

IKO Plc

Registered number: 02678296

Directors' report and financial statements

For the year ended 31 December 2014

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IKO PLC

COMPANY INFORMATION

Directors	H M Koschitzky J Koschitzky F Hautman AB Williamson M Vaughan (resigned 1 December 2014)
Company secretary	TCSS Limited
Registered number	02678296
Registered office	Appley Lane North Appley Bridge Wigan Lancashire WN6 9AB
Independent auditors	Mazars LLP Chartered Accountants & Statutory Auditors 14th Floor The Plaza 100 Old Hall Street Liverpool L3 9QJ

IKO PLC

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IKO PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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.

Principal risks and uncertainties

Competition on selling prices, including the availability of cheap imports from abroad have been, and will continue to be, a challenge to the company. The company's objective is to provide high quality products combined with excellent service levels. The delivery of this objective along with the strong relationships that the company maintains with its key customers has meant that despite increased competition on prices, margins have remained relatively stable during the year.

Although less volatile than in previous years, fluctuations in raw material prices can have an impact on the stability of the company's cost base. As a result raw material prices are continuously monitored to ensure any risk is minimised.

The company operates in a wide variety of markets and as such is exposed to downturns in any one of these areas. Sales to the Benelux market for example, have been impacted by several negative factors during the year. However the company's ability to offer a wide range of products across new build and repairs and maintenance activities helps to mitigate any such downturns in business.

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.

Staff retention is important to the company. The company seeks to employ high quality, professional and experienced personnel, and appreciates that the loss of key personnel could present operational difficulties for the company. The company also believes in the training and development of their employees and operates a recognition incentive scheme to reward outstanding employee achievement.

The UK economy continues to report growth as it recovers from its worst recession for a generation. Although GDP growth slowed towards the end of the year, the UK economy grew in 2014 at its fastest pace since 2007. Although this growth is expected to continue into 2015, the recovery is expected to soften a little compared to 2014. The potential for an increase in interest rates, combined with political uncertainty following the General Election in May 2015, could drag a little on domestic growth.

The directors are confident of the operating effectiveness of the company and considers the outlook for the next financial year to be favourable.

Financial key performance indicators

The company achieved an overall increase in turnover of 15% on 2013, with strong performances being achieved in most business sectors. Improved efficiencies, in particularly within manufacturing, along with strong cost control were the key factors behind a significant increase of 57% in operating profit.

Stock holding days in 2014 was 48 days, which was a significant reduction on 2013. A considerable focus has been put on reducing stock levels in the year.

Debtor Days of 65 days was consistent with 2013, whilst creditor days increased slightly to 27 days.

Both Equity and Asset based ROCE have improved significantly on the prior year due to increased EBIT levels, whilst Capital Employed has remained consistent. There has also been a significant reduction in long term borrowings during the year.

IKO PLC

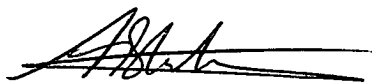
STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

Other key performance indicators

The company uses a variety of non-financial key performance measures, which include measuring On Time In Full deliveries, order fulfilment, customer complaints, warranty claims and number of orders processed.

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

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



AB Williamson
Director

Date: 23-6-15

IKO PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

Results

The profit for the year, after taxation, amounted to £5,010,000 (2013 - £2,529,000).

Directors

The directors who served during the year were:

H M Koschitzky
J Koschitzky
F Hautman
AB Williamson
M Vaughan (resigned 1 December 2014)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 accounting 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.

Political and charitable donations

Charitable donations in the UK totalled £5,000 (2013: £7,000). No political contributions were made (2013: £nil).

IKO PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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 and the Strategic 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.

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.

Employees

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.

Disabled 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.

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.

Disclosure of information to auditors

Each of the persons who are directors 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 auditors are 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 relevant audit information and to establish that the company's auditors are aware of that information.

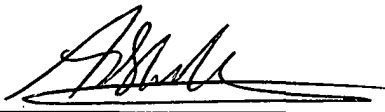
IKO PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

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



AB Williamson
Director

Date: 23-6-15

Appley Lane North
Appley Bridge
Wigan
Lancashire
WN6 9AB

Independent auditor's report to the members of IKO Plc

We have audited the financial statements of IKO Plc for the year ended 31 December 2014 which comprise the Profit and Loss Account, 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 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 Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

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 2014 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Gareth Hitchmough (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditors

14th Floor
The Plaza
100 Old Hall Street
Liverpool
L3 9QJ

29 June 2015

IKO PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £000	2013 £000
Turnover	1,2	80,971	70,084
Cost of sales		(62,708)	(55,175)
Gross profit		18,263	14,909
Distribution costs		(8,381)	(7,835)
Administrative expenses		(3,451)	(3,037)
Operating profit	3	6,431	4,037
Exceptional items	4		
Net loss on sale of tangible fixed assets		(47)	(125)
Loss on termination of an operation		-	(916)
Profit on ordinary activities before interest		6,384	2,996
Interest receivable and similar income	5	33	44
Interest payable and similar charges	6	(42)	(57)
Profit on ordinary activities before taxation		6,375	2,983
Tax on profit on ordinary activities	10	(1,365)	(454)
Profit for the financial year		5,010	2,529

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 10 to 20 form part of these financial statements.


