IKO U.K. Limited

Directors' report and financial statements
Registered number 03897526
For the year ended 31 December 2011

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

Principal activities

IKO U K Limited is the holding company of an integrated group of companies engaged principally in the manufacture, distribution and installation of bitumen-based waterproofing systems and building products

The directors are not, at the date of this report, aware of any likely major changes in the company's activities in the next year

Business review

2011

As shown in the group's profit and loss account, the group's turnover has increased by 15 3% from the prior year and the profit after taxation amounted to £8,164,000 (2010 £2,625,000)

An analysis of sales and profit before taxation is given in note 2 to the financial statements

The balance sheet in the financial statements shows that the group's financial position at the year-end has further strengthened and is £4,051,000 higher than prior year

The group manages its operations on a country level because of the different competitive landscapes and economies in combination with the various business segments it operates For this reason, the company's directors believe that further key performance indicators for the group are not necessary or appropriate for an understanding of the development, performance or position of the business

Outlook for 2012

The group intends to continue its present operations in the future and emphasise the long-term view but does anticipate an impact of the economic crisis on the group's operations and activities

Risks for 2012

Trading risks

The current economic climate and outlook in combination with the competitive pressure in the market place are potent threats to existing profit margins and overall profitability To manage these risks, the group continues to focus on cost efficiency and strives to provide added-value products and services to its customers, through innovation and continued focus on the maintenance of strong relationships with customers

Exchange risks

The group purchases raw materials from and sells products into international markets and is therefore exposed to currency movements on such transactions Where appropriate, to provide certainty of future cash flows and to mitigate against foreign exchange fluctuation, the group enters into forward exchange contracts which are approved by the board of directors

Financial risks

The group has sufficient cash for its business needs, there is no exposure to future debt repayments or interest demands

Liability risks

There is no known exposure to legal claims as of 31 December 2011, other than those provided in the financial statements

Results and dividend

The group profit for the financial year after taxation amounted to £8,164,000 (2010 £2,625,000)

The directors do not recommend the payment of a final dividend (2010 £Nil)

Directors' report *(continued)*

Directors

The directors who held office during the year and subsequently were as follows

HM Koschitzky
S Koschitzky
J Koschitzky
R Turner
F Hautman
D Koschitzky
M Vaughan

Directors' interests

None of the directors had any declarable beneficial interest in the share or loan capital of the company or of any subsidiary undertaking during the year HM Koschitzky, S Koschitzky, J Koschitzky, D Koschitzky, M Vaughan and F Hautman are overseas based directors and are not required to notify interests in group undertakings incorporated outside of Great Britain to the company

Employees

It is the group's 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 group 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, and the involvement of, employees to ensure good relations and the improvement of the group's performance and will continue to hold briefings and presentations when required

Research and development

It is the group's policy to enhance the performance of its products through continuous improvements and quality control in order to meet evolving building design criteria and international building standards

Charitable and political donations

Charitable donations in the UK totalled £nil (2010 nil) No political contributions were made (2010 nil)

Payment policy

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

Directors' report *(continued)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

By order of the Board

F Hautman
Director

Appley Lane North
Appley Bridge
Wigan
Lancashire
WN6 9AB

Registered in England and Wales
Number 03897526

Date 28 November 2012

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 group and parent company and of the profit or loss of the group and parent 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent 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 parent company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of IKO UK Limited

We have audited the financial statements of IKO UK Limited for the year ended 31 December 2011 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Reconciliation of Movements in Shareholders' Funds 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 website 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 group's and parent company's affairs as at 31 December 2011 and of the group's 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

Independent auditor's report to the members of IKO UK Limited / continued...

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 parent company 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 Auditor

Tower Building
Water Street
Liverpool
L3 1PQ

6 December 2012

Group profit and loss account

for the year ended 31 December 2011

	Note	2011	2010
		£ 000	£ 000
Turnover	2	**265,945**	230,601
Cost of sales		**(202,853)**	(175,084)
Gross profit		**63,092**	55,517
Net operating expenses	3	**(52,148)**	(50,644)
Operating profit		**10,944**	4,873
(Loss) / profit on sale of fixed assets		**(1)**	30
Net interest payable	4	**(556)**	(136)
Other finance charge in respect of pensions	24,25	**(4)**	(742)
Profit on ordinary activities before taxation	5	**10,383**	4,025
Taxation on profit on ordinary activities	8	**(2,548)**	(1,689)
Profit on ordinary activities after taxation		**7,835**	2,336
Minority interest	20	**329**	289
Profit for the financial year	9,19	**8,164**	2,625

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

Movements in reserves are set out in note 19

Registered number. 03897526

Group balance sheet
at 31 December 2011

	Note		2011		2010
		£ 000	£ 000	£ 000	£ 000
Fixed assets					
Intangible assets	10				
Goodwill		975			1,179
Negative goodwill		(37)			-
			938		
Tangible assets	11		58,058		59,781
Investments	12		6,113		6,420
			65,109		67,380
Current assets					
Stocks	13	30,172		28,790	
Debtors (including £1,691,000 (2010 £1,713,000) due after more than one year)	14	58,674		51,849	
Cash		17,078		17,105	
		105,924		97,744	
Creditors amounts falling due within one year	15	(51,728)		(48,682)	
Net current assets			54,196		49,062
Total assets less current liabilities			119,305		116,442
Creditors amounts falling due after more than one year	16		(40,458)		(42,771)
Provision for liabilities and charges	17		(3,950)		(3,674)
Deferred taxation	17		(1,132)		(2,252)
Net assets before pension liability / asset			73,765		67,745
Net pension liability – UK	24		(13,418)		(11,261)
Net pension asset / (liability) – Ireland	25		8		(180)
Net assets			60,355		56,304
Capital and reserves					
Called up share capital	18		47,537		47,537
Merger reserve	19		4,833		4,833
Profit and loss account	19		6,662		1,992
Shareholders' funds			59,032		54,362
Minority interests	20		1,323		1,942
			60,355		56,304

