

RUBEROID BUILDING PRODUCTS LIMITED

Registered Number: 2678296

Directors' report and financial statements

31 December 1994



Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	3
Statement of Directors' responsibilities	6
Auditors' report	7
Profit and loss account	8
Balance sheet	9
Notes	10

Directors' report

The Directors present their report together with the audited financial statements for the year ended 31 December 1994.

Principal activity and business review

The trade and assets of the Ruberoid Building Products business were transferred to the Company from its ultimate holding company at its net book value on 1 January 1994 and the Company commenced trading on that date.

On 24 August 1994 the Company acquired the remaining 50% interest in the Hyload UK joint venture.

The principal activity of the Company is now the manufacture and supply of bitumen waterproofing systems and building products. Future developments for the Company will be in the same area.

Results and dividends

The profit and loss account is shown on page 8.

The profit for the financial year amounted to £2,188,000.

The Directors do not recommend the payment of a final dividend, although interim dividends of £854,000 have been paid during the year.

Share capital

By an Ordinary Resolution passed on 16 March 1994 the Company's authorised share capital was increased to one million ordinary shares of £1 each. On the same date the Company issued 999,998 ordinary shares of £1 each, in order to increase its capital base.

Fixed assets

The movements in tangible assets during the year are shown in note 11 on page 17.

Research and development

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

Directors' report (*continued*)

Directors and Directors' interests

The Directors who served during the year and subsequently were:

D B George	(appointed 26.01.94)
D T Watson	
E J Cordina	(appointed 26.01.94)
G Cartwright	(appointed 26.01.94)
P A Bentley	(appointed 26.01.94)
R W Wilson	(appointed 01.08.94)
C A Hutchison	(appointed 01.05.95)
I G S McPherson	(resigned 26.01.94)
P Race	(resigned 28.04.95)
B M O'Carroll	(appointed 26.01.94, resigned 01.08.94)

The interests of Messrs P Race and D T Watson in the share capital of the Company's ultimate parent company, Ruberoid PLC, are disclosed in the report and financial statements of that company.

The declarable interests of all of the other Directors who held office at 31 December 1994 in Ruberoid PLC were:

	At 31 December 1994		At 31 December 1993 (or at date of appointment if later)		Share option movements in the year	
	Fully paid	Share options	Fully paid	Share options	Granted	Exercised
R W Wilson	-	28,666	-	28,666	-	-

The Ruberoid PLC share options were granted on 25 November 1993 pursuant to the Executive Option Scheme and are exercisable, subject to achievement of performance targets, between November 1996 and November 2003 at the issue price of 150 pence per share.

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

Employees

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

Insurance

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

Auditors

In accordance with Section 388A of the Companies Act 1985, the Directors have appointed KPMG Peat Marwick as auditors. On 6 February 1995 our auditors changed the name under which they practise to KPMG, and accordingly, have signed their report in their new name. KPMG have indicated their willingness to continue in office and a resolution for their re-appointment as auditors will be proposed at the forthcoming annual general meeting.

This report was approved by the board on 23 October 1995 and signed on its behalf by:



M L Kippen
Secretary

Statement of Directors' responsibilities

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

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

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

Auditors' report to the members of Ruberoid Building Products Limited

We have audited the financial statements on pages 8 to 24.

Respective responsibilities of Directors and auditors

As described on page 6 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 disclosure in the financial statements. It also includes an assessment of the significant estimates and judgments made by Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
Registered Auditors

23 October 1995
2 Cornwall Street
Birmingham
B2 2DL

Profit and loss account

for the year ended 31 December 1994

	<i>Note</i>	<i>1994 £'000</i>
Turnover	3	37,165
Cost of sales		<u>(27,787)</u>
Gross profit		9,378
Net operating expenses	4	<u>(6,040)</u>
Operating profit		3,338
Net Interest	5	<u>142</u>
Profit on ordinary activities before taxation	8	3,480
Tax on profit on ordinary activities	9	<u>(1,292)</u>
Profit for the financial year		2,188
 Dividends paid		 <u>(854)</u>
Retained Profit transferred to reserves	18	<u><u>1,334</u></u>

The profit for the financial year was derived wholly from continuing operations, all of which were acquired during the year.

