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IKO PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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IKO PLC (Company number 2678296)

COMPANY INFORMATION

DIRECTORS

H M Koschitzky
J Koschitzky
F Hautman
B J MacLeod
R Turner
M Vaughan

COMPANY SECRETARY

TCSS Limited

COMPANY NUMBER

2678296

REGISTERED OFFICE

Appley Lane North
Appley Bridge
Wigan
Lancashire
WN6 9AB

AUDITOR

Mazars LLP
Chartered Accountants & Statutory Auditors
Tower Building
Water Street
Liverpool
L3 1PQ

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

The directors present their report together with the audited financial statements for the year ended 31 December 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is the leading manufacturer and supplier in the UK of waterproofing materials and associated products for the building and construction industry. It exports its products to over 50 countries worldwide. The Company trades through a number of strong brands, including Ruberoid, Permanite, Spectra and Hyload.

As a result of a reorganisation, the business of The Waterproofing Group Plc, a fellow subsidiary undertaking, was transferred to the Company with effect from 1 January 2010. Following the transfer, the business so transferred and the Company's existing business were accounted for as a single undertaking. It is not possible to quantify the impact of the transfer on the result of the Company for 2010.

The Company uses a variety of financial and non-financial key performance measures:

- sales activity - growth, market share, contract success, new accounts, sales per employee
- profitability - factory efficiency, productivity and operating margins
- customer satisfaction - order to delivery lead times, order fulfilment, customer complaints, warranty claims, orders processed
- employees – turnover and margin per employee, inter-company comparisons
- products – number, profitability, stock turn, margin per hour/unit

These measures are reported and reviewed weekly or monthly and most continue to show improvement.

The economic downturn in the second half of 2010 has particularly impacted the key building and construction sales sectors. The current year has also seen continued volatility in oil prices coupled with a strengthening Euro against Sterling. Both factors have led to significant increases in the cost base, but through careful management the Company has managed to maintain margin in difficult market conditions.

The directors are confident of the operating effectiveness of the Company and consider the outlook for the next financial year to be very favourable.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation amounted to £1,795,000 (2009 loss £145,000) The directors do not recommend the payment of a dividend (2009 £Nil)

KEY RISKS

The Company is exposed to economic downturns in construction and building activity but has mitigated this by offering a wide range of products and services across new build, repair and maintenance activities, serving all sales channels across the UK

Profitability is impacted to some degree by changes in oil based and other commodity raw materials prices The Company manages these factors by entering into long term supply arrangements where possible and actively exploring alternative raw materials and sources of supply

The Company is exposed to fluctuations in foreign currencies against Sterling To provide certainty of future cash flows and to mitigate against foreign exchange fluctuations, the Company enters into forward contracts which are approved by the board of directors

The Company is exposed to credit risk through the financial failure of key customers To mitigate this risk, the Company has implemented policies that require appropriate credit checks on potential customers before sales are made The amount of exposure to any individual counterparty is underwritten by credit insurance where possible and any uninsured exposure is managed in accordance with group credit policies and procedures

RESEARCH AND DEVELOPMENT

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

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development and its key risks are described in this report

The Company has considerable financial resources together with long term contracts with a number of customers and suppliers across different geographic areas and business sectors As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

DIRECTORS

The directors who served during the year were

H M Koschitzky
J Koschitzky
F Hautman
B J MacLeod
R Turner
M Vaughan

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

DIRECTORS' INDEMNITY

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the directors' report.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EMPLOYEES

It is the Company 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 and wherever possible to re-train employees who become disabled, so they can continue in their employment in another position.

The Company 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 the involvement of employees to ensure good relations and the improvement of the Company performance and will continue to hold briefings and presentations when required.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Charitable donations in the UK totalled £1,000 (2009: £1,000). No political contributions were made (2009: £nil).