These financial statements were approved by the board of directors and were signed on its behalf by·

F Hautman
Director

Date 28 November 2012

Company balance sheet
at 31 December 2011

	Note	£ 000	2011 £ 000	£ 000	2010 £ 000
Fixed assets					
Investments	12		**66,355**		66,355
Current assets					
Debtors (including £7,000 (2010 £1,743,000) due after more than one year)	14	**148**		1,786	
		148		1,786	
Creditors amounts falling due within one year	15	**(31)**		(26)	
Net current assets			**117**		1,760
Total assets less current liabilities			**66,472**		68,115
Creditors amounts falling due after more than one year	16		**(19,316)**		(21,220)
Net assets			**47,156**		46,895
Capital and reserves					
Called up share capital	18		**47,537**		47,537
Profit and loss account	19		**(381)**		(642)
Shareholders' funds			**47,156**		46,895

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

F Hautman
Director

Date 28 November 2012

Group cash flow statement
for the year ended 31 December 2011

	Note	£ 000	**2011** £ 000	£ 000	2010 £ 000
Net cash inflow from operating activities	23a		**11,724**		3,527
Returns on investments and servicing of finance	23b	**(907)**		(308)	
Taxation		**(2,713)**		(1,459)	
Capital expenditure and financial investment	23b	**(4,368)**		(5,048)	
Acquisitions and disposals	23b	**(254)**		-	
			(8,242)		(6,815)
Net cash inflow / (outflow) before financing			**3,482**		(3,288)
Financing	23b		**(3,184)**		2,649
Increase / (decrease) in cash in the year			**298**		(639)

Reconciliation of net cash flow to movement in net debt
for the year ended 31 December 2011

	Note	**2011** £ 000	2010 £ 000
Increase / (decrease) in cash in the year		**298**	(639)
Cash outflow / (inflow) from increase in net debt		**3,184**	(2,649)
Change in net debt resulting from cash flows	23c	**3,482**	(3,288)
Translation difference	23c	**960**	969
Movement in net debt in the year		**4,442**	(2,319)
Net debt at beginning of year		**(36,742)**	(34,423)
Net debt at end of year	23c	**(32,300)**	(36,742)

Group statement of total recognised gains and losses
for the year ended 31 December 2011

	2011 £ 000	2010 £ 000
Profit for the financial year	**8,164**	2,625
Exchange adjustment	**(910)**	(1,479)
Actuarial loss recognised in pension schemes during the year (see notes 24 & 25)	**(3,443)**	45
Exchange adjustment on pension deficit	**(2)**	42
Deferred tax relating to the actuarial loss	**861**	(23)
Total recognised gains and losses relating to the year	**4,670**	1,210
Prior year adjustment	-	-
Total gains and losses recognised since last financial statements	**4,670**	1,210

Group reconciliation of movements in shareholders' funds
for the year ended 31 December 2011

	2011 £ 000	2010 £ 000
Shareholders' funds at beginning of year	**54,362**	53,152
Profit for the financial year	**8,164**	2,625
Exchange adjustment	**(910)**	(1,479)
Actuarial loss recognised in pension schemes during the year (see notes 24 & 25)	**(3,443)**	45
Deferred tax relating to the actuarial loss	**861**	(23)
Exchange adjustment on pension deficit	**(2)**	42
Shareholders' funds at end of year	**59,032**	54,362

Company reconciliation of movements in shareholders' funds
for the year ended 31 December 2011

	Note	2011 £ 000	2010 £ 000
Profit for the financial year	9	**261**	106
Movement in shareholders' funds		**261**	106
Shareholders' funds at beginning of year		**46,895**	46,789
Shareholders' funds at end of year		**47,156**	46,895

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 financial statements, except as noted below

Basis of preparation

The financial statements are prepared in accordance with applicable UK accounting standards and under the historical cost accounting rules

Basis of consolidation

The group financial statements consolidate the financial statements of IKO U K Limited and all its subsidiary undertakings

The consolidated financial statements are based on financial statements of subsidiary undertakings which are coterminous with those of the parent company

Unless otherwise stated, the acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the group profit and loss account from the date of acquisition or up to the date of disposal Similarly, the cash flows of subsidiary undertakings acquired or disposed of in the year are included in the group cash flow statement from the date of acquisition or up to the date of disposal

In accordance with Section 408(3) of the Companies Act 2006, IKO U K Limited is exempt from the requirement to present its own profit and loss account The result for the financial period dealt with in the financial statements of IKO U K Limited is disclosed in note 9

Investments in subsidiary undertakings

In the company's balance sheet, investments in subsidiary undertakings are stated at cost less provisions for permanent diminution in value Where the consideration for the acquisition of subsidiary undertakings includes the allotment of shares and the provisions of Section 612 of the Companies Act 2006 apply, the cost of the investment represents the nominal value of the shares issued, the minimum premium required to be transferred to the share premium account under Section 610, the fair value of any other consideration given and the costs of acquisition

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable new assets acquired) arising on business combinations in respect of acquisitions is capitalised Goodwill is amortised to nil by equal annual instalments over its estimated useful life Any excess of the aggregate of the fair value of the identifiable net assets acquired over the fair value of the consideration given (negative goodwill) is also capitalised and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered

Turnover

Turnover represents the amounts, excluding value added tax, derived from the provision of goods and services, including long term contracts, to external customers during the year

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

With the exception of freehold land which is not depreciated, depreciation is provided to write off the cost of tangible assets, less their estimated residual values, by equal annual installments over their estimated useful economic lives as follows

Freehold buildings	50 years
Long leasehold properties	50 years
Short leasehold properties	Period of lease
Plant, machinery and vehicles	3 to 15 years

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings

Leased assets

Where the Group 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

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value For work in progress and finished goods, cost is taken as production cost which includes an appropriate proportion of attributable overheads