There is no material difference between the result as disclosed in the profit and loss account and the result calculated on an unmodified historical cost basis.

Movements in reserves are set out in note 18 on page 21.

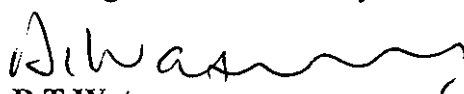
Statement of total recognised gains and losses

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

Balance sheet
at 31 December 1994

	<i>Note</i>	1994	
		£'000	£'000
Fixed assets			
Intangible assets	10	3,725	
Tangible assets	11	<u>4,023</u>	
Current assets			7,748
Stocks	12	3,374	
Debtors	13	5,056	
Cash		<u>949</u>	
		9,379	
Creditors: amounts falling due within one year	14	<u>(12,767)</u>	
Net current liabilities			<u>(3,388)</u>
Total assets less current liabilities			4,360
Creditors: amounts falling due after more than one year	15		(1,572)
Provisions for liabilities	16		<u>(454)</u>
Net Assets			<u><u>2,334</u></u>
Capital and reserves			
Called up share capital	17		1,000
Profit and loss account	18		<u>1,334</u>
Equity Shareholders' funds			<u><u>2,334</u></u>

These financial statements were approved by the board of Directors on 23 October 1995 and were signed on its behalf by:



D T Watson

Director



P A Bentley

Director

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of accounting

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

On 1 January 1994 the trade and assets of the Ruberoid Building Products business were transferred to the Company from its ultimate holding company at their net book value at that date. On 1 January 1994 the Company commenced trading.

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.

Turnover

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

Depreciation

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

Freehold buildings	- 50 years
Long leasehold properties	- 50 years
Plant, machinery and vehicles	- 3 to 15 years

Foreign Currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the transaction dates. Balances outstanding at the year end, denominated in foreign currencies, are translated into sterling at the exchange rates ruling at the year end. Exchange differences are reflected in the results for the year.

Leased assets

Operating lease costs are charged to the profit and loss account as they are incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes appropriate overhead.

Deferred taxation

Deferred taxation, calculated using the liability method, is included only where the effects of timing differences between results as stated in the financial statements and as computed for taxation purposes are likely to crystallised 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 employee's working lives with the Group.

2 Results and comparative figures

Trading commenced on 1 January 1994. Accordingly, the results disclosed in the profit and loss account represent the results for the period from that date to 31 December 1994. The Company did not trade during the year ended 31 December 1993; it received no income and incurred no expenses and thus made neither a profit or a loss.

The balance sheet at 31 December 1993 was as follows:

	£
Current asset	
Amount owed by parent company	<u>2</u>
Called up share capital	
2 ordinary shares of £1 each	<u>2</u>

3 Turnover

All turnover arose from one class of business.

The analysis of turnover by geographical destination was as follows:

	1994 £'000
United Kingdom	34,146
Mainland Europe	1,898
Rest of World	<u>1,121</u>
	<u><u>37,165</u></u>

4 Net operating expenses

	1994
	£'000
Administrative expenses	5,203
Distribution costs	837
	<u>6,040</u>

5 Net interest

	1994
	£'000
Interest receivable from group undertakings	71
Sundry interest receivable	74
	<u>145</u>
Finance lease charges	(3)
	<u>142</u>

6 Employees

The average number of employees (including Directors) of the Company during the period since the transfer in of the Ruberoid Building Products business comprised:

	1994
	Number
Production	136
Selling	108
Administration	54
	<u>298</u>

6 Employees (continued)

The aggregate employment costs are as follows:

