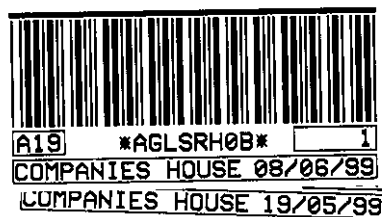


## **Aquaproof Limited**

### **Directors' report and financial statements**

For the year ended 31 December 1998  
Registered number 2849114



## **Directors' report and financial statements**

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## **Directors' report**

The Directors present their report together with the audited financial statements for the year ended 31 December 1998.

### **Principal activity and business review**

The company continues to be concerned with the active management and completion of contracts purchased from Aaronite Limited and Aaronite Overseas Limited on 26 January 1996 (when the aforementioned companies were fellow subsidiary undertakings of Ruberoid PLC).

### **Results and dividends**

The profit and loss account is shown on page 4. The loss for the financial year amounted to £99,000 (1997: loss £534,000).

The Directors do not recommend the payment of a final dividend (1997: £Nil).

### **Directors and Directors' interests**

The Directors who served during the year and subsequently were:

E B McCann (resigned 6 March 1998)  
IGS McPherson (appointed 6 March 1998)  
B Stock

The interests of Messrs McPherson and Stock in the share capital of the Company's ultimate parent company, Ruberoid PLC, are disclosed in the report and financial statements of that company.

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

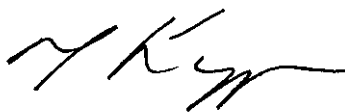
### **Payment Policy**

It is the Company's general policy to abide by the terms of payment agreed with its suppliers. The Company does not follow any code or standard payment practice.

### **Year 2000**

A project to address the impact on the Group's IT systems of the Year 2000 problem was commissioned by the Board in 1997. This project covers all the Company's IT systems. All the key systems were assessed, and action plans put in place to deal with any non-compliant systems. The Group Board receives regular reports on progress. KPMG Audit Plc have been used to review the Group's assessment and plans and they report directly to the Group Board. Whilst it is not possible to guarantee that no Year 2000 problems remain, the Board is confident that the Company is appropriately prepared. The costs to the Company of implementing the action plans, are not significant and have been expensed as incurred.

This report was approved by the board on 4 May 1999 and signed on its behalf by:



**ML Kippen**  
Secretary

Carthusian Court  
12 Carthusian Street  
London  
EC1M 6EZ

## **Statement of directors' responsibilities**

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

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

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



## KPMG Audit Plc

2 Cornwall Street  
Birmingham  
B3 2DL

### **Auditor's report to the members of Aquaproof Limited**

We have audited the financial statements on pages 4 to 9.

#### **Respective responsibilities of directors and auditors**

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'KPMG Audit Plc', written in a cursive style.

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

4 May 1999

**Profit and loss account**  
*for the year ended 31 December 1998*

	<i>Note</i>	<b>1998</b> <b>£000</b>	1997 £000
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross loss		-	-
Net operating expenses	2	(99)	(534)
		<hr/>	<hr/>
Operating loss being loss on ordinary activities before taxation	4	(99)	(534)
Tax on loss on ordinary activities	5	-	1
		<hr/>	<hr/>
Loss for the financial year and retained loss transferred from reserves		(99)	(533)
		<hr/> <hr/>	<hr/> <hr/>

The results for the financial years were derived wholly from discontinued operations.

Movements in reserves are set out in note 12 on page 9.

**Statement of total recognised gains and losses**

There were no recognised gains or losses other than the loss for the year reported above.

**Reconciliation of movements in equity shareholders' funds**

	<b>1998</b> <b>£000</b>	1997 £000
Loss for the financial year	(99)	(533)
	<hr/>	<hr/>
Movement in equity shareholders' funds	(99)	(533)
Equity shareholders' funds at beginning of year	(812)	(279)
	<hr/>	<hr/>
Equity shareholders' funds at end of year	(911)	(812)
	<hr/> <hr/>	<hr/> <hr/>

**Balance sheet**  
*at 31 December 1998*

	Note	1998 £000	1997 £000
<b>Fixed assets</b>			
Tangible assets	6	256	262
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	54	2,030
Debtors: amounts falling due after more than one year	7	1,515	-
Cash		153	61
		<u>1,722</u>	<u>2,091</u>
Creditors: amounts falling due within one year	8	(15)	(154)
<b>Net current assets</b>		<u>1,707</u>	<u>1,937</u>
<b>Total assets less current liabilities</b>		<u>1,963</u>	<u>2,199</u>
Creditors: amounts falling due after more than one year	9	(2,874)	(3,011)
<b>Net liabilities</b>		<u>(911)</u>	<u>(812)</u>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	(911)	(812)
<b>Equity shareholders' funds</b>		<u>(911)</u>	<u>(812)</u>

These financial statements were approved by the board of directors on 4 May 1999 and were signed on its behalf by:



**B Stock**  
*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. The application of the going concern concept is based on the support given by other Group undertakings.