Long term contracts

Amounts recoverable on contracts, which are included in debtors, are stated at cost plus attributable profit less any foreseeable losses The profit on each individual contract is the lower of profit earned to date and that forecast at completion Payments received on account are deducted from amounts recoverable on contracts Such amounts, which have been received and exceed amounts recoverable, are included in creditors

In determining the attributable profit on contracts to a particular accounting period the Group uses estimation techniques The principal estimation technique used is the preparation of profit forecasts on a contract by contract basis which enables an assessment to be made on the final out-turn on each contract Profit is then recognised when the outcome of the contract can be foreseen with reasonable certainty

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between results as stated in the financial statements and as computed for taxation purposes

Deferred tax 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 'Deferred tax'

Pensions

The Group operates both defined benefit and defined contribution pension schemes The assets of the schemes are held separately from those of the Group in independently administered funds Pension scheme assets are measured using market values Pension scheme liabilities are measured using a projected method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full The movement in the scheme and surplus/deficit is split between operating charges, finance items and in the group statement of total recognised gains and losses

The amounts charged to the profit and loss account in respect of defined contribution pension schemes represent the contributions payable to the scheme in the accounting period

Research and development

All expenditure except that capitalised on buildings and plant is charged against income as incurred

2 Analysis of turnover, profit before interest and net assets

All turnover arose from one class of business The Group is focused on one core activity, namely the manufacture, distribution and installation of waterproofing products and insulation

	2011 Total £ 000
Turnover by origin	
Total sales	**317,229**
Intra-group sales	**(51,284)**
Sales to third parties	**265,945**

	2010 Total £ 000
Turnover by origin	
Total sales	267,104
Intra-group sales	(36,503)
Sales to third parties	230,601

Notes (continued)

2 Analysis of turnover, profit before interest and net assets (continued)

	2011 £ 000	2010 £ 000
Turnover by destination		
United Kingdom and Europe	**263,086**	228,320
Rest of World	**2,859**	2,281
Sales to third parties	**265,945**	230,601

	2011 £ 000	2010 £ 000
Profit before interest and amortisation of goodwill	**12,444**	5,097
Group costs – amortisation of goodwill	**(501)**	(194)
Profit before interest	**11,943**	4,903
Net operating assets	**91,716**	91,867
Group assets – net goodwill	**938**	1,179
Net debt	**(32,299)**	(36,742)
Net assets	**60,355**	56,304

3 Net operating expenses

	2011 £ 000	2010 £ 000
Distribution costs	**29,893**	27,353
Administrative expenses	**22,735**	23,364
Other operating (income)/expense	**(480)**	(73)
	52,148	50,644

Notes (continued)

4 Net interest payable

	2011 £ 000	2010 £ 000
Interest receivable and similar income		
Interest receivable from parent and fellow subsidiaries	**256**	124
Bank interest receivable	**104**	104
Sundry interest receivable	**18**	66
Exchange gain on foreign currency borrowings	**352**	468
	730	762
Interest payable and similar charges		
Interest payable to parent and fellow subsidiaries	**(872)**	(791)
On bank loans and overdrafts	**(111)**	(56)
On other loans	**(303)**	(51)
	(1,286)	(898)
Net interest payable	**(556)**	(136)

5 Profit on ordinary activities before taxation

	2011 £ 000	2010 £ 000
Profit on ordinary activities before taxation is stated		
After charging/ (crediting)		
Depreciation of tangible fixed assets	**5,215**	5,335
Impairment of tangible fixed assets	-	1,610
Amortisation of goodwill and intangibles	**501**	194
Loss / (profit) on sale of fixed assets	**1**	(30)
Operating leases		
Hire of plant and machinery	**263**	252
Hire of other assets	**432**	543
Research and development	**342**	233

Auditors' remuneration

	2011 £ 000	2010 £ 000
Audit of these financial statements	**30**	28
Amounts receivable by auditors and their associates in respect of		
Audit of financial statements of subsidiaries pursuant to legislation		
Principal auditor	**61**	43
Other auditors	**131**	133

Notes (continued)

6 Employees

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2011	2010
UK and Ireland	**595**	616
Mainland Europe	**606**	614
	1,201	1,230

The aggregate payroll costs of these persons were as follows

	£ 000	£ 000
Wages and salaries	**35,791**	35,961
Social security costs	**8,382**	8,062
Other pension costs	**1,062**	2,326
	45,235	46,349

7 Directors' emoluments

	2011	2010
	£ 000	£ 000
Remuneration	**141**	157
Pension contributions	**36**	31
	177	188

The aggregate of emoluments of the highest paid director were £126,000 (2010 £157,000) and company pension contributions of £36,000 (2010 £31,000) were made to his pension scheme

Retirement benefits are accruing to the following number of directors under

	Number of directors	
	2011	2010
Defined contribution schemes	**1**	1

Notes (continued)

8 Taxation

(a) Analysis of charge in year

		2011		2010
	£ 000	**£ 000**	£ 000	£ 000
UK corporation tax				
Current year	**596**		281	
Adjustments in respect of prior years	**(74)**		(438)	
		522		(157)
Overseas tax				
Current year	**2,494**		1,385	
Adjustments in respect of prior years	**10**		76	
		2,504		1,416
Total current tax		**3,026**		1,304
Deferred tax (see note 17)				
Origination and reversal of timing differences	**(1,069)**		(173)	
Adjustments in respect of prior years	**(31)**		379	
Deferred tax on defined benefit pension schemes	**622**		179	
		(478)		385
Tax charge on profit on ordinary activities		**2,548**		1,689

(b) Factors affecting the tax charge for the current period

The standard rate of tax for the year based on the UK standard rate of corporation tax is 26 5% *(2010 28%)* The actual tax charge for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation

	2011	2010
	£ 000	£ 000
Current tax reconciliation		
Profit on ordinary activities before taxation	**10,383**	4,025
Current tax at 26 5% (2010 28%)	**2,751**	1,127
Effects for		
Expenses not deductible for tax purposes	**394**	756
Goodwill amortisation	**133**	54
Profit not subject to current tax	**(165)**	(177)
Depreciation for period in deficit of capital allowances	**(512)**	(308)
Capital allowances in deficit of depreciation	**6**	15
Tax losses utilised	**-**	(91)
Tax losses carried forward	**288**	167
Movement on other timing differences	**(2)**	34
Other movements	**(61)**	-
Difference between UK and overseas tax rates	**258**	89
Adjustments to tax charge in respect of prior years	**(64)**	(362)
Total current tax charge (see above)	**3,026**	1,304

Notes (continued)

9 Profit for the financial period

	2011	2010
	£ 000	£ 000
Dealt with in the financial statements of		
IKO U K Limited	**261**	106
Subsidiary undertakings	**7,903**	2,519
	8,164	2,625

10 Intangible fixed assets

Group

	Goodwill	Negative goodwill	Net goodwill
	£ 000	£ 000	£ 000
Cost			
At beginning of the year	**28,774**	**-**	**28,774**
Exchange adjustment	**(18)**	-	**(18)**
Additions	**307**	**(37)**	**270**
At end of year	**29,063**	**(37)**	**29,026**
Provision for amortisation and impairment			
At beginning of year	**27,595**	**-**	**27,595**
Exchange adjustment	**(8)**	-	**(8)**
Charge for year	**501**	-	**501**
At end of year	**28,088**	**-**	**28,088**
Net book value			
At 31 December 2011	**975**	**(37)**	**938**
At 31 December 2010	**1,179**	-	**1,179**

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises Goodwill is being amortised over 10 years

Notes *(continued)*

11 Tangible fixed assets

Group

	Land and buildings	Plant, machinery and vehicles	Total
	£ 000	£ 000	£ 000
Cost			
At beginning of the year	45,869	46,913	92,782
Exchange adjustment	(748)	(899)	(1,647)
Additions	209	4,268	4,477
Disposal	(85)	(844)	(929)
At end of year	45,245	49,438	94,683
Depreciation			
At beginning of year	(7,865)	(25,136)	(33,001)
Exchange adjustment	178	594	772
Charge for the year	(1,124)	(4,091)	(5,215)
Disposal	85	734	819
At end of year	(8,726)	(27,899)	(36,625)
Net book value			
At 31 December 2011	**36,519**	**21,539**	**58,058**
At 31 December 2010	38,004	21,777	59,781

	Group 2011 £ 000	Group 2010 £ 000
Net book value of land and buildings comprises		
Freehold and Long Leasehold	**36,328**	37,787
Short leasehold	**191**	217
	36,519	38,004

Notes *(continued)*

12 Investments

Group

	Equity accounted associate £ 000	Other investments £ 000	Total investments £ 000
At beginning of the year	307	6,113	6,420
Re-allocation to goodwill	(307)	-	(307)
At end of the year	-	6,113	6,113

Equity accounted associate

In December 2007, the group disposed of 31 25% of the ordinary share capital of The Specialist Waterproofing Group, reducing its holding in the company to 25% As of the date of this transaction, the investment is recognised as an equity-accounted associate The directors have reassessed the treatment of The Specialist Waterproofing Group and consider it more appropriate to treat the interest in Specialist Waterproofing Group as goodwill (note 10) arising on acquisition of subsidiary undertakings because the net assets of the Specialist Waterproofing Group represents interest in subsidiary undertakings already accounted for in the group

Other investments

On 1 January 2007 the group acquired 12,000 D preferred shares in Goldis Enterprises, Inc. (a related company incorporated and registered in Canada) as consideration for the disposal of Blair Rubber Company, Inc and Hyload Inc

Company

	Shares in subsidiary undertakings £ 000
Cost	
At beginning and end of year	66,355

The principal operating companies, which are shown on pages 38 and 39 are wholly owned, either directly or indirectly, by IKO U K Limited except where indicated, and all holdings are of ordinary shares They are incorporated in Great Britain, unless their address is overseas in which case the country stated is the country of incorporation

13 Stocks

	Group 2011 £ 000	Group 2010 £ 000
Raw materials	**9,080**	8,633
Work in progress	**16,751**	10,588
Finished goods and goods for resale	**20,916**	20,034
	46,747	39,255
Payments on account	**(16,576)**	(10,465)
	30,171	28,790

Notes *(continued)*

14 Debtors

	Group 2011 £ 000	Company 2011 £ 000	Group 2010 £ 000	Company 2010 £ 000
Amounts falling due within one year				
Trade debtors	46,092	-	42,264	-
Amounts owed by parent and subsidiaries of other IKO groups	5,397	-	2,297	-
Taxation recoverable	515	-	326	-
Deferred taxation (note 17)	-	141	-	43
Other debtors	3,096	-	3,181	-
Prepayments and accrued income	1,883	-	2,068	-
	56,983	141	50,136	43
Amounts falling due after more than one year				
Amounts owed by parent and subsidiaries of other IKO groups	1,691	7	1,713	1,743
	58,674	148	51,849	1,786

15 Creditors: amounts falling due within one year

	Group 2011 £ 000	Company 2011 £ 000	Group 2010 £ 000	Company 2010 £ 000
Bank loans	1,590	-	1,619	-
Bank overdrafts	7	-	-	-
Loans from parent and subsidiaries of other IKO groups	7,323	-	9,457	-
	8,920	-	11,076	-
Payments on account	1,173	-	663	-
Trade creditors	17,410	-	22,082	-
Other creditors	13,968	-	5,788	-
Corporation tax	847	-	350	-
Other tax and social security	5,117	-	4,024	-
Accruals	4,293	31	4,699	26
	51,728	31	48,682	26

