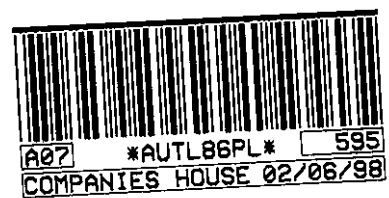


## **Ruberoid International Limited**

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

For the year ended 31 December 1997

Registered number 2860994



## **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 1997.

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

The Company is the holding company of companies located in the UK, Belgium, The Netherlands, Ireland and the USA, engaged principally in the manufacture and supply of a wide range of bituminous waterproofing systems and related products. The company will continue to act as a holding company.

### **Results and dividends**

The profit and loss account is shown on page 4. The profit for the financial year amounted to £2,883,509 (1996: loss £517,613).

The Directors recommend the payment of a final dividend of £2,244,180 (1996: £Nil).

### **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 and Directors' interests**

The Directors who served during the year and subsequently were:

D W Kendall	
E B McCann	(resigned 6 March 1998)
I G S McPherson	
B Stock	(appointed 13 January 1997)
D T Watson	(resigned 31 March 1997)

The interests of all the Directors serving at 31 December 1997 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 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.

### **Payment policy**

It is the Company's policy to abide by the terms of payment agreed with its suppliers.

This report was approved by the board on 31 March 1998 and signed on its behalf by:

  
**ML Kippen**  
Secretary

197 Knightsbridge  
London  
SW7 1RB

## **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 Ruberoid International Limited**

We have audited the financial statements on pages 4 to 10.

#### **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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink that reads 'KPMG Audit Plc'.

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

31 March 1998

## Profit and loss account

*for the year ended 31 December 1997*

	<i>Note</i>	1997 £	1996 £
Turnover - discontinued operations	2	-	2,722,000
Cost of sales		-	(2,159,215)
<b>Gross profit - discontinued operation</b>		-	562,785
Administrative expenses - Discontinued operations		(111,663)	(181,793)
Other operating income - Continuing operations		1,894,180	-
<b>Operating profit</b>		1,782,517	380,992
Loss on disposal of subsidiary undertakings and businesses		-	(1,932,688)
Income from fixed asset investments		1,100,992	1,122,941
Interest payable	3	-	(75,737)
<b>Profit/(loss) on ordinary activities before taxation</b>	5	2,883,509	(504,492)
Tax on profit/(loss) on ordinary activities	6	-	(13,121)
<b>Profit/(loss) for the financial year</b>		2,883,509	(517,613)
Dividends	7	(2,244,180)	-
<b>Retained profit/(loss) for the financial year transferred from reserves</b>		639,329	(517,613)
Retained loss brought forward		(517,613)	-
<b>Retained profit/(loss) carried forward</b>		121,716	(517,613)

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

## Statement of total recognised gains and losses

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

## Reconciliation of movements in equity shareholders' funds

	1997 £	1996 £
<b>Profit/(loss) for the financial year</b>	2,883,509	(517,613)
Dividends	(2,244,180)	-
<b>Movement in equity shareholders' funds</b>	639,329	(517,613)
<b>Equity shareholders' funds at beginning of year</b>	(517,613)	2
<b>Equity shareholders' funds at end of year</b>	121,716	(517,611)

**Balance sheet**  
*at 31 December 1997*

	<i>Note</i>	<b>1997</b>		<b>1996</b>	
		£	£	£	£
<b>Tangible assets</b>					
Investments	8		22,738,721		22,738,721
<b>Current assets</b>					
Stock - work in progress		307,161		307,161	
Debtors	9	315,055		399,943	
		<hr/>		<hr/>	
<b>Creditors: amounts falling due within one year</b>	10	622,216 (13,121)		707,104 (989,660)	
		<hr/>		<hr/>	
<b>Net current assets/(liabilities)</b>			609,095		(282,556)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			23,347,816		22,456,165
<b>Creditors: amounts falling due after more than one year</b>	11		(23,226,098)		(22,973,776)
			<hr/>		<hr/>
<b>Net assets/(liabilities)</b>			121,718		(517,611)
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	13		2		2
Profit and loss account			121,716		(517,613)
			<hr/>		<hr/>
<b>Equity shareholders' funds</b>			121,718		(517,611)
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 31 March 1998 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 upon the support given by other Group undertakings.

#### ***Consolidated financial statements***

These financial statements present information about the Company as an individual Company and not about its Group. The Company is exempt under section 228 of the Companies Act 1985 from the obligation to prepare group financial statements and to deliver them to the Registrar of Companies as it is a wholly owned subsidiary of another body corporate.

Investments in subsidiary undertakings are shown at cost less amounts written off. In the opinion of the Directors, the valuation of investments at 31 December 1997 is not less than the amount at which they are stated in the balance sheet.

#### ***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.

#### ***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, derived from the provision of goods and services, including long term contracts, supplied to external customers during the year.