IKO PLC

Registered number: 02678296

BALANCE SHEET**AS AT 31 DECEMBER 2014**

	Note	£000	2014 £000	£000	2013 £000
Fixed assets					
Intangible assets			-		-
Tangible assets	11		19,915		21,105
			<u>19,915</u>		<u>21,105</u>
Current assets					
Stocks	13	8,599		12,006	
Debtors: amounts falling due after more than one year	14	10,579		10,318	
Debtors: amounts falling due within one year	14	17,971		15,498	
Cash at bank		7,119		3,441	
		<u>44,268</u>		<u>41,263</u>	
Creditors: amounts falling due within one year	15	(13,326)		(11,930)	
Net current assets			<u>30,942</u>		<u>29,333</u>
Total assets less current liabilities			<u>50,857</u>		<u>50,438</u>
Creditors: amounts falling due after more than one year	16		(26,191)		(30,800)
Provisions for liabilities					
Deferred tax	17		(743)		(725)
Net assets			<u>23,923</u>		<u>18,913</u>
Capital and reserves					
Called up share capital	18		1,000		1,000
Profit and loss account	19		22,923		17,913
Shareholders' funds	20		<u>23,923</u>		<u>18,913</u>

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



AB Williamson
Director

Date: 23-6-15

The notes on pages 10 to 20 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 preparation of financial statements

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, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

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 rate method.

Dividends

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. Accounting policies (continued)

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.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 years
Short leasehold property	-	4 to 20 years
Plant, machinery & vehicles	-	3 to 15 years

Freehold land is not depreciated.

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 2014

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.

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.

A geographical analysis of turnover is as follows:

	2014	2013
	£000	£000
United Kingdom	75,203	65,023
Rest of Europe	2,130	3,575
Rest of world	3,638	1,486
	<u>80,971</u>	<u>70,084</u>

IKO PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

3. Operating profit

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

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the company	2,098	1,896
Operating lease rentals:		
- plant and machinery	166	196
- other operating leases	142	110
Difference on foreign exchange	7	34
	<u> </u>	<u> </u>

4. Exceptional items

	2014 £000	2013 £000
Restructuring costs	-	916
Loss on sale of fixed assets	47	125
	<u> </u>	<u> </u>
	47	1,041
	<u> </u>	<u> </u>

The £916,000 of exceptional costs in the prior year related to costs incurred on closing the company's production facility in Matlock ahead of relocation to a new site.

5. Interest receivable

	2014 £000	2013 £000
On loans to group undertakings	11	31
Other interest receivable	22	13
	<u> </u>	<u> </u>
	33	44
	<u> </u>	<u> </u>

6. Interest payable

	2014 £000	2013 £000
Other interest payable	2	2
On loans from group undertakings	40	55
	<u> </u>	<u> </u>
	42	57
	<u> </u>	<u> </u>

IKO PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

7. Auditors' remuneration

	2014 £000	2013 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	38	38

8. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2014 £000	2013 £000
Wages and salaries	10,048	9,471
Social security costs	963	944
Other pension costs (see note 25)	1,236	1,073
	12,247	11,488

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

	2014 No.	2013 No.
Production	143	150
Selling	100	98
Administration	30	28
	273	276

9. Directors' remuneration

	2014 £000	2013 £000
Remuneration	151	209
Company pension contributions to defined contribution pension schemes	14	19
Compensation for loss of office	-	83

During the year retirement benefits were accruing to 1 director (2013 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £135,000 (2013 - £137,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14,000 (2013 - £13,000).

IKO PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

10. Taxation

	2014 £000	2013 £000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	1,437	566
Adjustments in respect of prior periods	(90)	(117)
Total current tax	<u>1,347</u>	<u>449</u>
Deferred tax		
Origination and reversal of timing differences	(4)	5
Adjustments in respect of prior periods	22	-
Total deferred tax (see note 17)	<u>18</u>	<u>5</u>
Tax on profit on ordinary activities	<u>1,365</u>	<u>454</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	<u>6,375</u>	<u>2,983</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	1,371	694
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	52	49
Capital allowances for year in deficit / (excess) of depreciation	69	(56)
Adjustments to tax charge in respect of prior periods	(90)	(117)
Group relief	(22)	(121)
Imputed interest - transfer pricing adjustment	(33)	-
Current tax charge for the year (see note above)	<u>1,347</u>	<u>449</u>

Factors that may affect future tax charges

From 1 April 2015 there will be a reduction in the UK corporation tax rate from 21% to 20%. This will reduce the company's future tax charges accordingly.

Deferred taxation has been calculated at 20% in accordance with Financial Reporting Standard 19.