16 Creditors: amounts falling due after more than one year

	Group 2011 £ 000	Company 2011 £ 000	Group 2010 £ 000	Company 2010 £ 000
Loans from parent and subsidiaries of other IKO groups	40,352	19,316	42,313	21,220
Other loans	106	-	458	-
	40,458	19,316	42,771	21,220

Notes *(continued)*

17 Provision for liabilities and charges

	Deferred taxation £ 000	Warranty provision £ 000	Environmental provision £ 000	Other provisions £ 000	Total £ 000
At beginning of year	2,252	604	2,178	892	5,926
Prior year adjustments	(31)	-	-	-	(31)
Exchange adjustment	(20)	(19)	(46)	(30)	(115)
Profit and loss account	(1,069)	137	(21)	255	(698)
At end of year	1,132	722	2,111	1,117	5,082

The warranty provision covers future product costs arising in the normal course of business from prior period sales The environmental provision largely relates to site clean up costs at locations of the group's non-UK operations Other provisions largely relate to pre-retirement obligations to employees in the group's non-UK operations

The amounts provided for deferred tax are as follows

	Group 2011 £ 000	Group 2010 £ 000
Accelerated capital allowances	542	2,529
Other timing differences	1,301	798
Tax losses carried forward	(711)	(1,075)
	1,132	2,252

There are no unprovided deferred tax liabilities No provision has been made in respect of additional taxation which may become payable in the event that retained profits of overseas subsidiary undertakings are distributed to the parent company The amount of such liability at 31 December 2011 would not be material

The deferred tax asset that has arisen in respect of the pension liabilities in accordance with FRS 17 is set out in notes 24 and 25 The movement on this account is as follows

	2011 £ 000	2010 £ 000
At beginning of year	(4,232)	(4,434)
Profit and loss account	622	179
Arising on actuarial (loss)/gain in year	(861)	23
At end of year	(4,471)	(4,232)

These amounts are disclosed as part of the net pension liability

Notes *(continued)*

17 Provision for liabilities and charges / continued ..

Company

	Deferred tax asset 2011 £ 000	2010 £ 000
At beginning of year	43	89
Prior year adjustment	35	-
Profit and loss account	70	(46)
At end of year	148	43

The amounts provided for deferred tax are as follows

	2011 £ 000	2010 £ 000
Tax losses carried forward	148	43

There are no unprovided deferred tax liabilities

18 Share capital

	Number	£
Authorised		
Ordinary shares of £1 each	90,000,000	90,000,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	47,537,676	47,537,676

19 Reserves

Group

	Merger reserve £ 000	Profit and loss account £ 000	Total £ 000
At beginning of year	4,833	1,992	6,825
Exchange adjustment	-	(910)	(910)
Actuarial loss recognised in the pension scheme during the year	-	(3,443)	(3,443)
Deferred tax relating to the actuarial loss	-	861	861
Exchange adjustment on pension deficit	-	(2)	(2)
Profit for the financial year	-	8,164	8,471
At end of year	4,833	6,662	11,802

Notes *(continued)*

19 Reserves / continued ..

Group / continued

	2011	2010
	£ 000	£ 000
Profit and loss reserve excluding pension liability	**20,072**	13,433
Pension liabilities	**(13,410)**	(11,441)
Profit and loss reserve	**6,662**	1,992

Company

	Profit and loss account
	£ 000
At beginning of year	(642)
Profit for the financial year	261
At end of year	(381)

20 Minority interests

	Minority interest
	£ 000
At beginning of year	**1,942**
Exchange adjustment	1
Share of profit after tax for financial year	(329)
Acquisition of additional interest	(291)
At end of year	**1,323**

Notes *(continued)*

21 Financial and capital commitments

(a) Commitments for capital expenditure at the end of the financial year, for which no provision has been made, are as follows

Group

	2011	2010
	£ 000	£ 000
Contracted	**293**	224

Company

The company had £Nil capital commitments at 31 December 2011 *(2010 £Nil)*

(b) Annual commitments under non-cancellable operating leases are as follows

Group

	Land and buildings		Other		Total	
	2011	2010	**2011**	2010	**2011**	2010
	£ 000	£ 000	**£ 000**	£ 000	**£ 000**	£ 000
Annual commitments under operating leases which expire						
Within one year	**23**	23	**60**	53	**83**	76
In second to fifth year	**75**	75	**218**	258	**293**	333
After five years	**110**	110	**15**	4	**125**	114
	208	208	**293**	315	**501**	523

Company

The company has no operating leases *(2010 £Nil)*

22 Contingent liabilities

Group

During the year ended 31 December 2007, Briggs Amasco Limited (see principal operating companies – page 38) received formal notification from a customer's solicitors that they would be expected to indemnify the customer against all claims and costs arising from work that they were subcontracted to undertake during the year ended 31 December 2002 The claim totals £2,000,000 The directors of Briggs Amasco Limited had taken legal advice and believed they had a strong claim against the action Based upon that legal advice, any provision deemed to be necessary had been recognised in the financial statements In the current year, the claim was resolved and the provision was released to the profit and loss account

Company

The company had no contingent liabilities at 31 December 2011 *(2010 £Nil)*

Notes *(continued)*

23 Notes to the cash flow statement

(a) Reconciliation of operating profit to operating cash flow

	2011 £ 000	2010 £ 000
Operating profit	**10,944**	4,873
Amortisation and impairment of intangible fixed assets	**501**	194
Depreciation and impairment of tangible fixed assets	**5,215**	6,945
Increase in stocks	**(1,865)**	(3,015)
Increase in debtors	**(7,454)**	(1,820)
Increase / (decrease) in creditors	**5,228**	(2,443)
Movement in provisions	**370**	(389)
Movement in pension provisions	**(1,215)**	(817)
Movement in investments	**-**	(1)
	11,724	3,527

