatest risk. Reports issued following such visits are reviewed by the Board as a whole.

The Board has reviewed the effectiveness of the Group's internal financial control system for the period from 1 July 1995 to 9 April 1996 in accordance with the guidelines established by the Committee on the Financial Aspects of Corporate Governance.

## Audit Committee

The Audit Committee is now chaired by Mr S G Moberley. It is composed wholly of the non-executive Directors and meets at least twice a year. Its terms of reference include the review of the annual and interim financial statements, the accounting policies of the Company and its subsidiary undertakings, internal management and financial controls, statutory and other external compliance requirements, and the planning, scope and results of the external auditors' programme. It receives reports from the external auditors who, together with the Chief Executive and the Finance Director, attend meetings at the invitation of the Committee, as required.

## **Remuneration Committee**

The Company has operated a Remuneration Committee since its flotation on 25 November 1993. The Committee is composed wholly of the non-executive Directors and is chaired by Mr D W Kendall. The terms of reference of the Committee have been reviewed during the year in view of the incorporation into the London Stock Exchange Listing Rules ("the Listing Rules") of the recommendations of the Study Group on Directors' Remuneration chaired by Sir Richard Greenbury ("the Greenbury Committee"). The remuneration of non-executive Directors is determined by the Board as a whole, within the limits set by the Company's Articles of Association. The non-executive Directors are not eligible for pension scheme membership and do not participate in the bonus or share option schemes.

## **Auditors**

The auditors, KPMG, have confirmed that in their opinion: with respect to the Directors' statements on internal financial control on page 12, and going concern on page 9, the Directors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and such statements are not inconsistent with the information of which they are aware from their audit work on the financial statements; and that the Directors' statement above appropriately reflects the Company's compliance with the other paragraphs of the Code specified by the Listing Rules for their review. They have carried out their review in accordance with the Bulletin issued by the Auditing Practices Board, which does not require them to perform any additional work necessary to express a separate opinion on the effectiveness of either the Group's system of internal financial control or corporate governance procedures, or on the ability of the Group to continue in operational existence.

# Remuneration Committee Report

## Compliance

Although the provisions of the Code of Best Practice issued by the Greenbury Committee formally take effect only for accounting periods beginning on or after 31 December 1995, the Company has adopted the provisions of the Code early.

The Remuneration Committee considers that throughout the year under review the Company has complied with Section A of the best practice provisions annexed to the Listing Rules. The Committee also confirms that full consideration has been given to the best practice provisions set out in Section B of those provisions.

Details of each individual Director's remuneration are set out in note 5 on page 27. Information on each Director's beneficial holdings of shares in the Company and options over such shares is set out in note 24 on page 37.

## Remuneration policy for executive Directors and senior executives

It is the aim of the Committee to provide competitive packages in order to attract, retain and motivate directors and executives of the appropriate calibre. The salaries and benefits of executive Directors are determined by the Committee after a review of the performance of the individual. For guidance the Committee considers, by reference to published surveys and specific professional advice, remuneration paid to senior management of comparable listed companies, particularly in the building materials sector.

The Group has recently introduced an Inland Revenue approved Profit Related Pay Scheme under which a proportion of salary is linked to the profitability of the Group. The scheme is open to UK employees at all levels and 99% of eligible employees, including the executive Directors other than Mr W G K Wilford, currently participate.

The Company operates an annual performance-related bonus scheme for Directors and senior executives which is not pensionable. Bonuses are payable on a sliding scale based on the Group's planned profit for the year subject to adjustment for acquisitions and disposals. Each individual's bonus potential is expressed as a percentage of salary and ranges from 0 to 40%.

Mr W G K Wilford is entitled to a minimum bonus of two months' salary and a further bonus expressed as a percentage of salary ranging from 0 to 50% and payable on a sliding scale based on the planned profit for the year of the Ruberoid European Waterproofing division.

## Pensions

The executive Directors (with the exception of Mr W G K Wilford) are members of the Ruberoid PLC Executive Pension Scheme ("the Executive Scheme") which is Inland Revenue approved. The scheme entitles them to a pension from retirement based on final salary and years of completed service. Each member with less than 30 years' service contributes 5% of pensionable pay to the scheme. The normal retirement age for executive Directors is 60. The scheme also makes the usual provisions for life assurance, ill health and spouse's pension on death, and is subject to Inland Revenue limits. Where the Inland Revenue earnings cap would be exceeded, the Ruberoid PLC Funded Unapproved Retirement Benefit Scheme is used to increase pension benefits. Mr W G K Wilford participates in an insured defined benefits plan for Belgian employees. It is funded on a past service current salary basis.

## Share options

The Group operates executive share option schemes in which executive Directors and certain senior executives are entitled to participate. The executive Directors are granted options over shares in the Company at market rates prevailing at the time of the grant. The scheme is approved by the Inland Revenue and the number of options granted is in accordance with the limits imposed by such approval. The options are granted for a period of ten years and the Scheme requires that the Company's earnings per share growth is in excess of inflation (as determined by the Retail Price Index) plus 2% for three consecutive years before they can be exercised.

No Directors' options were granted or exercised during the year.

An Inland Revenue approved Savings Related Share Option Scheme is open to eligible employees including the executive Directors. Details of the scheme are set out in note 17 on page 33.



## **Service contracts**

The current Directors were appointed prior to the recent amendment of the Listing Rules. It is the Committee's continuing policy to set notice or contract periods in line with market conditions and future appointments will be made in the light of prevailing conditions but in any event not for periods in excess of two years. The contracts for executive Directors have notice periods of 24 months in the case of Mr I G S McPherson and 20 months in the case of Mr E B McCann and Mr D T Watson; the service agreement of Mr W G K Wilford is with Atab NV and is an oral contract governed by Belgian Law. There are no agreed periods of notice and, if necessary, the matter would be decided by the Belgian Courts. The unexpired terms of the contracts of the Directors proposed for re-election are set out in the Directors' Report.

**David Kendall** Chairman

# Directors and Advisers

## Directors

**David W Kendall**\*† Aged 60. Joined the Board as Chairman in 1993. He is also chairman of Blagden Industries plc, Whitecroft plc, and Celtic Energy Ltd and a non-executive Director of Danka Business Systems plc and Gowrings PLC.

**Ian G S McPherson** Aged 55. Joined the business in 1955 and was appointed to the Board in 1993 as Chief Executive. He was a Director of Tarmac PLC from 1988 to 31 January 1995.

**Michael C Bottjer**\*† Aged 55. Joined the Board as a non-executive Director on 1 January 1995. He is Group Chief Executive of Tilbury Douglas Plc.

**E Bryan McCann** Aged 51. Joined the business in 1992 and was appointed to the Board in 1993. He is Managing Director of the Ruberoid Building Materials and Ruberoid Building Services divisions, and was previously Managing Director of SGB plc.

**Stuart G Moberley**\*† Aged 53. Joined the Board as a non-executive Director on 1 September 1995. He is Group Finance Director of McKechnie plc.

**David T Watson** Aged 55. Joined the business in 1986 and was appointed Finance Director in 1993. He is a chartered accountant and was previously Finance Director of Tarmac Industrial Products division.