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

PAYMENT POLICY

It is the Company's policy to

- agree the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that those suppliers are made aware of the terms of payment, and,
- abide by the terms of payment

The Company does not follow any code or standard payment practice. At 31 December 2010, the Company's average payment period was 54 days (2009 51 days)

DISCLOSURE OF INFORMATION TO AUDITORS

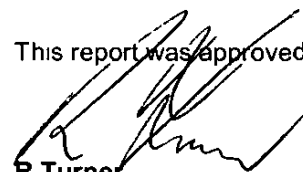
Each of the persons who is a director at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditor in connection with preparing its report and to establish that the Company's auditor is aware of that information

AUDITOR

A resolution to re-appoint Mazars LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf



R Turner
Director

Date 27 June 2011

Appley Lane North
Appley Bridge
Wigan
Lancashire
WN6 9AB

IKO PLC (Company number 2678296)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF IKO PLC

We have audited the financial statements of IKO Plc for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profit and Losses, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON THE OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

IKO PLC (Company number 2678296)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF IKO PLC

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Kevin Simmons (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Tower Building
Water Street
Liverpool
L3 1PQ

27 June 2011

IKO PLC (Company number 2678296)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £'000	2009 £'000
TURNOVER	2	58,666	41,315
Cost of sales		45,046	31,993
GROSS PROFIT		13,620	9,322
Distribution costs		7,692	6,605
Administrative expenses		3,490	3,123
		11,182	9,728
OPERATING PROFIT/(LOSS)	5	2,438	(406)
Loss on disposal of tangible fixed assets		377	16
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		2,061	(422)
Interest receivable	3	85	56
Interest payable	4	(1)	(277)
		84	(221)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		2,145	(643)
Tax on profit/(loss) on ordinary activities	9	350	(498)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	19	1,795	(145)

All amounts relate to continuing operations

Statement of total recognised gains and losses

There were no recognised gains and losses except as reported in the profit and loss account

Note on historical cost profit and losses

There is no difference between the results as disclosed in the profit and loss account and the results given on an unmodified historical cost basis


The notes on pages 9 to 21 form part of these financial statements

IKO PLC (Company number 2678296)

**BALANCE SHEET
AS AT 31 DECEMBER 2010**

	Note	2010 £'000	2009 £'000
FIXED ASSETS			
Intangible fixed assets	10	-	-
Tangible fixed assets	11	17,867	13,261
Fixed asset investments	12	1,134	1,134
		<u>19,001</u>	<u>14,395</u>
CURRENT ASSETS			
Stocks	13	9,616	6,793
Debtors amounts falling due after more than one year	14	9,548	12,910
Debtors amounts falling due within one year	14	15,626	10,291
Cash at bank		2,467	3,560
		<u>37,257</u>	<u>33,554</u>
CREDITORS: amounts falling due within one year	15	11,843	9,475
NET CURRENT ASSETS		<u>25,414</u>	<u>24,079</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>44,415</u>	<u>38,474</u>
CREDITORS: amounts falling due after more than one year	16	32,441	29,112
PROVISIONS FOR LIABILITIES			
Deferred tax	17	1,441	624
		<u>33,882</u>	<u>29,736</u>
NET ASSETS		<u>10,533</u>	<u>8,738</u>
CAPITAL AND RESERVES			
Called up share capital	18	1,000	1,000
Profit and loss account	19	9,533	7,738
SHAREHOLDERS' FUNDS	20	<u>10,533</u>	<u>8,738</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by


R Turner
Director

Date 27 June 2011

The notes on pages 9 to 21 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1 ACCOUNTING POLICIES

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

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Consolidated financial statements

The Company is exempt by virtue of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

1.3 Cash flow statement

The Company is exempt from the requirement to prepare a cash flow statement on the grounds that consolidated financial statements including the Company are publicly available.

1.4 Related party transactions

As the Company is a wholly owned subsidiary of IKO U K Limited, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of IKO U K Limited, within which this Company is included, can be obtained from the address given in note 26.

1.5 Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Rendering of services

Revenue from contract activity is recognised by reference to the stage of completion. Stage of completion is measured by reference to contract costs incurred to date as a percentage of total estimated contract costs for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Dividends

Revenue is recognised when the Company's right to receive payment is established.

1.6 Goodwill and acquisition of unincorporated businesses

Goodwill arising on the acquisition of unincorporated businesses, representing the excess of the fair value of consideration given over the fair value of the separable net assets acquired, is capitalised and amortised over its useful economic life, which is normally set at ten years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended.