(b) Analysis of cash flows for headings netted in the cash flow statement

	2011 £ 000	*2010 £ 000*
Returns on investments and servicing of finance		
Interest received	**379**	*762*
Interest paid	**(1,286)**	*(841)*
Dividends paid to minority shareholders	**-**	*(229)*
Net cash outflow for returns on investments and servicing of finance	**(907)**	*(308)*
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(4,477)**	*(5,738)*
Sales of tangible fixed assets	**109**	*690*
Net cash outflow for capital expenditure and financial investment	**(4,368)**	*(5,048)*

Notes *(continued)*

(b) Analysis of cash flows for headings netted in the cash flow statement (continued)

	2011	2010
	£ 000	£ 000
Financing		
Net (repayment) / receipt of group borrowings	**(2,857)**	2,799
Net repayment of external loans during the year	**(327)**	(150)
Net cash (outflow) / inflow from financing	**(3,184)**	2,649
Acquisitions and disposals		
Purchase of additional interest in subsidiary undertaking	**(254)**	-
Net cash outflow from financing	**(254)**	-

(c) Analysis of net debt

	At 31 December 2010	Cash flow	Exchange	At 31 December 2011
	£ 000	£ 000	£ 000	**£ 000**
Cash	17,105	305	(332)	**17,078**
Overdrafts	-	(7)	-	**(7)**
Loans from parent and subsidiaries of other IKO groups	(51,770)	2,857	1,238	**(47,675)**
Bank loans	(1,619)	(13)	42	**(1,590)**
Other loans	(458)	340	12	**(106)**
	(36,742)	3,482	960	**(32,300)**

24 Pensions - UK

The group operates both defined contribution and defined benefit pension schemes The group's defined benefit pension arrangements in the UK are operated through the Ruberoid PLC Staff Pension Scheme Group contributions payable for the year to this defined benefit scheme amounted to £600,000 *(2010 £703,000)*, of which £600,000 *(2010 £500,000)* was in respect of special contributions made to the scheme during the year

The Ruberoid PLC Staff Pension Scheme was closed to new members on 6 April 2003 A defined contribution scheme based on the stakeholder arrangement was introduced for staff from that date It has been agreed that an employer contribution rate of 17 5% pensionable pay will apply in future years

The latest full actuarial valuation of the Ruberoid PLC Staff Pension Scheme carried out at 5 April 2011 was updated to 31 December 2011 in accordance with FRS 17 by a qualified independent actuary For closed schemes under the projected unit method the current service cost will increase as the members of the scheme approach retirement

From 6 April 2007 changes were introduced limiting the future increases to pensionable salary to 3% per annum and increases to pensions in payment in respect of service after 6 April 2007 to 3% per annum The employee would pay any increase in the cost of future accrual of benefits Also from 6 April 2007 the new Group Stakeholder Scheme was introduced This is a defined contributing scheme open to members of the Ruberoid PLC Pension Scheme

Notes *(continued)*

24 Pensions - UK (continued)

The principal assumptions used by the actuary to calculate the defined benefit scheme liabilities include

	At 31 December 2011	At 31 December 2010	At 31 December 2009
Discount rate	4 70%	5.40%	5 70%
Inflation rate	3 30%	3 80%	3 80%
Rate of increase to pensions in payments	3 20%	3 70%	3 70%
Revaluation in deferment	2 50%	3 30%	3 80%
Rate of increase in salaries	0 00%	0 00%	3 00%
Post retirement mortality assumption	110% of S1NA tables with CMI_2010 projections and a long term rate of improvement of 1 0% p a		
Tax-free cash	No allowance has been made for members to take tax free cash		

Under the mortality tables adopted, the assumed future life expectancy at age 65 is as follows

Life expectancy at age 65	**At 31 December 2011**	At 31 December 2010	At 31 December 2009
Male currently aged 45	22 6	23 1	23 1
Female currently aged 45	25 1	25 4	25 4
Male currently aged 65	21 2	21 8	21 7
Female currently aged 65	23 5	24 2	24 1

	At 31 December 2011	At 31 December 2010	At 31 December 2009
Long term expected rate of return on the Scheme's assets net of expenses	5 8% p a	6 9% p a	7 1% p a

The assumptions are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale involved, may not necessarily be borne out in practice

Assets

The major categories of assets as a percentage of total assets are as follows

Asset category	**At 31 December 2011**	At 31 December 2010	At 31 December 2009
Equities	40%	42%	39%
Property	8%	8%	7%
Gilts	1%	0%	1%
Bonds	1%	1%	1%
Cash	0%	0%	1%
Bulk annuity policy	50%	49%	51%
Total	**100%**	**100%**	**100%**

Notes *(continued)*

24 Pensions - UK *(continued)*

The actual return on the Scheme's assets net of expenses over the period to the review date was approximately -£452,000 (2011 £5,686,000)

The assets do not include any investment in the shares of any group companies

The expected return on assets is a weighted average of the assumed long term returns for the various asset classes Equity and property returns are developed based on the selection of an appropriate risk premium above the risk free rate which is measured in accordance with the yield on government bonds Bond returns are selected by reference to the yields on government and corporate debt as appropriate to the Scheme's holdings of these instruments

The values of the schemes' assets are measured in relation to market value and the expected rates of return on the assets are set out below.