**William G K Wilford** Aged 53. Joined the business in 1965 and was appointed to the Board in 1993. He is Managing Director of the Ruberoid European Waterproofing division, having been Managing Director of Atab NV since 1972.

\* Audit Committee

† Remuneration Committee

## Secretary and registered office

Michael L Kippen  
Ruberoid PLC  
197 Knightsbridge  
London SW7 1RB  
Telephone 0171 584 7667  
Facsimile 0171 584 8040

Registered in England and Wales No. 2446447

## Financial advisers

Robert Fleming & Co Limited  
25 Copthall Avenue  
London EC2R 7DR

## Stockbrokers

Panmure Gordon & Co Limited  
New Broad Street House  
35 New Broad Street  
London EC2M 1NH

## Solicitors

Macfarlanes  
10 Norwich Street  
London EC4A 1BD

## Auditors

KPMG  
2 Cornwall Street  
Birmingham B3 2DL

## Principal bankers

Barclays Bank PLC  
99 Hatton Garden  
London EC1N 8DN

## 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 the Group 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 Group 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 Group and to prevent and detect fraud and other irregularities.

## Auditors' Report to the Members of Ruberoid PLC

We have audited the financial statements on pages 18 to 37.

### Respective responsibilities of directors and auditors

As described opposite, 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 Group'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 affairs of the Company and the Group as at 31 December 1995 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG

Chartered Accountants  
Registered Auditors

Birmingham  
9 April 1996

# Accounting Policies

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

## Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

## Basis of consolidation

The Group financial statements consolidate the financial statements of Ruberoid PLC and all its subsidiary undertakings. For associated undertakings, the Group includes its share of profits and losses in the Group Profit and Loss Account and its share of post acquisition retained profits or accumulated deficits in the Group Balance Sheet.

The consolidated financial statements are based on financial statements of subsidiary and associated undertakings which are coterminous with those of the parent Company.

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary and associated undertakings acquired or disposed of in the year are included in the Group Profit and Loss Account from the date of acquisition or up to the date of disposal. Similarly, the cash flows of subsidiary undertakings acquired or disposed of in the year are included in the Group Cash Flow Statement from the date of acquisition or up to the date of disposal.

In accordance with Section 230(4) of the Companies Act 1985, Ruberoid PLC is exempt from the requirement to present its own profit and loss account. The result for the financial year dealt with in the financial statements of Ruberoid PLC is disclosed in note 7 on page 28.

## Investments in subsidiary undertakings

In the Company's Balance Sheet, investments in subsidiary undertakings are stated at cost less provisions for permanent diminution in value. Where the consideration for the acquisition of subsidiary undertakings includes the allotment of shares and the provisions of Section 131 or 132 of the Companies Act 1985 apply, the cost of the investment represents the nominal value of

the shares issued, the minimum premium required to be transferred to the share premium account under Section 132, the fair value of any other consideration given and the costs of acquisition.

## Goodwill

Goodwill arising on consolidation and on the acquisition of unincorporated businesses, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is written off against reserves on acquisition. Any excess of the aggregate of the fair value of the identifiable net assets acquired over the fair value of the consideration given (negative goodwill) is credited direct to reserves on acquisition. On a subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging the gross amount of any related goodwill previously taken to reserves.

## Turnover

Turnover represents the amounts, excluding value added tax, derived from the provision of goods and services, including long term contracts, to external customers during the year.

## Depreciation

With the exception of freehold land which 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 economic lives as follows:

Freehold buildings	50 years
Long leasehold properties	50 years
Short leasehold properties	Period of lease
Plant, machinery and vehicles	3 to 15 years

## Foreign currency

For consolidation purposes, the results and net assets of overseas subsidiary undertakings are translated at the average rates of exchange for the year and the rates of exchange ruling at the year end respectively. Gains or losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Transactions in foreign currencies are recorded using the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rates of exchange ruling at the balance sheet date. Exchange differences are reflected in the results for the year.

### **Leased assets**

Where the Group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the Balance Sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included in creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as operating leases and the rental charges are charged to the Profit and Loss Account on a straight line basis over the life of the lease.

### **Stocks**

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

### **Long term contracts**

Amounts recoverable on contracts, which are included in debtors, are stated at cost plus attributable profit less any foreseeable losses. The profit on each individual contract is the lower of profit earned to date and that forecast at completion. Payments received on account are deducted from amounts recoverable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors.

### **Deferred taxation**

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

# Group Profit and Loss Account

for the year ended 31 December 1995

	Note	1995 £000	1995 £000	1994 £000	1994 £000
<b>Turnover</b>					
Continuing operations		236,315		240,091	
Acquisitions		<u>3,459</u>		<u>-</u>	
			239,774		240,091
Cost of sales	1		<u>(185,977)</u>		<u>(190,132)</u>
<b>Gross profit</b>			53,797		49,959
Net operating expenses	1		<u>(44,098)</u>		<u>(40,730)</u>
<b>Operating profit</b>					
Continuing operations		9,003		9,229	
Acquisitions		<u>696</u>		<u>-</u>	
			9,699		9,229
Net interest payable	2		<u>(1,696)</u>		<u>(815)</u>
<b>Profit on ordinary activities before taxation</b>	3		8,003		8,414
Taxation on profit on ordinary activities	6		<u>(2,953)</u>		<u>(2,647)</u>
<b>Profit on ordinary activities after taxation</b>			5,050		5,767
Equity minority interests			<u>(32)</u>		<u>(24)</u>
<b>Profit for the financial year</b>	7		5,018		5,743
Dividends	8		<u>(2,942)</u>		<u>(2,894)</u>
<b>Retained profit for the financial year</b>	18		<u>2,076</u>		<u>2,849</u>
<b>Earnings per ordinary share</b>	9		<u>10.4p</u>		<u>11.9p</u>

There is no difference between the result as disclosed in the Group Profit and Loss Account and the result on an unmodified historical cost basis.

Movements in reserves are set out in note 18 on page 33.

## Group Statement of Total Recognised Gains and Losses

for the year ended 31 December 1995

	Note	1995 £000	1994 £000
<b>Profit for the financial year</b>		<b>5,018</b>	<b>5,743</b>
Exchange adjustment	18	1,272	1,758
<b>Total recognised gains and losses for the year</b>		<b>6,290</b>	<b>7,501</b>

## Group Reconciliation of Movements in Shareholders' Funds

for the year ended 31 December 1995

	Note	1995 £000	1994 £000
<b>Total recognised gains and losses for the year</b>		<b>6,290</b>	<b>7,501</b>
Dividends	8	(2,942)	(2,894)
New share capital subscribed	17	1	-
Goodwill written off	21	(6,834)	(5,662)
<b>Movement in equity shareholders' funds</b>		<b>(3,485)</b>	<b>(1,055)</b>
<b>Equity shareholders' funds at beginning of year</b>		<b>44,764</b>	<b>45,819</b>
<b>Equity shareholders' funds at end of year</b>		<b>41,279</b>	<b>44,764</b>