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

Freehold land	-	Not depreciated
Freehold buildings	-	50 years
Short leasehold property	-	4 to 20 years
Plant, machinery and vehicles	-	3 to 15 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

1.8 Foreign currencies

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.

1.9 Government grants

Capital based government grants are deducted from the cost of the related fixed assets and are released to the profit and loss account over the expected useful lives of the relevant assets.

1.10 Leased assets

Where the Company 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.

1.11 Research and development

All expenditure is charged to the profit and loss account as incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1 ACCOUNTING POLICIES (continued)

1.12 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows

Raw materials, consumables and goods for resale	-	Purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	Cost of direct materials and labour plus attributable overheads based on a normal level of activity

1.13 Deferred taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred taxation is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

1.14 Pensions

The Company participates in a group-wide pension scheme providing benefits based on final pensionable pay which is closed to future accrual. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as permitted by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Company also participates in three group-wide defined contribution pension schemes. The assets of the schemes are held separately from those of the Company. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

1.15 Investments

Investments are stated at the lower of cost and net realisable value

2. TURNOVER

Turnover represents the amounts derived from the provision of goods and services which fall within the company's principal business activities, stated net of value added tax. Turnover is analysed as follows

	2010 £'000	2009 £'000
Turnover arising in		
United Kingdom	54,893	38,443
Rest of Europe	2,379	1,599
Rest of the world	1,394	1,273
	<u>58,666</u>	<u>41,315</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

3 INTEREST RECEIVABLE

	2010 £'000	2009 £'000
Group undertakings	28	-
Other	57	56
	<u>85</u>	<u>56</u>

4. INTEREST PAYABLE

	2010 £'000	2009 £'000
Bank loans and overdrafts	-	47
Group undertakings	1	164
Other	-	66
	<u>1</u>	<u>277</u>

5. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging/(crediting)

	2010 £'000	2009 £'000
Depreciation of tangible fixed assets		
- owned by the Company	1,490	1,068
Operating lease rentals		
- other operating leases	81	43
- plant and machinery	216	243
Foreign exchange losses	87	176
Research and development costs	233	69
	<u>233</u>	<u>69</u>

6. AUDITORS' REMUNERATION

	2010 £'000	2009 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	43	25
	<u>43</u>	<u>25</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

7 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2010 £'000	2009 £'000
Wages and salaries	7,373	6,099
Social security costs	773	613
Other pension costs (see note 25)	890	851
	<u>9,036</u>	<u>7,563</u>

The average monthly number of employees, including the directors, during the year was as follows

	2010 No.	2009 No
Production	106	99
Selling	99	76
Administration	29	24
	<u>234</u>	<u>199</u>

8. DIRECTORS' REMUNERATION

	2010 £'000	2009 £'000
Aggregate remuneration		
Remuneration in respect of qualifying service	<u>254</u>	<u>236</u>
Company contributions to money purchase pension schemes	<u>40</u>	<u>20</u>
Amounts in respect of highest paid director		
Remuneration in respect of qualifying service	<u>157</u>	<u>153</u>
Company contributions to money purchase pension schemes	<u>31</u>	<u>16</u>

Company contributions were paid to money purchase pension schemes in respect of 2 (2009 2) directors

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**
9. TAXATION

	2010 £'000	2009 £'000
Analysis of tax charge/(credit) in the year		
Current tax (see note below)		
UK corporation tax charge/(credit) on profit/(loss) for the year	330	-
Payment receivable for group relief	(330)	-
Adjustments in respect of prior periods	-	(412)
Total current tax (see below)	-	(412)
Deferred tax		
Origination and reversal of timing differences	35	(150)
Adjustment in respect of prior periods	315	64
Total deferred tax (see note 17)	350	(86)
Tax on profit/(loss) on ordinary activities	350	(498)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK (28%). The differences are explained below