	Expected long term rates of return 2011	Expected long term rates of return 2010	Expected long term rates of return 2009
Equities	7 30%	8 70%	9 00%
Gilts/bonds	4 10%	5.00%	5 30%
Property	5 60%	7 00%	7 30%
Cash	4 00%	4 00%	4 00%
Annuities	4 70%	5 40%	5 70%

Amounts recognised in the balance sheet at 31 December 2011

	Value at 31 December 2011 £ 000	Value at 31 December 2010 £ 000	Value at 31 December 2009 £ 000
Equities	**20,566**	22,676	19,786
Gilts	**514**	4,319	221
Bonds	**514**	-	651
Property	**4,113**	540	3,626
Cash	**190**	-	269
Bulk annuity policy	**25,518**	26,455	25,688
Total market value of assets	**51,415**	53,990	50,241
Present value of funded scheme liabilities	**(69,306)**	(69,416)	(65,088)
Deficit in the scheme	**(17,891)**	(15,426)	(14,847)
Deferred taxation (at 25% for 2011,27% for 2010, 28% for 2009)	**4,473**	4,165	4,157
Net pension liability	**(13,418)**	(11,261)	(10,690)

Notes *(continued)*

24 Pensions - UK *(continued)*

Amounts recognised in the Statement of Total Recognised Gains and Losses in the year

	2011 £ 000	2010 £ 000
Actuarial losses	**(3,041)**	(411)

Amounts recognised in the Profit and Loss Account in the year

	2011 £ 000	2010 £ 000
Current service cost	**-**	133
Interest cost	**3,676**	3,661
Expected return on assets	**(3,652)**	(3,546)
Losses on Settlement on Curtailments	**-**	623
Total	**24**	871

Movement in deficit during the year

	2011 £ 000	2010 £ 000
Deficit in scheme at beginning of year	**(15,426)**	(14,847)
Current service cost	**-**	(133)
Contributions paid	**600**	703
Other finance charge	**(24)**	(115)
Actuarial loss	**(3,041)**	(411)
Losses on Settlement on Curtailments	**-**	(623)
Deficit in scheme at end of year	**(17,891)**	(15,426)

Reconciliation of Assets and Defined Benefit Obligation

The change in assets over the period was as follows

	2011 £ 000	2010 £ 000
Fair value of assets at the beginning of the year	**53,990**	50,241
Expected return on assets	**3,652**	3,546
Group contributions	**600**	703
Contributions by Scheme participants	**-**	19
Benefits paid	**(2,723)**	(2,659)
Actuarial (loss) / gain on assets	**(4,104)**	2,140
Fair value of assets at the end of the year	**51,415**	53,990

Notes *(continued)*

24 Pensions - UK *(continued)*

The change in defined benefit obligation over the period was as follows

	2011 £ 000	2010 £ 000
Defined benefit obligation at the beginning of the year	**69,416**	65,088
Current service cost	**-**	133
Contributions by Scheme participants	**-**	19
Interest cost	**3,676**	3,661
Benefits paid	**(2,723)**	(2,659)
Actuarial (gain) / loss on defined benefit obligation	**(1,063)**	2,551
Losses on Settlement on Curtailments	**-**	623
Defined benefit obligation at the end of the year	**69,306**	69,416

Summary of prior year amounts

	2011 £ 000	2010 £ 000	2009 £ 000	2008 £ 000	2007 £ 000
Present value of defined benefit obligation	**(69,306)**	(69,416)	(65,088)	(50,136)	(55,293)
Scheme assets	**51,415**	53,990	50,241	41,011	55,985
(Deficit) / surplus	**(17,891)**	(15,426)	(14,847)	(9,125)	692
Experience gains and (losses) on Scheme liabilities	**1,546**	(412)	241	1,222	(768)
Experience adjustments on Scheme assets	**(4,104)**	2,140	7,274	(18,295)	(727)

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is a loss of £15,483,000

The Group expects to contribute around £600,000 to the Scheme during the year ended 31 December 2012

25 Pensions - Ireland

The group's defined pension arrangements in Ireland are operated through the Ruberoid Holdings Limited Scheme Group contributions payable for the year to this defined benefit scheme amounted to £684,000 *(2010 £247,000)*

The Ruberoíd Holdings Limited Scheme was closed to future accrual with effect from 1 January 2009 and affected employers were offered entry to a new defined contribution scheme from that date At the same time, the cost of funding pension benefits was increased for both employees and the employer

The last full actuarial valuation of the Ruberoid Holdings Limited Scheme carried out at 31 December 2011 was used in accordance with FRS 17 by a qualified independent actuary

The principal assumptions used by the actuary to calculate the defined benefit scheme liabilities include

	At 31 December 2011	At 31 December 2010	At 31 December 2009
Discount rate	5 00%	5 00%	5 00%
Inflation rate	2 00%	2 00%	2 50%
Rate of increase to pensions in payments	2 00%	2 00%	2 50%
Rate of increase in salaries	1 75%	1 75%	2 25%
Post retirement mortality assumption (males)	108 5% PMA92 (c2025) adjusted for 3% reduction p a to mortality rate for each year post retirement		
Post retirement mortality assumption (females)	79 5% PFA92 (c2025) adjusted for 1 5% reduction p a to mortality rate for each year post retirement		

Under the mortality tables adopted, the assumed future life expectancy at age 65 is as follows

Life expectancy at age 65	**At 31 December 2011**	At 31 December 2010	At 31 December 2009
Male currently aged 65	24 6	24 6	24 6
Female currently aged 65	28 3	28 3	28 3

	At 31 December 2011	At 31 December 2010	At 31 December 2009
Long term expected rate of return on the Scheme's assets net of expenses	5 51% p a	6 15% p a	5 7% p a

The assumptions are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale involved, may not necessarily be borne out in practice

Notes *(continued)*

25 Pensions – Ireland *(continued)*

Assets

The major categories of assets as a percentage of total assets are as follows

Asset category	At 31 December 2011	At 31 December 2010	At 31 December 2009
Equities	39%	49%	48%
Property	1%	2%	2%
Bonds	8%	9%	11%
Cash	27%	14%	8%
Bulk annuity policy	25%	26%	31%
Total	**100%**	**100%**	**100%**

The actual return on the Scheme's assets net of expenses over the period to the review date was approximately £282,000

The assets do not include any investment in the shares of any group companies

The assumption for the expected return on the Scheme's assets is derived as a weighted average of the expected returns on each asset class The expected returns on each class are based on market conditions at the relevant accounting date, allowing for the risk premium expected on each asset class where appropriate For bonds, the gross redemption yield at the start of the year on an appropriate long dated bond was used For equities, a risk premium of 3% pa in excess of the gross redemption yield on the long bond was used For property a risk premium of 2% pa in excess of the gross redemption yield on the long bond was used For cash an assumed rate of return of 2% pa was used