# Group Balance Sheet

as at 31 December 1995

	Note	1995 £000	1995 £000	1994 £000	1994 £000
<b>Fixed assets</b>					
Tangible assets	10		31,240		29,709
<b>Current assets</b>					
Stocks	12	21,651		19,082	
Debtors	13	57,540		59,605	
Cash		8,496		5,198	
		<u>87,687</u>		<u>83,885</u>	
<b>Creditors: amounts falling due within one year</b>					
Borrowings	14	(15,065)		(2,934)	
Other creditors	14	(52,399)		(54,072)	
		<u>(67,464)</u>		<u>(57,006)</u>	
<b>Net current assets</b>			20,223		26,879
<b>Total assets less current liabilities</b>			51,463		56,588
<b>Creditors: amounts falling due after more than one year</b>					
Borrowings	15	(9,416)		(10,964)	
Other creditors	15	(380)		(454)	
			(9,796)		(11,418)
<b>Provision for liabilities</b>	16		-		(65)
<b>Net assets</b>			<u>41,667</u>		<u>45,105</u>
<b>Capital and reserves</b>					
Called up share capital	17		2,411		2,411
Share premium account	18	32,205		32,204	
Other reserves	18	(6,015)		819	
Profit and loss account	18	12,678		9,330	
			<u>38,868</u>		<u>42,353</u>
<b>Equity shareholders' funds</b>			41,279		44,764
<b>Equity minority interests</b>			388		341
			<u>41,667</u>		<u>45,105</u>

These financial statements were approved by the Board of Directors on 9 April 1996 and were signed on its behalf by:

David Kendall Chairman



David Watson Finance Director





# Company Balance Sheet

as at 31 December 1995

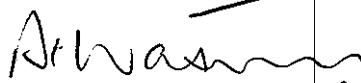
	Note	1995 £000	1995 £000	1994 £000	1994 £000
<b>Fixed assets</b>					
Tangible assets	10	184		140	
Investments	11	38,898		32,487	
			39,082		32,627
<b>Current assets</b>					
Debtors: amounts falling due within one year	13	6,939		14,987	
Debtors: amounts falling due after more than one year	13	13,077		2,931	
Cash		3,398		-	
		23,414		17,918	
<b>Creditors: amounts falling due within one year</b>					
Borrowings	14	(13,008)		(1,354)	
Other creditors	14	(4,645)		(6,733)	
		(17,653)		(8,087)	
<b>Net current assets</b>			5,761		9,831
<b>Total assets less current liabilities</b>			44,843		42,458
<b>Creditors: amounts falling due after more than one year</b>					
Borrowings	15	(3,999)		(5,202)	
Other creditors	15	(965)		-	
			(4,964)		(5,202)
<b>Net assets</b>			39,879		37,256
<b>Capital and reserves</b>					
Called up share capital	17		2,411		2,411
Share premium account	18	32,205		32,204	
Profit and loss account	18	5,263		2,641	
			37,468		34,845
<b>Equity shareholders' funds</b>			39,879		37,256

These financial statements were approved by the Board of Directors on 9 April 1996 and were signed on its behalf by:

David Kendall Chairman



David Watson Finance Director



# Group Cash Flow Statement

for the year ended 31 December 1995

	Note	1995 £000	1995 £000	1994 £000	1994 £000
<b>Net cash inflow from operating activities</b>	22a		9,638		10,111
<b>Returns on investments and servicing of finance</b>					
Interest received		398		438	
Interest paid		(1,610)		(1,177)	
Interest element of finance lease rental payments		(250)		(76)	
Dividends paid		(2,942)		(1,736)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(4,404)		(2,551)
<b>Taxation</b>					
UK corporation tax		(723)		(195)	
Overseas tax		(1,846)		(690)	
<b>Tax paid</b>			(2,569)		(885)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(3,569)		(2,892)	
Acquisition of subsidiary undertakings (net of cash and cash equivalents)	22b	(1,732)		(6,977)	
Sale of tangible fixed assets		386		552	
<b>Net cash outflow from investing activities</b>			(4,915)		(9,317)
<b>Net cash outflow before financing</b>			(2,250)		(2,642)
<b>Financing</b>					
New medium term loans	22d	-		7,827	
Loan repayments	22d	(1,883)		(3,968)	
Capital element of finance lease rental payments	22d	(576)		(158)	
Net share issue proceeds		1		-	
<b>Net cash (outflow)/inflow from financing</b>			(2,458)		3,701
<b>(Decrease)/increase in cash and cash equivalents</b>	22c		(4,708)		1,059

# Segmental Analysis

for the year ended 31 December 1995

## Turnover by division

	Divisional turnover	
	1995 £000	1994 £000
Ruberoïd Building Materials	56,789	47,448
Ruberoïd Building Services	72,028	85,181
Ruberoïd European Waterproofing	118,036	111,486
	<u>246,853</u>	<u>244,115</u>

Inter-divisional turnover	
1995 £000	1994 £000
(5,777)	(3,309)
(108)	(22)
(1,194)	(693)
<u>(7,079)</u>	<u>(4,024)</u>

External turnover	
1995 £000	1994 £000
51,012	44,139
71,920	85,159
116,842	110,793
<u>239,774</u>	<u>240,091</u>

## Geographical analysis of turnover

	Turnover by origin		Turnover by destination	
	1995 £000	1994 £000	1995 £000	1994 £000
United Kingdom	108,363	117,877	107,275	113,175
Other Europe	126,884	121,139	125,519	123,339
USA	4,527	1,075	4,355	1,096
Rest of World	-	-	2,625	2,481
	<u>239,774</u>	<u>240,091</u>	<u>239,774</u>	<u>240,091</u>

## Profit and net assets by division

	Profit before taxation		Net assets	
	1995 £000	1994 £000	1995 £000	1994 £000
Ruberoïd Building Materials	6,372	4,966	10,629	8,488
Ruberoïd Building Services	596	1,556	19,529	19,136
Ruberoïd European Waterproofing	3,799	3,705	33,696	32,035
Central costs/Net liabilities	(1,068)	(998)	(3,873)	(2,173)
<b>Operating profit/Net operating assets</b>	<b>9,699</b>	<b>9,229</b>	<b>59,981</b>	<b>57,486</b>
Net interest payable/Net debt	(1,696)	(815)	(15,985)	(8,700)
Taxation			(303)	(1,655)
Proposed dividend			(2,026)	(2,026)
<b>Profit before taxation/Net assets</b>	<b>8,003</b>	<b>8,414</b>	<b>41,667</b>	<b>45,105</b>

## Profit and net assets by origin

	Profit before taxation		Net assets	
	1995 £000	1994 £000	1995 £000	1994 £000
United Kingdom	5,279	5,485	22,398	22,742
Other Europe	3,418	3,484	35,642	33,977
USA	1,002	260	1,941	767
<b>Operating profit/Net operating assets</b>	<b>9,699</b>	<b>9,229</b>	<b>59,981</b>	<b>57,486</b>
Net interest payable/Net debt	(1,696)	(815)	(15,985)	(8,700)
Taxation			(303)	(1,655)
Proposed dividend			(2,026)	(2,026)
<b>Profit before taxation/Net assets</b>	<b>8,003</b>	<b>8,414</b>	<b>41,667</b>	<b>45,105</b>