#### ***Related party transactions***

Under Financial Reporting Standard 8 the Company is exempt from the disclosure of transactions with other group undertakings on the grounds that it is wholly owned and its results are included in Ruberoid PLC's consolidated financial statements which are publicly available.

#### ***Turnover***

Turnover represents the net amount receivable, excluding value added tax, for contracts completed for external customers during the year.

#### ***Depreciation***

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

Freehold buildings                      - 50 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***

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.

#### ***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 crystallise in the foreseeable future.

**Notes (continued)**

**2 Net operating expenses**

	1998 £000	1997 £000
Administrative expenses	99	534
	<u>          </u>	<u>          </u>

**3 Employees and Directors**

The company had no employees other than the directors, none of whom received any remuneration (1997: £Nil).

**4 Loss on ordinary activities before taxation**

	1998 £000	1997 £000
Loss on ordinary activities before taxation has been arrived at after charging:		
Depreciation on tangible assets (note 6)	6	6
	<u>          </u>	<u>          </u>

**5 Tax on loss on ordinary activities**

	1998 £000	1997 £000
Taxation based on the loss for the year comprises:		
<b>Current year:</b>		
UK Corporation tax at 31% (1997: 31.5%)	-	-
<b>Prior year:</b>		
UK corporation tax at 31% (1997: 31.5%)	-	(1)
	<u>          </u>	<u>          </u>

## Notes (continued)

### 6 Tangible assets

	<b>Freehold land and buildings £000</b>
<i>Cost</i>	
At beginning of year	309
Additions	-
	<hr/>
At end of year	309
	<hr/> <hr/>
<i>Depreciation</i>	
At beginning of year	47
Charge for the year	6
	<hr/>
At end of year	53
	<hr/> <hr/>
<i>Net book value</i>	
At 31 December 1998	256
	<hr/> <hr/>
At 31 December 1997	262
	<hr/> <hr/>

### 7 Debtors

	<b>1998 £000</b>	<b>1997 £000</b>
<b>Amounts falling due within one year</b>		
Trade debtors	23	1,041
Amounts owed by parent company and fellow subsidiary undertakings	-	808
Other debtors	31	181
	<hr/>	<hr/>
	54	2,030
	<hr/>	<hr/>
<b>Amounts falling due after more than one year</b>		
Amounts owed by parent company and fellow subsidiary undertakings	1,515	-
	<hr/>	<hr/>
	1,569	2,030
	<hr/> <hr/>	<hr/> <hr/>

### 8 Creditors: amounts falling due within one year

	<b>1998 £000</b>	<b>1997 £000</b>
Other creditors	15	154
	<hr/>	<hr/>
	15	154
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

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

	1998 £000	1997 £000
Amounts owed to parent company	2,874	3,011
	<u>2,874</u>	<u>3,011</u>

### 10 Deferred taxation

There is no unprovided deferred tax liability (1997: £Nil).

### 11 Share capital

	1998 £	1997 £
<i>Authorised:</i>		
At 31 December 1998 and 1997		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
<i>Issued, called up and fully paid:</i>		
At 31 December 1998 and 1997		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

### 12 Profit and loss account

	£000
At beginning of year	(812)
Retained loss for the financial year	(99)
	<u>(911)</u>
At end of year	<u>(911)</u>

### 13 Contingent liabilities

The Company has guaranteed bank overdrafts and loans in respect of its parent company and fellow subsidiary undertakings. At 31 December 1998 these guarantees amounted to £1,229,000 (1997: £22,783,215).

### 14 Ultimate holding company and controlling interest

The ultimate parent company is Ruberoid PLC, a company incorporated in Great Britain. Copies of the consolidated financial statements are available from The Secretary, Ruberoid PLC, Carthusian Court, 12 Carthusian Street, London EC1M 6EZ.

The financial statements of Ruberoid PLC are the only consolidated financial statements to incorporate Aquaproof Limited.