#### ***Depreciation***

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

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

#### ***Stocks***

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

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



**1 Accounting policies (continued)**

***Pensions***

The Group operates both money purchase and final salary pension schemes. The amount charged against profit in respect of the money purchase schemes represents the contributions payable to the schemes in respect of the accounting period. Contributions to the final salary schemes are charged to the Profit and Loss Account so as to spread the cost of pensions over employees' working lives with the Company.

**2 Turnover**

All turnover arose from one class of business, being that of specialist contracting and in the United Kingdom, the Company's sole market.

**3 Interest payable**

	1997 £	1996 £
Bank interest payable	-	75,737
	<u>          </u>	<u>          </u>

**4 Employees and directors**

The average number of employees (including Directors) of the Company during the year comprised:

	1997 £	1996 £
Production	-	57
Selling and administration	4	10
	<u>          </u>	<u>          </u>
	4	67
	<u>          </u>	<u>          </u>

The aggregate employment costs are as follows:

	1997 £	1996 £
Wages and salaries	-	790,591
Social security costs	-	70,077
Other pension costs	-	46,589
	<u>          </u>	<u>          </u>
	-	907,257
	<u>          </u>	<u>          </u>

None of the Directors received any emoluments during the year (1996: £Nil).

**5 Profit/(loss) on ordinary activities before taxation**

Profit/(loss) on ordinary activities before taxation has been arrived at after charging/(crediting):

	1997 £	1996 £
Operating leases - hire of plant and machinery	-	313,000
- hire of other assets	-	16,300
Depreciation on tangible assets	-	2,784
Auditors' remuneration - audit	-	1,400
Gains on exchange	(1,894,180)	-
	<u>          </u>	<u>          </u>

## Notes (continued)

### 6 Tax on profit/(loss) on ordinary activities:

Taxation based on the profit/(loss) for the year comprises:

	1997 £	1996 £
UK corporation tax at 31½% (1996: 33%)	-	13,121
	<u>          </u>	<u>          </u>

### 7 Dividends

	1997 £	1996 £
Final dividend of £1,122,090 (1996: £Nil) per ordinary share paid	2,244,180	-
	<u>          </u>	<u>          </u>

### 8 Investments

	£
Shares in subsidiary undertakings	
<i>Cost</i>	
At beginning and end of year	22,738,721
	<u>          </u>

The Company's principal subsidiaries set out below are wholly owned, either directly or indirectly, except where indicated, and all the holdings are of ordinary shares. Shares of those companies which are indirectly owned are marked with an asterisk.

Subsidiary	Country of Incorporation and Operation	Activity
Antwerps Teer & Asphaltbedrijf NV *	Belgium	Manufacture of waterproofing products and roofing services
Asbo NV (51%)	Belgium	Manufacture of waterproofing products
Asphaltco SA (99.5%) *	Belgium	Manufacture of building chemicals
Briggs Roofing & Cladding Limited	Ireland	Roofing and cladding services
Blair Rubber Company Inc.	USA	Manufacture of rubber tank linings
Hyload Inc.	USA	Manufacture of waterproofing products
Nebiprofa BV*	Holland	Manufacture and distribution of roofing products
Ruberoid Building Products Limited	Ireland	Distribution of waterproofing products
RUSA Holding BV	Holland	Investment company
Touwen & Co BV *	Holland	Manufacture of paints and wood preservatives

## Notes (continued)

### 9 Debtors

	1997	1996
	£	£
Trade debtors	176,550	252,238
Prepayments	-	9,200
Amounts owed by group undertakings	138,505	138,505
	<u>315,055</u>	<u>399,943</u>

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

	1997	1996
	£	£
Trade creditors	-	982
Amounts owed to group undertakings	-	885,823
Corporation tax	13,121	13,121
Other creditors	-	56,889
Social security and other taxes	-	26,345
Accruals	-	6,500
	<u>13,121</u>	<u>989,660</u>

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

	1997	1996
	£	£
Amounts owed to group undertakings	23,226,098	22,973,776

### 12 Deferred taxation

The company has no unprovided deferred tax liabilities (1996: £Nil).

### 13 Share capital

	1997	1996
	£	£
<i>Authorised:</i>		
100 ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid:</i>		
2 ordinary shares of £1 each	2	2
	<u>          </u>	<u>          </u>

**Notes (continued)**

**14 Contingent liabilities**

The company has guaranteed bank overdrafts and loans in respect of its parent company and fellow subsidiary undertakings. At 31 December 1997 these guarantees amounted to £23,701,176 (1996: £19,549,012).

**15 Post balance sheet event**

On 23 January 1998 the company acquired the entire share capital of Broderick Structures Limited from Briggs Roofing & Cladding Limited, both fellow subsidiary undertakings of Ruberoid PLC. The business and net assets of Broderick Structures Limited were sold on 27 March 1998.

**16 Pensions**

All monthly staff are entitled to contribute to a group final salary scheme. Operatives 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.

**17 Ultimate holding company**

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, 197 Knightsbridge, London SW7 1RB.

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