# Notes to the Financial Statements

## 1 Cost of sales and net operating expenses

	Continuing operations		Group total	Group total
	1995	Acquisitions 1995	1995	1994
	£000	£000	£000	£000
<b>Cost of sales</b>	<b>184,064</b>	<b>1,913</b>	<b>185,977</b>	<b>190,132</b>
<b>Net operating expenses</b>				
Distribution costs	13,900	272	14,172	10,149
Administrative expenses	29,951	580	30,531	30,768
Other operating income	(603)	(2)	(605)	(184)
Share of results from associated undertakings	-	-	-	(3)
	<b>43,248</b>	<b>850</b>	<b>44,098</b>	<b>40,730</b>

## 2 Net interest payable

	Group 1995	Group 1994
	£000	£000
<b>Interest payable and similar charges</b>		
On bank loans and overdrafts	1,652	1,142
On other loans	160	-
Finance lease charges	250	76
Sundry interest payable	32	35
	<b>2,094</b>	<b>1,253</b>
<b>Interest receivable</b>		
Bank interest receivable	283	241
Sundry interest receivable	115	197
	<b>398</b>	<b>438</b>
<b>Net interest payable</b>	<b>1,696</b>	<b>815</b>

## 3 Profit on ordinary activities before taxation

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

	Group 1995	Group 1994
	£000	£000
Depreciation on tangible fixed assets	3,780	3,360
Operating leases:		
Hire of plant and machinery	1,599	2,433
Hire of other assets	725	1,198
Auditors' remuneration		
United Kingdom	194	180
Overseas	147	126

Fees paid to KPMG for UK non audit services amounted to £92,000 (1994: £149,000) of which £66,000 (1994 : £110,000) has been capitalised.

#### 4 Employees

The average number of employees of the Group was as follows:

	Group 1995 Number	Group 1994 Number
Ruberoid Building Materials	503	436
Ruberoid Building Services	1,170	1,380
Ruberoid European Waterproofing	882	930
Head Office	13	13
	<b>2,568</b>	<b>2,759</b>

The aggregate employee costs were as follows:

	Group 1995 £000	Group 1994 £000
Wages and salaries	45,054	44,836
Social security costs	11,050	10,896
Other pension costs	1,792	1,541
	<b>57,896</b>	<b>57,273</b>

#### 5 Directors' emoluments

In accordance with the recommendations of the Greenbury Committee, the following table summarises the total gross remuneration of all the Directors who served during the year:

	Fees £000	Salary £000	Performance bonus £000	Compensation for loss of office £000	Benefits £000	Total emoluments excluding pensions		Pension contributions	
	£000	£000	£000	£000	£000	1995 £000	1994 £000	1995 £000	1994 £000
D W Kendall (Chairman)	45	-	-	-	-	45	45	-	-
I G S McPherson	-	170	-	-	9	179	190	49	48
E B McCann	-	91	-	-	7	98	109	24	28
P Race	-	33	-	69	5	107	100	10	26
D T Watson	-	83	-	-	9	92	104	24	27
W G K Wilford	-	170	23	-	18	211	188	31	24
M C Bottjer	15	-	-	-	-	15	-	-	-
S G Moberley	5	-	-	-	-	5	-	-	-
N I Simms	-	-	-	-	-	-	15	-	-
D S Winterbottom	10	-	-	-	-	10	15	-	-
	<b>75</b>	<b>547</b>	<b>23</b>	<b>69</b>	<b>48</b>	<b>762</b>	<b>766</b>	<b>138</b>	<b>153</b>

The emoluments of N I Simms, P Race and D S Winterbottom represent those paid until their resignation as Directors on 31 January 1995, 12 May 1995 and 30 September 1995 respectively. The Company has agreed to pay a total sum of £69,000 as compensation to P Race for termination of his contract, including a payment of £45,000 to the Executive Scheme. The emoluments of S G Moberley represent those from the date of his appointment as a Director on 1 September 1995. Until detailed guidance is provided by the Institute of Actuaries, the figures shown above for pensions are the contributions paid by the Group. Details of Directors' share options are given in note 24 on page 37.

The Greenbury Committee recommended waiver of the Companies Act requirements relating to Directors' remuneration where companies give full individual disclosure. Pending any amendment of the Companies Act, the alternative information below also has to be provided.

Directors' emoluments, including pension contributions but excluding compensation for loss of office, totalled £831,000 (1994: £919,000). Of this, £75,000 (1994: £75,000) relates to fees paid to non-executive Directors and £756,000 (1994: £844,000) relates to executive Directors' emoluments. Excluding pension contributions, the emoluments of the Chairman were £45,000 (1994: £45,000) and those of the highest paid UK Director were £179,000 (1994: £190,000, including £30,000 performance bonus).

# Notes to the Financial Statements continued

## 5 Directors' emoluments continued

The following table shows the number of Directors of the Company whose remuneration, excluding pension contributions and compensation for loss of office, was within the bands stated:

	1995 Number	1994 Number		1995 Number	1994 Number
£0 – £5,000	2	–	£95,001 – £100,000	1	–
£5,001 – £10,000	1	–	£100,001 – £105,000	–	2
£10,001 – £15,000	1	2	£105,001 – £110,000	–	1
£35,001 – £40,000	1	–	£175,001 – £180,000	1	–
£40,001 – £45,000	1	1	£185,001 – £190,000	–	1
£90,001 – £95,000	1	–	£190,001 – £195,000	–	1
			£210,001 – £215,000	1	–

## 6 Taxation

Taxation based on the profit for the year comprises:

UK corporation tax at 33%  
Overseas taxation  
Deferred taxation

Group 1995 £000	Group 1994 £000
133	781
1,712	1,267
1,108	599
<b>2,953</b>	<b>2,647</b>

## 7 Profit for the financial year

Dealt with in the financial statements of:  
Ruberoid PLC  
Subsidiary undertakings  
Associated undertakings

Group 1995 £000	Group 1994 £000
5,564	771
(546)	4,969
–	3
<b>5,018</b>	<b>5,743</b>

## 8 Dividends

Interim dividend of 1.9p (1994: 1.8p) per ordinary share paid  
Final dividend of 4.2p (1994: 4.2p) per ordinary share proposed

Group 1995 £000	Group 1994 £000
916	868
2,026	2,026
<b>2,942</b>	<b>2,894</b>

## 9 Earnings per ordinary share

This has been calculated by reference to the weighted average of 48,227,050 (1994: 48,226,900) ordinary shares in issue during the year and the Group profit after taxation and minority interests for the financial year of £5,018,000 (1994: £5,743,000). The fully diluted earnings per ordinary share would not be materially different.