	2010 £'000	2009 £'000
Profit/(loss) on ordinary activities before tax	2,145	(643)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	601	(180)
Effects of:		
Expenses not deductible for tax purposes	215	30
Losses in the year not relieviable against current tax	-	367
Prior year losses utilised in the year	(207)	-
Accelerated capital allowances	(286)	(191)
Pension cost charge in excess of pension cost relief	7	7
Other	-	(33)
Payment receivable for group relief	(330)	-
Adjustments to tax charge in respect of prior years	-	(412)
Current tax charge/(credit) for the year	-	(412)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

9 TAXATION (continued)

Factors that may affect future tax charges

The Company has gross trading losses of £nil (2009 £1,310,000) available to carry forward

In 2006 the Company crystallised a gain of £1,850,000 on the sale of a property. Tax on this gain has been deferred by claiming roll-over relief. The Company has recognised a deferred tax liability in respect of this gain.

In 2001 The Waterproofing Group Plc crystallised a gain of £1,057,000 on the sale of a property. Tax on this gain has been deferred temporarily by claiming hold-over relief, with the intention of incurring qualifying capital expenditure into which the gain can be rolled over in due course. Following the acquisition of the net assets and undertaking of The Waterproofing Group Plc, the Company has recognised a deferred tax liability in respect of this gain.

10. INTANGIBLE FIXED ASSETS

	Goodwill £'000
Cost	
At 1 January 2010 and 31 December 2010	6,033
Amortisation	
At 1 January 2010 and 31 December 2010	6,033
Net book value	
At 1 January 2010 and 31 December 2010	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**
11. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant, machinery and vehicles £'000	Total £'000
Cost			
At 1 January 2010	7,546	21,050	28,596
Additions	-	3,047	3,047
Transfer from group undertaking	2,917	4,292	7,209
Disposals	-	(930)	(930)
At 31 December 2010	10,463	27,459	37,922
Depreciation			
At 1 January 2010	1,423	13,912	15,335
Charge for the year	269	1,221	1,490
Transfer from group undertaking	603	3,173	3,776
Disposals	-	(546)	(546)
At 31 December 2010	2,295	17,760	20,055
Net book value			
At 31 December 2010	8,168	9,699	17,867
At 31 December 2009	6,123	7,138	13,261
The net book value of land and buildings comprises			
		2010 £'000	2009 £'000
Freehold land – not depreciated		1,544	1,050
Freehold buildings		6,407	4,830
Short leasehold		217	243
		8,168	6,123

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**
12 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertaking £'000
Cost at beginning and end of year	1,134

The principal undertaking in which the Company holds more than 20% of the equity capital is as follows

	Holding	Principal activity
Ruberoid Limited	100%	Dormant

During the year, Ruberoid Limited waived an intra group debt receivable under a group debt restructure, resulting in the net assets of the company being reduced to nil. In assessing the recoverable amount of the investment, the directors have taken into account that the trade formerly carried on by the subsidiary undertaking is retained within IKO Plc. In the absence of any indicators of impairment of the goodwill associated with that trade, the directors consider that it is appropriate to continue to carry the investment at cost.

13. STOCKS

	2010 £'000	2009 £'000
Raw materials and consumables	2,455	1,594
Finished goods and goods for resale	7,161	5,199
	<u>9,616</u>	<u>6,793</u>

14 DEBTORS

	2010 £'000	2009 £'000
Due after more than one year		
Amounts owed by group undertakings	<u>9,548</u>	<u>12,910</u>
Due within one year		
Trade debtors	12,379	8,240
Amounts owed by group undertakings	2,364	1,093
Corporation tax recoverable	-	15
Other debtors	259	420
Prepayments and accrued income	624	523
	<u>15,626</u>	<u>10,291</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

15 CREDITORS.
Amounts falling due within one year

	2010 £'000	2009 £'000
Bank loans and overdrafts	-	374
Trade creditors	3,983	2,942
Amounts owed to group undertakings	1,609	1,329
Social security and other taxes	662	493
Other creditors	5,060	4,011
Accruals and deferred income	529	326
	11,843	9,475

16 CREDITORS.
Amounts falling due after more than one year

	2010 £'000	2009 £'000
Amounts owed to group undertakings	32,441	29,112

There are no scheduled repayment dates for these amounts

17 DEFERRED TAXATION

The movements in the provision for deferred taxation during the year are as follows