	1994 £'000
Wages and salaries	4,911
Social security costs	443
Other pension costs	<u>361</u>
	<u><u>5,715</u></u>

7 Directors' emoluments

	1994 £'000
Directors' emoluments comprise:	
As executives:	
Remuneration	314
Pension Contributions	<u>49</u>
	<u><u>363</u></u>

The emoluments of the Directors were as follows:

	1994 £'000
Highest paid director and chairman:	
Emoluments	100
Pension Contributions	<u>26</u>
	<u><u>126</u></u>

Excluding pension contributions, the emoluments of the Directors were within the following ranges:

	1994 Number
£0 - £5,000	2
£15,001 - £20,000	1
£25,001 - £30,000	1
£40,001 - £45,000	4
£100,001 - £105,000	<u>1</u>

8 Profit on ordinary activities before taxation

	1994 £'000
<i>Profit on ordinary activities before taxation has been arrived at</i>	
<i>after charging</i>	
Amortisation of intangible assets (note 10)	414
Depreciation on tangible assets (note 11)	723
Operating leases:	
Hire of plant and machinery	371
Hire of other assets	88
Auditor's remuneration - audit	<u>24</u>

9 Tax on profit on ordinary activities

Taxation based on the profit for the year comprises:

	1994
	£'000
UK Corporation tax at 33%	1,250
Deferred taxation at 33%	42
	<u>1,292</u>

10 Intangible assets

Goodwill arising on acquisition of a business

	1994
	£'000
Cost:	
Acquired during the period	<u>4,139</u>
Amortisation:	
Charge for the year	<u>(414)</u>
Net book value:	
At 31 December 1994	<u>3,725</u>

During the period the Company acquired the remaining 50% of the Hyload UK Joint Venture. The Goodwill arising (note 22) from that acquisition has been capitalised and is being amortised over ten years.

11 Tangible assets

	Land and buildings £'000	Plant, machinery & vehicles £'000	Total £'000
<i>Cost</i>			
Transfer from ultimate parent company	1,030	9,950	10,980
Additions	<u>122</u>	<u>541</u>	<u>663</u>
At end of year	<u>1,152</u>	<u>10,491</u>	<u>11,643</u>
Gross book value of depreciable assets	<u>1,016</u>	<u>10,491</u>	<u>11,507</u>
<i>Depreciation</i>			
Transfer from ultimate parent company	156	6,741	6,897
Charge for the year	<u>35</u>	<u>688</u>	<u>723</u>
At end of year	<u>191</u>	<u>7,429</u>	<u>7,620</u>
<i>Net Book Value</i>			
At 31 December 1994	<u>961</u>	<u>3,062</u>	<u>4,023</u>

Net book value of assets acquired under finance leases, included in plant, machinery and vehicles amounted to £91,000 (1993: £Nil). Depreciation charged on these assets during the year amounted to £5,000 (1993: £Nil).

The net book value of land and buildings comprises:

	1994 £'000
Freehold	661
Long leasehold	300
	<u>961</u>

12 Stocks

	1994 £'000
Raw materials and consumables	680
Finished goods and goods for resale	2,694
	<u>3,374</u>

13 Debtors

	1994 £'000
Trade debtors	2,854
Amounts owed by fellow subsidiary undertakings	1,972
Other debtors	26
Prepayments and accrued income	204
	<u>5,056</u>

14 Creditors: amounts falling due within one year

	1994 £'000
Finance leases	20
Trade creditors	3,840
Amounts owed to parent company and fellow subsidiary undertakings	5,336
Corporation tax	1,410
Other taxation and social security costs	521
Other creditors	185
Accruals	1,455
	<u>12,767</u>

15 Creditors: amounts falling due after more than one year

	1994 £'000
Finance leases	72
Amounts owed to parent company	1,500
	<u>1,572</u>

16 Provisions for liabilities

The movement in deferred tax during the period is as follows:

	1994 £'000
Transferred from ultimate parent company	412
Transfer from profit and loss account	<u>42</u>
At end of year	<u><u>454</u></u>

The amounts provided for deferred taxation are as follows:

Accelerated capital allowances	530
Other timing differences	<u>(76)</u>
	<u><u>454</u></u>

There was no unprovided deferred tax liability at 31 December 1994.