## 10 Tangible fixed assets

Group	Land and buildings £000	Plant machinery and vehicles £000	Total £000
<b>Cost</b>			
At beginning of year	22,179	37,730	59,909
Exchange adjustment	591	1,205	1,796
Additions	1,165	2,755	3,920
Subsidiary undertakings acquired	602	291	893
Disposals	(198)	(2,403)	(2,601)
At end of year	24,339	39,578	63,917
Gross book value of depreciable assets	22,025	39,578	61,603
<b>Depreciation</b>			
At beginning of year	3,888	26,312	30,200
Exchange adjustment	268	844	1,112
Charge for year	803	2,977	3,780
Disposals	(172)	(2,243)	(2,415)
At end of year	4,787	27,890	32,677
<b>Net book value at 31 December 1995</b>	<b>19,552</b>	<b>11,688</b>	<b>31,240</b>
Net book value at 31 December 1994	18,291	11,418	29,709

Net book value of assets acquired under finance leases included in plant, machinery and vehicles amounted to £2,416,000 (1994: £2,674,000).  
Depreciation charged on these assets during the year amounted to £609,000 (1994: £233,000)

Company	Plant machinery and vehicles £000
<b>Cost</b>	
At beginning of year	157
Additions	84
At end of year	241
Gross book value of depreciable assets	241
<b>Depreciation</b>	
At beginning of year	17
Charge for year	40
At end of year	57
<b>Net book value at 31 December 1995</b>	<b>184</b>
Net book value at 31 December 1994	140

Net book value of assets acquired under finance leases included in plant, machinery and vehicles amounted to £81,000 (1994: £42,000).  
Depreciation charged on these assets during the year amounted to £17,000 (1994: £1,000)

	Group 1995 £000	Group 1994 £000
Net book value of land and buildings comprises:		
Freehold	16,253	15,409
Long leasehold	2,541	2,151
Short leasehold	758	731
	<b>19,552</b>	<b>18,291</b>

# Notes to the Financial Statements continued

## 11 Investments

Company	Shares in subsidiary undertakings £000	Loans to subsidiary undertakings £000	Total £000
<b>Cost</b>			
At beginning of year	14,098	18,389	32,487
Additions	4,112	-	4,112
Other movements	(7,603)	9,902	2,299
<b>At end of year</b>	<b>10,607</b>	<b>28,291</b>	<b>38,898</b>

The Group's principal operating companies, which are shown on pages 38 and 39, are wholly owned, either directly or indirectly by Ruberoid PLC, except where indicated, and all holdings are of ordinary shares. They are registered in England and Wales and operate in the UK, unless their address is overseas in which case the country stated is the country of incorporation and operation.

## 12 Stocks

	Group 1995 £000	Group 1994 £000
Raw materials	6,160	5,448
Work in progress	3,815	3,496
Finished goods and goods for resale	11,676	10,138
	<b>21,651</b>	<b>19,082</b>

## 13 Debtors

	Group 1995 £000	Group 1994 £000	Company 1995 £000	Company 1994 £000
<b>Amounts falling due within one year:</b>				
Trade debtors	52,391	52,486	-	-
Amounts recoverable on contracts	71	2,528	-	-
Amounts owed by subsidiary undertakings	-	-	6,363	14,258
Taxation recoverable	78	-	519	-
Other debtors	2,491	2,429	-	692
Prepayments and accrued income	1,811	2,162	57	37
	<b>56,842</b>	<b>59,605</b>	<b>6,939</b>	<b>14,987</b>
<b>Amounts falling due after more than one year:</b>				
Amounts owed by subsidiary undertakings	-	-	11,805	2,429
Deferred taxation	192	-	-	-
Advance corporation tax recoverable	506	-	1,272	502
	<b>698</b>	<b>-</b>	<b>13,077</b>	<b>2,931</b>
	<b>57,540</b>	<b>59,605</b>	<b>20,016</b>	<b>17,918</b>



## 14 Creditors: amounts falling due within one year

	Group 1995 £000	Group 1994 £000	Company 1995 £000	Company 1994 £000
<b>Borrowings</b>				
Bank loans	9,848	2,362	3,983	1,293
Bank overdrafts	480	47	-	51
Loans other than from banks	4,000	-	4,000	-
Finance leases	737	525	25	10
	<u>15,065</u>	<u>2,934</u>	<u>13,008</u>	<u>1,354</u>
<b>Other creditors</b>				
Payments received on account	292	50	-	-
Trade creditors	27,692	30,079	112	238
Amounts owed to subsidiary undertakings	-	-	833	1,969
Corporation tax	590	867	-	-
Other tax and social security	8,564	9,234	1,030	1,031
Other creditors	2,310	2,537	191	1,179
Accruals	10,925	9,279	453	290
Proposed dividend	2,026	2,026	2,026	2,026
	<u>52,399</u>	<u>54,072</u>	<u>4,645</u>	<u>6,733</u>
	<u>67,464</u>	<u>57,006</u>	<u>17,653</u>	<u>8,087</u>

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

	Group 1995 £000	Group 1994 £000	Company 1995 £000	Company 1994 £000
<b>Borrowings</b>				
Bank loans	7,696	8,807	3,933	5,170
Finance leases	1,720	2,157	66	32
	<u>9,416</u>	<u>10,964</u>	<u>3,999</u>	<u>5,202</u>
<b>Other creditors</b>				
Amounts owed to subsidiary undertakings	-	-	965	-
Other creditors	380	454	-	-
	<u>380</u>	<u>454</u>	<u>965</u>	<u>-</u>
	<u>9,796</u>	<u>11,418</u>	<u>4,964</u>	<u>5,202</u>

### Group

The Group's borrowings are repayable as follows:

	Bank loans and overdrafts		Other borrowings	
	1995 £000	1994 £000	1995 £000	1994 £000
Within one year	10,328	2,409	4,737	525
Between one and two years	2,191	2,627	832	622
Between two and five years	5,505	6,180	829	1,392
Over five years	-	-	59	143
	<u>18,024</u>	<u>11,216</u>	<u>6,457</u>	<u>2,682</u>

### Company

The Company's borrowings are repayable as follows:

	Bank loans and overdrafts		Other borrowings	
	1995 £000	1994 £000	1995 £000	1994 £000
Within one year	8,983	1,344	4,025	10
Between one and two years	1,325	1,293	30	10
Between two and five years	2,608	3,877	36	22
	<u>12,916</u>	<u>6,514</u>	<u>4,091</u>	<u>42</u>

# Notes to the Financial Statements continued

## 16 Provision for liabilities

### Group

	Deferred taxation £000
At beginning of year	65
Exchange adjustment	20
Profit and loss account	1,108
Subsidiary undertakings acquired	(1,891)
Advance corporation tax	506
At end of year	(192)

The amounts provided for deferred taxation are as follows:

	1995 £000	1994 £000
Accelerated capital allowances	2,567	929
Other timing differences	(2,759)	(358)
Recoverable advance corporation tax	-	(506)
	(192)	65

The deferred tax asset has been included in note 13 on page 30 as a debtor recoverable after more than one year.

There are no unprovided deferred taxation liabilities. Trading losses available for carry forward subject to agreement with the appropriate taxation authorities amounted to £1,670,000 at 31 December 1995 (1994: £1,682,000) and are not included in the deferred taxation balance above. These losses are specific to certain companies and can only be utilised against future taxable profits of those companies. No provision has been made in respect of additional taxation which may become payable in the event that retained profits of overseas subsidiary undertakings are distributed to the parent company. The amount of such liability at 31 December 1995 would not be material.