	2010 £'000	2009 £'000
Provision at beginning of year	624	710
Transfer from group undertaking	467	-
Movement in the year	350	(86)
Provision at end of year	1,441	624

The provision for deferred taxation is made up as follows

Accelerated capital allowances	641	464
Other timing differences	(13)	(7)
Capital gains deferred	813	534
Tax losses	-	(367)
	1,441	624

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

18. SHARE CAPITAL

	2010 £'000	2009 £'000
Allotted, called up and fully paid		
1,000,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

19. RESERVES

	Profit and loss account £'000
At 1 January 2010	7,738
Profit for the year	<u>1,795</u>
At 31 December 2010	<u>9,533</u>

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £'000	2009 £'000
Opening shareholders' funds	8,738	8,883
Profit/(loss) for the year	<u>1,795</u>	<u>(145)</u>
Closing shareholders' funds	<u>10,533</u>	<u>8,738</u>

21. OFF-BALANCE SHEET ARRANGEMENTS

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings		Other	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Expiry date:				
Within one year	-	-	38	-
In two to five years	<u>75</u>	<u>75</u>	<u>230</u>	<u>219</u>

The Company enters into operating lease arrangements for the hire of buildings, plant and equipment as these arrangements are a cost effective way of obtaining the short-term benefits of these assets. The rental expense for the year is disclosed in note 5 and the annual commitment is disclosed above. There are no other material off-balance sheet arrangements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

22. CAPITAL COMMITMENTS

As at 31 December 2010, the Company had £100,000 of contracted capital expenditure commitments (2009 £1,134,000)

23. CONTINGENT LIABILITIES

The Company has guaranteed bank overdrafts and loans in respect of its parent company and fellow subsidiary undertakings. At 31 December 2010 those guarantees amounted to £nil (2009 £nil)

The Company has granted a charge over its premises at Appley Bridge to the Ruberoid PLC Staff Pension Scheme to secure future obligations of its parent company and fellow subsidiaries to the Scheme

24. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under FRS 8 not to provide information on related party transactions with other undertakings within the IKO U K Limited group

During the year the Company traded with IKO Europe NV on normal commercial terms. At the balance sheet date, trade debts due from and to IKO Europe NV were £4,000 (2009 £nil) and £1,358,000 (2009 £1,090,000) respectively

25. PENSIONS

The Company participates in the Ruberoid PLC Staff Pension Scheme. This is a defined benefit scheme which was closed to new members in April 2003

As the Ruberoid PLC Staff Pension Scheme is run for the IKO Holdings Limited group as a whole, the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis. Hence, as permitted by FRS 17 'Retirement Benefits', the scheme is accounted for in these financial statements by the Company as if the scheme was a defined contribution scheme

At 31 December 2010, the scheme has a deficit on an FRS 17 basis of £15,426,000 (2009 £14,847,000). Full disclosure is contained within the financial statements of the Company's intermediate parent company, IKO U K Limited

During the year, the Company contributed £289,000 (2009 £729,000) to the Ruberoid PLC Staff Pension Scheme, including a special contribution of £42,000 (2009 £500,000)

The Company also participates in three defined contribution schemes for employees, the Ruberoid PLC new staff pension scheme, the IKO Group Stakeholder Scheme and the Ruberoid PLC works and operative pension scheme. During the year the Company contributed £601,000 (2009 £122,000) to those schemes. Contributions outstanding at 31 December 2010 were £45,000 (2009 £24,000)

IKO PLC (Company number 2678296)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

26 ULTIMATE PARENT COMPANY

The Company's ultimate parent company is IKO Enterprises Limited, a Company incorporated in Canada, and its immediate parent company is IKO Holdings Plc

IKO U K Limited is the parent undertaking of the smallest and largest group of undertakings of which the Company is a member and for which group financial statements are prepared. Copies of these financial statements may be obtained from the Company Secretary at the following address

Appley Lane North
Appley Bridge
Wigan
Lancashire
WN6 9AB