17 Called up share capital

	Number	£
<i>Authorised:</i>		
At 31 December 1994		
Ordinary Shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
At 31 December 1993		
Ordinary Shares of £1 each	<u>2</u>	<u>2</u>
<i>Allotted, called up and fully paid:</i>		
At 31 December 1994		
Ordinary Shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
At 31 December 1993		
Ordinary Shares of £1 each	<u>2</u>	<u>2</u>

By an Ordinary Resolution passed on 16 March 1994 the Company's authorised share capital was increased to one million ordinary shares of £1 each. The Company issued 999,998 ordinary shares of £1 each on the same day to increase its capital base.

18 Reserves

	Profit and loss account £'000
At beginning of year	-
Retained profit for the year	<u>1,334</u>
At end of year	<u><u>1,334</u></u>

19 Reconciliation of movement in shareholders' funds

	1994 £'000
Profit for the financial year	2,188
Dividends	(854)
New share capital subscribed	<u>1,000</u>
Movement in shareholders' funds	2,334
Shareholders' funds at beginning of year	<u>-</u>
Shareholders' funds at end of year	<u><u>2,334</u></u>

20 Commitments

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

	Land and buildings £'000	Other £'000	Total £'000
Within one year	2	41	43
In second to fifth years	110	83	193
After fifth year	<u>48</u>	<u>-</u>	<u>48</u>
	<u><u>160</u></u>	<u><u>124</u></u>	<u><u>284</u></u>

- b) The Company had authorised but not contracted capital expenditure commitments of £1,542,000 as at 31 December 1994.

21 Contingent Liabilities

The Company has guaranteed bank overdrafts in respect of its parent company and fellow subsidiary undertakings. At 31 December 1994 these bank overdrafts amounted to £6,142,000.

22 Acquisitions

On the 1 January 1994 the business of Ruberoid Building Products was transferred to the Company from the ultimate parent company. On 24 August 1994 the Company acquired the remaining 50% of the Hyload UK Joint Venture. The book value of the assets acquired and the resulting goodwill arising on the acquisitions are set out below.

	Hyload UK £'000	Ruberoid Building Products £'000	Total £'000
Book value of net assets acquired			
Intangible fixed assets	3,965	-	3,965
Tangible fixed assets	150	4,083	4,233
Stocks	395	2,790	3,185
Debtors	75	4,094	4,169
Cash	-	3,938	3,938
Creditors due within one year	-	(14,320)	(14,320)
Deferred taxation	-	(412)	(412)
	4,585	173	4,758
Accounting policy alignment			
Write off intangible fixed assets	(3,965)	-	(3,965)
Fair value to the Company	620	173	793
Consideration	4,759	173	4,932
Goodwill arising	4,139	-	4,139

Consideration

	Hyload UK £'000	Ruberoid Building Products £'000	Total £'000
Cash	4,585	173	4,758
Acquisition expenses	174	-	174
Fair value of consideration	4,759	173	4,932

The fair value attributed to certain assets and liabilities are provisional and will be adjusted if necessary, in subsequent years, with a consequent adjustment to goodwill.

23 Pensions

All monthly staff are entitled to contribute to a group final salary scheme. Operators are entitled to contribute to a group money purchase scheme. Full disclosure is contained in the financial statements of the ultimate parent company, Ruberoid PLC.

24 Ultimate Parent Company

The ultimate parent Company is Ruberoid PLC, a company registered in England and Wales.

Copies of the consolidated financial statements are available from Ruberoid PLC, 197 Knightsbridge, London, SW7 1RB.