### Company

	Deferred taxation £000
At beginning of year	-
Profit and loss account	10
Advance corporation tax	(10)
At end of year	-

The amounts provided for deferred taxation are as follows:

	1995 £000	1994 £000
Accelerated capital allowances	14	4
Recoverable advance corporation tax	(14)	(4)
	-	-

There is no unprovided deferred taxation.

## 17 Share capital

	Number	£
<b>Authorised</b>		
At 31 December 1994 and 1995		
Ordinary shares of 5p each	65,000,000	3,250,000
<b>Allotted, called up and fully paid</b>		
At 31 December 1995		
Ordinary shares of 5p each	48,227,802	2,411,390
At 31 December 1994		
Ordinary shares of 5p each	48,226,900	2,411,345

During the year, 902 shares were issued pursuant to an exercise of options under the Savings Related Share Option Scheme.

### Options

At 31 December 1995, options were outstanding under the Executive Share Option Scheme over 889,183 (1994: 926,516) ordinary shares of 5p each exercisable between November 1996 and November 2003 at the issue price of 150 pence per share and under the Savings Related Share Option Scheme over 927,828 (1994: 1,084,423) ordinary shares of 5p each, normally exercisable after 28 June 1999 at 133 pence per share.

## 18 Reserves

Group	Share premium account £000	Other reserves £000	Profit and loss account £000	Total £000
At beginning of year	32,204	819	9,330	42,353
Exchange adjustment	-	-	1,272	1,272
Retained profit for the financial year	-	-	2,076	2,076
Shares issued	1	-	-	1
Goodwill written off	-	(6,834)	-	(6,834)
At end of year	32,205	(6,015)	12,678	38,868

The exchange adjustment includes a loss of £420,000 (1994: £10,000) in respect of the translation of foreign currency borrowings which have been used to provide a hedge against net investments in overseas subsidiary undertakings. Cumulative goodwill of £43,200,000 (1994: £36,366,000) has been written off against reserves, of which £15,739,000 (1994: £8,905,000) relates to the acquisition of subsidiary undertakings.

Company	Share premium account £000	Profit and loss account £000	Total £000
At beginning of year	32,204	2,641	34,845
Shares issued	1	-	1
Retained profit for the financial year	-	2,622	2,622
At end of year	32,205	5,263	37,468

# Notes to the Financial Statements continued

## 19 Financial and capital commitments

(a) Commitments for capital expenditure are as follows:

	Group 1995 £000	Group 1994 £000	Company 1995 £000	Company 1994 £000
Contracts placed	90	286	—	—
Authorised but not contracted	5,379	3,805	—	100
	<u>5,469</u>	<u>4,091</u>	<u>—</u>	<u>100</u>

(b) Annual commitments under non-cancellable operating leases are as follows:

Group	Land and buildings		Other	Total	
	1995 £000	1994 £000		1995 £000	1994 £000
Annual commitments under operating leases which expire:					
within one year	24	20	306	330	373
in second to fifth year	190	222	764	954	717
after five years	367	321	2	369	328
	<u>581</u>	<u>563</u>	<u>1,072</u>	<u>1,653</u>	<u>1,418</u>

### Company

Annual commitments under operating leases which expire:  
in second to fifth year

Land and buildings	
1995 £000	1994 £000
42	42

## 20 Contingent liabilities

### Group

Performance bonds have been entered into in the normal course of business.

### Company

The Company has guaranteed bank overdrafts in respect of subsidiary undertakings. At 31 December 1995 these guarantees amounted to £4,778,000 (1994: £3,666,000). In addition the Company has guaranteed performance bonds entered into by subsidiary undertakings in the normal course of business.

## 21 Acquisitions

On 7 July 1995, the Group acquired the entire share capital of Hilbre Laboratories Ltd and its subsidiary, Hilglaze Polycarbonate Ltd. On 9 August 1995, the Group purchased the whole of the common stock of Blair Rubber Company, Inc.

On 17 August 1995, Tarmac PLC made a cash settlement in respect of certain pre-flotation indemnities. The proceeds of this settlement have been treated as a reduction in the purchase price of the businesses and companies acquired, and appropriate fair value adjustments have been made to stocks, debtors and creditors in respect of the liabilities which have been assumed by Ruberoid.

The book values of the net assets acquired and the resulting goodwill arising on the acquisitions are set out below:

Group	Hilbre group £000	Blair Rubber £000	Tarmac indemnity settlement £000	Total £000
<b>Book value of net assets acquired:</b>				
Tangible fixed assets	614	279	—	893
Intangible fixed assets	151	892	—	1,043
Stocks	687	277	—	964
Debtors	1,069	387	—	1,456
Cash	589	43	—	632
Creditors	(1,738)	(301)	—	(2,039)
	<u>1,372</u>	<u>1,577</u>	<u>—</u>	<u>2,949</u>
<b>Accounting policy alignment:</b>				
Intangible fixed assets written off	(151)	(892)	—	(1,043)
<b>Fair value adjustments:</b>				
Corporation tax	—	(39)	(300)	(339)
Deferred taxation	(17)	302	1,606	1,891
Stocks, debtors and creditors	—	—	(3,928)	(3,928)
	<u>(168)</u>	<u>(629)</u>	<u>(2,622)</u>	<u>(3,419)</u>
<b>Fair value to the Group</b>	<u>1,204</u>	<u>948</u>	<u>(2,622)</u>	<u>(470)</u>
Consideration	4,000	4,669	(2,622)	6,047
Acquisition expenses	112	205	—	317
	<u>4,112</u>	<u>4,874</u>	<u>(2,622)</u>	<u>6,364</u>
<b>Goodwill</b>	<u>2,908</u>	<u>3,926</u>	<u>—</u>	<u>6,834</u>

The acquisition of Hilbre is subject to an earnout agreement based on its results for the year to 31 March 1996. Additional consideration of up to £1 million could become payable and this would be reflected in the 1996 financial statements.

The turnover and operating profit of the businesses acquired during the year for the periods prior to acquisition by Ruberoid were as follows:

	Turnover £000	Operating profit £000
<b>Hilbre group</b>		
12 months ended 31 January 1995	4,418	669
Period from 1 February 1995 to the date of acquisition	1,973	139
	<u>\$000</u>	<u>\$000</u>
<b>Blair Rubber</b>		
12 months ended 31 December 1994	3,484	1,099
Period from 1 January 1995 to the date of acquisition	2,685	781

# Notes to the Financial Statements continued

## 22 Notes to the group cash flow statement

### (a) Reconciliation of operating profit to net cash inflow from operating activities

	1995 £000	1994 £000
Operating profit	9,699	9,229
Depreciation on tangible fixed assets	3,780	3,360
Share of profit of associated undertakings	-	(3)
Profit on sale of fixed assets	(200)	(142)
Increase in stocks	(1,145)	(2,440)
Decrease/(increase) in debtors	7,247	(4,619)
(Decrease)/increase in creditors	(9,743)	4,726
<b>Net cash inflow from operating activities</b>	<b>9,638</b>	<b>10,111</b>