IKO PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

11. Tangible fixed assets

	Land and buildings £000	Plant, machinery and vehicles £000	Total £000
Cost			
At 1 January 2014	11,642	31,218	42,860
Additions	40	920	960
Disposals	(793)	(1,974)	(2,767)
Transfer between classes	307	(307)	-
At 31 December 2014	11,196	29,857	41,053
Depreciation			
At 1 January 2014	3,216	18,539	21,755
Charge for the year	337	1,761	2,098
On disposals	(790)	(1,925)	(2,715)
At 31 December 2014	2,763	18,375	21,138
Net book value			
At 31 December 2014	8,433	11,482	19,915
At 31 December 2013	8,426	12,679	21,105

	2014 £000	2013 £000
Freehold land - not depreciated	1,542	1,542
Freehold buildings	6,891	6,829
Short leasehold	-	55
Total	8,433	8,426

12. Fixed asset investments

IKO Plc owns 50% of the issued ordinary share capital of Ruberoid International Limited, another IKO group company. The carrying value of this investment at 31 December 2014 was £nil (2013: £nil).

IKO PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

13. Stocks

	2014 £000	2013 £000
Raw materials and consumables	1,603	1,994
Finished goods and goods for resale	6,996	10,012
	<u>8,599</u>	<u>12,006</u>

14. Debtors

	2014 £000	2013 £000
Due after more than one year		
Amounts owed by group undertakings	<u>10,579</u>	<u>10,318</u>
	2014 £000	2013 £000
Due within one year		
Trade debtors	14,803	12,913
Amounts owed by group undertakings	1,818	1,964
Other debtors	4	9
Prepayments and accrued income	1,346	612
	<u>17,971</u>	<u>15,498</u>

15. Creditors: Amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	3,203	3,678
Amounts owed to group undertakings	1,406	515
Corporation tax	1,436	567
Other taxation and social security	1,078	757
Other creditors	5,035	4,942
Accruals and deferred income	1,168	1,471
	<u>13,326</u>	<u>11,930</u>

IKO PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

16. Creditors: Amounts falling due after more than one year

	2014 £000	2013 £000
Amounts owed to group undertakings	26,191	30,800

There are no scheduled repayment dates for these amounts.

17. Deferred taxation

	2014 £000	2013 £000
At beginning of year	725	720
(Released during)/charge for year	(4)	5
Adjustments in respect of prior periods	22	-
At end of year	743	725

The provision for deferred taxation is made up as follows:

	2014 £000	2013 £000
Accelerated capital allowances	750	730
Other timing differences	(7)	(5)
	743	725

18. Share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
1,000,000 Ordinary shares of £1 each	1,000	1,000

19. Reserves

	Profit and loss account £000
At 1 January 2014	17,913
Profit for the financial year	5,010
At 31 December 2014	22,923

IKO PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

20. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Opening shareholders' funds	18,913	16,384
Profit for the financial year	5,010	2,529
	<u>23,923</u>	<u>18,913</u>
Closing shareholders' funds	<u>23,923</u>	<u>18,913</u>

21. Capital commitments

At 31 December 2014 the company had capital commitments as follows:

	2014 £000	2013 £000
Contracted for but not provided in these financial statements	29	168
	<u>29</u>	<u>168</u>

22. Operating lease commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2014 £000	2013 £000	2014 £000	Other 2013 £000
Expiry date:				
Within 1 year	-	-	29	-
Between 2 and 5 years	-	-	31	116
After more than 5 years	30	30	-	-
	<u>30</u>	<u>30</u>	<u>-</u>	<u>-</u>

The company enters into operating lease arrangements for the hire of buildings and 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 3 and the annual commitment is disclosed above. There are no other material off-balance sheet arrangements.

23. Contingent liabilities

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.

IKO PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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.

The company has non-interest bearing loans with IKO Sales Limited. The total balance on these loans at 31 December 2014 was £7,000,000 (2013: £7,000,000). There are no fixed repayments terms on this loan.

During the year the company traded with IKO Europe NV on normal commercial terms. At the balance sheet date, net amounts due to IKO Europe NV totalled £2,502,000 (2013: £1,190,000). The company also has a loan of £1,340,000 (2013: £3,568,000) payable to IKO Europe. Interest paid on this loan during the year amounted to £40,309 (2013: £55,908). There are no fixed repayments terms on this loan.

During the year the company paid expenses on behalf of Barney Acquisitions Limited, a member of the wider IKO group. At 31 December 2014, Barney Acquisitions Limited owed £1,511,000 (2013: £873,000) to IKO Plc.

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 2014, the scheme has a deficit on an FRS 17 basis of £18,404,000 (2013: £16,218,000). 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 £380,000 (2013: 353,000) to the Ruberoid PLC Staff Pension Scheme. There were no contributions (2013: £nil) outstanding at the balance sheet date.

The company also participates in a defined contribution scheme for employees being the IKO Group Flexible Retirement Plan. During the year the company contributed £856,000 (2013: £720,000) to those schemes. Contributions outstanding at 31 December 2014 were £65,000 (2013: £52,000).

26. Ultimate controlling party

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