Amounts recognised in the balance sheet at 31 December 2011

	Value at 31 December 2011 £ 000	Value at 31 December 2010 £ 000	Value at 31 December 2009 £ 000
Equities	1,629	1,991	1,811
Bonds	355	378	435
Property	62	73	60
Cash	1,152	551	288
Bulk annuity policy	1,032	1,071	1,166
Total market value of assets	4,230	4,064	3,760
Present value of funded scheme liabilities	(4,220)	(4,311)	(4,748)
Surplus / (deficit) in the scheme	10	(247)	(988)
Deferred taxation (at 25% for 2011, 27% for 2010, 28% for 2009)	(2)	67	277
Net pension liability	8	(180)	(711)

Notes *(continued)*

25 Pensions – Ireland *(continued)*

Amounts recognised in the Statement of Total Recognised Gains and Losses in the year

	2011 £ 000	2010 £ 000
Actuarial (losses) / gains	(402)	456
Net exchange movement on opening deficit	(2)	42
Total	(404)	498

Amounts recognised in the Profit and Loss Account in the year

	2011 £ 000	2010 £ 000
Interest cost	158	171
Expected return on assets	(178)	(167)
Total	(20)	4

Movement in deficit during the year

	2011 £ 000	2010 £ 000
Deficit in scheme at beginning of year	(247)	(988)
Exchange movement on opening deficit	7	42
Adjusted deficit in scheme at beginning of year	(240)	(946)
Current service costs	(41)	-
Contributions paid	660	247
Other finance income / (charge)	20	(4)
Actuarial (loss) / gain	(389)	456
Deficit in scheme at end of year	10	(247)

Notes *(continued)*

25 Pensions – Ireland *(continued)*

Reconciliation of Assets and Defined Benefit Obligation

The change in assets over the period was as follows

	2011 £ 000	2010 £ 000
Fair value of assets at the beginning of the year	**4,064**	3,760
Exchange movement on opening value of assets	**(106)**	(165)
Adjusted deficit in scheme at beginning of year	**3,958**	3,595
Expected return on assets	**172**	167
Group contributions	**660**	247
Benefits paid	**(316)**	(1)
Actuarial (loss) / gain on assets	**(244)**	56
Fair value of assets at the end of the year	**4,230**	4,064

The change in defined benefit obligation over the period was as follows

	2011 £ 000	2010 £ 000
Defined benefit obligation at the beginning of the year	**4,311**	4,748
Exchange movement on opening obligation	**(113)**	(207)
Adjusted deficit in scheme at beginning of year	**4,198**	4,541
Current service costs	**41**	-
Interest cost	**152**	171
Benefits paid	**(316)**	(1)
Actuarial loss / (gain) on defined benefit obligation	**145**	(400)
Defined benefit obligation at the end of the year	**4,220**	4,311

Summary of prior year amounts

	2011 £ 000	2010 £ 000	2009 £ 000
Present value of defined benefit obligation	**4,220**	(4,311)	(4,748)
Scheme assets	**4,230**	4,064	3,760
Surplus/(deficit)	**10**	(247)	(988)
Experience (losses) and gains on Scheme liabilities	**(144)**	91	121
Experience adjustments on Scheme assets	**(244)**	82	260

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is a loss of £1,041,000

The Group expects to contribute around €396,000 to the Scheme during the year ended 31 December 2012

Notes *(continued)*

26 Related party transactions

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

The loan ASBO NV received from IKO Europe NV has increased to €4,256,250 at December 2011 (2010 €2,656,250) Interest charged by IKO Europe NV amounted to €8,823 (2010 €58,275)

The loan ATAB NV received from IKO Europe NV has decreased to €6,899,354 at December 2011 (2010 €8,251,562) Interest charged by IKO Europe NV amounted to €241,237 (2010 €251,826)

The loan IKO Holdings BV (Consolidated) received from IKO Europe NV has decreased to €24,843,703 at December 2011 (2010 €26,172,287) Interest charged by IKO Europe NV amounted to €694,442 (2010 €548,004)

The loan K&L Invest received from IKO Europe NV remained at €200,000 at December 2011 (2010 €200,000) Interest charged by IKO Europe NV amounted to €10,298 (2010 €6,101)

The non-interest bearing loans IKO PLC received from IKO Sales Limited decreased to £9,229,000 at December 2011 (2010 £9,292,000)

The non-interest bearing loans IKO Holdings PLC received from IKO Sales Limited remained at €12,015,447 on 31 December 2010 and 31 December 2011

The loan IKO Holdings PLC received from IKO Sales Limited remained at $2,500,000 on 31 December 2010 and 31 December 2011 Interest of $25,000 USD is outstanding on this loan at the year end date (2010 £Nil)

The loan IKO Europe NV received from IKO Limited (formerly known as Ruberoid Building Products Limited) has increased to €5,669,000 at December 2011 (2010 €2,699,000) Interest received by IKO Limited amounted to €59,583 (2010 €14,842)

IKO PLC received a loan from IKO Europe NV in the year of €3,450,000 IKO PLC also received a loan from IKO Europe NV in the year of £700,000 Interest charged by IKO Europe NV amounted to €51,682

27 Controlling parent companies

The company's immediate controlling company is IKO Sales Limited IKO Sales Limited is incorporated and registered in Canada

The company's ultimate controlling company is IKO Enterprises Limited which is incorporated and registered in Canada

Neither of the above prepares consolidated financial statements

28 Section 17 exemption

In order to avail of the exemption under Section 17 of the Companies (Amendment) Act 1986, the holding company has guaranteed the liabilities of its Irish subsidiary undertaking IKO Limited (formerly Ruberoid Building Products Limited) As a result they have been exempted from the provisions under Section 7 of that Act