### (b) Acquisition of subsidiary undertakings

Cost of subsidiary undertakings acquired	(8,986)	(7,321)
Cash in acquired subsidiary undertakings	632	344
Loan notes issued	4,000	-
Tarmac indemnity settlement	2,622	-
<b>Net cash outflow on acquisition of subsidiary undertakings</b>	<b>(1,732)</b>	<b>(6,977)</b>

### (c) Analysis of changes in cash and cash equivalents

At beginning of year	5,151	3,993
(Decrease)/increase in cash and cash equivalents	(4,708)	1,059
Exchange adjustment	(12)	99
At end of year	<b>431</b>	<b>5,151</b>
Represented by:		
Cash	8,496	5,198
Bank overdrafts	(480)	(47)
Loans	(7,585)	-
	<b>431</b>	<b>5,151</b>

### (d) Changes in financing during the year

	1995 Bank and other loans £000	1995 Finance leases £000	1994 Bank and other loans £000	1994 Finance leases £000
At beginning of year	11,169	2,682	6,852	-
Loan notes issued for non-cash consideration	4,000	-	-	-
New medium term bank loans	-	-	7,827	-
Loan repayments during the year	(1,883)	-	(3,968)	-
Inception of finance leases	-	351	-	2,207
Finance leases of acquired subsidiary undertakings	-	-	-	633
Capital element of finance lease repayments	-	(576)	-	(158)
Exchange adjustment	673	-	458	-
At end of year	<b>13,959</b>	<b>2,457</b>	<b>11,169</b>	<b>2,682</b>

## 23 Pensions

The Group operates a number of pension arrangements in the United Kingdom and overseas. The total pension cost for the Group was £1,792,000 (1994: £1,541,000) of which £486,000 (1994: £389,000) relates to overseas schemes. At 31 December 1995 outstanding pension contributions payable to the UK schemes totalled £123,000 (1994: £Nil). These were paid over in January 1996.

The UK schemes for staff are of the defined benefit type. The pension cost relating to these schemes is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The values of the transfers from Tarmac PLC schemes were agreed during 1995, and over 90% of the total value has now been transferred from those Tarmac PLC schemes to separate funds administered by trustees and held outside the Ruberoid group. It is proposed to carry out an actuarial valuation of the Ruberoid PLC Staff Pension Scheme during the current year. There is also a defined contribution scheme for eligible operatives based in the UK, all of whose assets are held in separate trustee-administered funds.

Most of the Group's subsidiary undertakings in Belgium, Ireland, The Netherlands and the US operate pension arrangements for staff. These are usually administered by insurance companies and include both defined benefit and defined contribution plans. Some of these subsidiary undertakings also participate in a number of industry-wide arrangements. The relevant employers' contributions are charged against profits as incurred.

## 24 Directors' interests

	Holding at 31 December 1995		Holding at 31 December 1994 or date of appointment if later	
	fully paid	share options	fully paid	share options
M C Bottjer	-	-	-	-
D W Kendall	20,000	-	20,000	-
I G S McPherson	32,800	312,969	32,800	312,969
E B McCann	10,200	110,000	10,200	110,000
S G Moberley	2,000	-	-	-
D T Watson	12,500	119,635	12,500	119,635
W G K Wilford	868,883	185,185	970,700	185,185

Options over 12,969 ordinary shares of 5p each were granted to both Mr I G S McPherson and Mr D T Watson in 1994 pursuant to the Savings Related Share Option Scheme and are normally exercisable after 28 June 1999 at 133 pence per share.

The remaining share options were granted on 25 November 1993 pursuant to the Executive Share Option Scheme and are exercisable between November 1996 and November 2003 at the issue price of 150 pence per share, subject to performance targets set by the Remuneration Committee. The options may only be exercised if the growth in the Company's earnings per share over a period of three consecutive years is at least equal to the rate of inflation (as determined by the Retail Price Index) plus 2%. No options were granted pursuant to the Executive Share Option Scheme during the year, and no Directors' options lapsed during the year under either Scheme.

The middle market price of Ruberoid PLC ordinary shares at 31 December 1995 was 143 pence and the range during 1995 was 1.29 pence to 176½ pence.

During the period from 1 January 1996 to 9 April 1996 there were no changes in the interests of the serving Directors.

No Director was beneficially interested in the share capital of any subsidiary undertaking and no Director was or is materially interested in any contract subsisting during or at the end of the financial year which was significant in relation to the Group's business.

## 25 Post balance sheet event

On 4 March 1996, the Group sold its investment in its Norwegian fire protection company, Aaronite A/S. The company made a pre-tax loss of £0.3 million in 1995. The loss on disposal, estimated at £0.4 million, will be shown in the 1996 Group Profit and Loss Account together with an adjustment of £0.2 million relating to the goodwill previously written off against reserves.

# Operating Companies

## Ruberoid Building Materials

### Permanite Asphalt Ltd\*

Cawdor Quarry, Matlock, Derbys DE4 2JH  
Tel 01629 580363. Fax 01629 57099

### Ruberoid Building Products Ltd\*

10-14 Howard Court, Tewin Road  
Welwyn Garden City, Herts AL7 1BP  
Tel 01707 822222. Fax 01707 375060

### Hilbre Laboratories Ltd\*

#### Hilglaze Polycarbonate Ltd

Lords Fold, Ormskirk Road, Rainford  
St Helens, Merseyside WA11 8HP  
Tel 0174 488 5011. Fax 0174 488 5668

### Irish Roofing Felts Ltd

Unit 3, Carriglea Industrial Estate, Naas Road  
Dublin 12, Ireland  
Tel 31 456 4288. Fax 31 456 4291

### Hyload Inc

#### Martin Rubber Company of Ohio, Inc

9976 Rittman Road, Wadsworth, Ohio 44281, USA  
Tel (330) 334 5022. Fax (330) 336 5512

### Blair Rubber Company, Inc

1252 Mina Avenue, Akron, Ohio 44321, USA  
Tel (330) 666 3600. Fax (330) 666 9334

## Ruberoid Building Services

### Briggs Roofing & Cladding Ltd\*

#### Ruberoid Contracts Ltd\*

Forsyth Road, Sheerwater, Woking, Surrey GU21 5RR  
Tel 01483 756055. Fax 01483 756077

### Briggs Roofing & Cladding Ltd

Marble Hill, Ballintemple, Cork, Ireland  
Tel 21 294522. Fax 21 294886

### Broderick Structures Ltd\*

Forsyth Road, Sheerwater, Woking, Surrey GU21 5RR  
Tel 01483 750207. Fax 01483 750209

### Hyflex Roofing Ltd\*

Halfords Lane, Smethwick, Warley, West Midlands B66 1BJ  
Tel 0121 555 6464. Fax 0121 555 5862

### Aaronite Ltd

Brookhill Road, Wharf Road Industrial Estate, Pinxton  
Notts. NG16 6LE  
Tel 01773 812505. Fax 01773 861680

### Manufacture of waterproofing products

Also at Agecroft, Droitwich and Wanslow

### Manufacture of waterproofing products

Also at Appley Bridge, Chesterfield, Dundee and Edinburgh

### Manufacture and distribution of building chemicals and roofing products

Also at Accrington

### Distribution of waterproofing products

Also at Ballyclare, Cork, Letterkenny and Limerick

### Manufacture of waterproofing products and protective tank linings

### Manufacture of protective tank linings and belt-splicing materials

### Roofing and cladding services

Also at Aberdeen, Belfast, Birmingham, Blackpool, Bridgend, Bristol, Edinburgh, Glasgow, Hull, Leeds, Liverpool, London, Manchester, Newcastle, Norwich, Plymouth, Southampton, Southend and Wigan

### Roofing and cladding services

### Fully supported metal roofing systems

Also at Glasgow

### Roofing maintenance services

Also at Bridgend, Cheltenham, Edinburgh, Leeds, London and Newcastle

### Passive fire protection



**Durastic Ltd\***

Blackett Street, Hebburn, Tyne & Wear, NE31 1ST  
Tel 0191 489 3121. Fax 0191 483 3004

**Palmers Corrosion Control Ltd\***

Edinburgh Hall, Hill Street, South Shields  
South Tyneside NE33 1RN  
Tel 0191 454 5555. Fax 0191 455 0890

**Ruberoid European Waterproofing****Albintra NV**

Bistweg 80, 2520 Ranst-Broechem, Belgium  
Tel 03 470 1212. Fax 03 470 1200

**Albitum NV**

Kommandant Weynsstraat 85, 2660 Hoboken, Belgium  
Tel 03 828 0143. Fax 03 830 5953

**Asphaltco SA (99.4%)**

Vilvoordelaan 92, 1830 Machelen, Belgium  
Tel 02 251 8400. Fax 02 252 4800

**Antwerps Teer & Asphaltbedrijf NV ("Atab")**

d'Herbouvillekaai 80, 2020 Antwerp, Belgium  
Tel 03 248 3000. Fax 03 248 3777

**Tocover SA**

18 Avenue L'Annec, 93380 Pierrefitte, France  
Tel 1 49 40 13 84. Fax 1 48 27 21 12

**Bitasco BV (95%)**

Kalshoven 21, 4825 CE Breda, The Netherlands  
Tel 076 571 55 40. Fax 076 571 19 16

**Judon BV (95%)**

Breevaartstraat 51, 3004 EC Rotterdam, The Netherlands  
Tel 010 415 38 10. Fax 010 415 70 23

**Nebiprofa BV (95%)**

Krommeweg 10, 3340 AA Hendrik-Ido-Ambacht  
The Netherlands  
Tel 078 625 06 00. Fax 078 612 40 81

**Touwen & Co BV (95%)**

Ostzijde 300, 1500 EE Zaandam, The Netherlands  
Tel 075 635 00 11. Fax 075 631 16 72

Shares of those companies which are directly owned by Ruberoid PLC are marked with an asterisk

**Marine decking and flooring systems**

Also at Glasgow, Jarrow, Liverpool and Southampton

**Corrosion control services****Distribution of roofing products and insulation****Roofing services**

Also at Ardoie

**Manufacture of building chemicals**

Distribution and installation of waterproofing products

**Manufacture of waterproofing products****Roofing services**

Also at Beveren, Brussels, Gistel and Turnhout

**Roofing and cladding services**

Also at Breteuil-sur-Noye and Lille

**Distribution and installation of roofing products**

Also at 's-Hertogenbosch and Vlissingen

**Distribution and installation of roofing products****Manufacture and distribution of roofing products**

Also at Bergschenhoek

**Manufacture of paints and wood preservatives**

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Ruberoid PLC will be held at New Broad Street House, 35 New Broad Street, London EC2M 1NH on 28 May 1996 at 10 am for the following purposes:

## Ordinary business

- 1 To receive and adopt the report of the Directors and the audited financial statements for the year ended 31 December 1995.
- 2 To approve the payment of a final dividend of 4.2 pence per ordinary share.
- 3 To re-elect the following Directors who retire in accordance with the Company's Articles of Association:
  - (a) Mr E B McCann
  - (b) Mr S G Moberley (a member of the Audit and Remuneration Committees)
  - (c) Mr D T Watson
- 4 To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

That KPMG Audit Plc be and are hereby appointed auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next general meeting at which financial statements are laid before the Company at a remuneration to be fixed by the Directors.

## Special business

As special business to consider and, if thought fit, pass the following Resolution as a Special Resolution. An explanatory note is included in the Directors' Report.

- 5 That the Directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("the Act") to allot equity securities (within the meaning of Section 94 of the Act) for cash pursuant to the authority conferred by Resolution number 5 passed as an Ordinary Resolution at the Company's Annual General Meeting on 12 May 1995 as if sub-section (1) of Section 89 of the Act did not apply to any such allotment provided that this authority shall be limited to:
  - (a) the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders and other persons entitled to participate therein are proportionate (as nearly as may be) to such holders' holdings of such shares (or, as appropriate, to the number of ordinary shares which such other persons are for these purposes deemed to hold) but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems arising in any territory or the requirements of any recognised regulatory body or stock exchange; and
  - (b) the allotment (otherwise than pursuant to sub-paragraph (a) of this Resolution) of equity securities up to the aggregate nominal amount of £120,569;and shall expire at the earlier of the conclusion of the Annual General Meeting held in 1997 and the date 15 months from the passing of this Resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

By order of the Board  
**Michael Kippen** Secretary  
3 May 1996

Registered office  
197 Knightsbridge  
London SW7 1RB

## Notes

- 1 Members entitled to attend and vote may appoint one or more proxies to attend and, on a poll, to vote on their behalf. A proxy need not also be a member of the Company. To be effective, proxy forms must be lodged with the Registrars not later than 48 hours before the time fixed for the Meeting.
- 2 Copies of the Directors' service agreements and the register of Directors' interests will be available for inspection at the Company's registered office during business hours on Monday to Friday until the day of the Annual General Meeting and at the place of the Meeting from 15 minutes before the Meeting.

# Shareholder Information

## Analysis of ordinary shareholdings at 31 March 1996

	Number of holders	%	Number of shares	%
Held by: Individuals	6,474	95.2	4,842,079	10.0
Institutional and other investors	327	4.8	43,385,723	90.0
	6,801	100.0	48,227,802	100.0

## Size of holdings

Up to 1,000	5,808	85.4	3,111,208	6.5
1,001 to 10,000	855	12.6	1,888,698	3.9
10,001 to 50,000	34	0.5	931,580	1.9
50,001 to 100,000	27	0.4	1,966,308	4.1
Over 100,000	77	1.1	40,330,008	83.6
	6,801	100.0	48,227,802	100.0

## Substantial shareholdings

On 9 April 1996 the Company had been advised of the following substantial interests in the ordinary share capital:

	Number of shares	% of issued share capital
PD.FM. Limited (various funds)	11,607,754	24.1
Scottish Amicable Nominees Limited	2,469,336	5.1
AMP Asset Management PLC (various funds)	1,809,110	3.8

## Financial calendar

Year end	31 December
Preliminary results announcement	10 April 1996
Annual General Meeting	28 May 1996
Final dividend payable	31 May 1996
Half-year results announcement	September 1996
Interim dividend payable	November 1996

## Registrars and Transfer Office

Barclays Registrars  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

Telephone 0181 650 4866