

**Ruberoid Contracts Limited**

**Directors' report and financial  
statements**

Registered number 1036456

For the year ended 31 December 2000



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## Directors' report

The Directors present their report together with the audited financial statements for the year ended 31 December 2000.

### Principal activity and business review

The principal activity of the Company is that of roofing and wall cladding contracting. Future developments will be in the same area.

On 17 January 2000 it was announced that agreement had been reached between the board of Ruberoid PLC and the board of IKO U.K. Limited ("IKO UK") on the terms of a recommended cash offer to be made by ING Barings on behalf of IKO UK. On 8 February 2000 the board of IKO UK announced that the offer had been declared unconditional in all respects. With effect from 12 April 2000, Ruberoid PLC became a wholly owned subsidiary of IKO UK, which is registered in England and Wales. IKO UK is a wholly owned subsidiary of IKO Sales Limited which is incorporated in Canada.

### Results and dividends

The profit and loss account is shown on page 5. The loss for the year after taxation amounted to £13,000 (1999: loss £9,000). The Directors do not recommend the payment of a dividend (1999: £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:

BB Dyson	
IGS McPherson	(resigned 7 September 2001)
B Stock	(resigned 10 April 2000)
ML Kippen	(appointed 7 September 2001)
AJ Smith	(appointed 5 March 2001)

The interests of Mr IGS McPherson in the share capital of the Company's intermediate parent company as at 31 December 2000, Ruberoid PLC, are disclosed in the report and financial statements of that Company.

The interests in the share capital of Ruberoid PLC of the remaining Director who held office in the Company at 31 December 2000 was as follows:

	At 31 December 1999		Share option movements in year Surrendered /lapsed	At 31 December 2000	
	Ordinary shares	Share options		Ordinary shares	Share options
BB Dyson	-	* 3,890	(3,890)	-	-
	-	‡ 2,875	(2,875)	-	-
	-	† 40,000	(40,000)	-	-
		#10,000	(10,000)	-	-

\* Granted on 28 June 1994 under the Ruberoid PLC Employee Savings Related Share Option Scheme, normally exercisable after 28 June 1999 at 133 pence per share.

‡ Granted on 12 June 1996 under the Ruberoid PLC Employee Savings Related Share Option Scheme, normally exercisable after 12 June 2001 at 120 pence per share.

† Granted on 23 April 1998 under the Ruberoid PLC Executive Share Option Scheme, normally exercisable (subject to the achievement of performance targets) between April 2001 and April 2005 in respect of the Unapproved Part of the scheme, and April 2008 in respect of the Approved Part at 101 pence per share.

## Directors' report *(continued)*

### Directors and Directors' interests *(continued)*

Allocations between the Approved and Unapproved Parts of the scheme for the purposes of this grant were as follows:

	Unapproved	Approved
BB Dyson	10,298	29,702

# Granted on 23 April 1999 under the Executive Scheme Unapproved part, normally exercisable (subject to the achievement of performance targets) between April 2002 and April 2006 at 119 pence per share.

Pursuant to the recommended cash offer made on behalf of IKO UK Limited ("IKO") for the entire issued share capital of the Company's holding company, Ruberoid PLC, which was declared unconditional on 8 February 2000, options under the Executive and the SAYE Scheme became exercisable. Pursuant to the offer dated 9 February 2000 made on behalf of IKO to holders of options under the Executive Scheme and the SAYE Scheme the remaining options held by Directors were surrendered, or allowed to lapse. In consideration of the surrender, option holders were paid the difference between the option price and 137 pence per option.

None of the Directors had any declarable beneficial interest in the share or loan capital of any other subsidiary undertaking of IKO Sales Limited during the year.

None of the Directors had any declarable beneficial interest in the share or loan capital of the company's ultimate parent company, IKO Sales Limited.

### 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.

This report was approved by the board on 10 September 2001 and signed on its behalf by:



ML Kippen  
Company Secretary

14 Tewin Road  
Welwyn Garden City  
Herts  
AL7 1BP

## 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.



## KPMG Audit Plc

2 Cornwall Street  
Birmingham  
B3 2DL

### **Auditor's report to the members of Ruberoid Contracts Limited**

We have audited the financial statements on pages 5 to 10.

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

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

#### **Basis of audit 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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

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

10 September 2001

**Profit and loss account**  
*for the year ended 31 December 2000*

	<i>Note</i>	<b>2000</b> <b>£000</b>	<b>1999</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>83</b>	<b>163</b>
Cost of sales		(76)	(141)
<b>Gross profit</b>		<b>7</b>	<b>22</b>
Administrative expenses		(10)	(26)
<b>Operating loss</b>		<b>(3)</b>	<b>(4)</b>
Interest payable	<b>3</b>	(8)	(9)
<b>Loss on ordinary activities before taxation</b>	<b>5</b>	<b>(11)</b>	<b>(13)</b>
Tax on loss on ordinary activities	<b>6</b>	(2)	4
<b>Retained loss for the financial year deducted from reserves</b>	<b>14</b>	<b>(13)</b>	<b>(9)</b>

The result for the financial year was derived wholly from continuing operations.

Movements in reserves are set out in note 14 on page 9.

**Statement of total recognised gains and losses**

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


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

	<b>2000</b> <b>£000</b>	<b>1999</b> <b>£000</b>
Loss for the financial year	(13)	(9)
Equity shareholders' funds at beginning of year	136	145
<b>Equity shareholders' funds at end of year</b>	<b>123</b>	<b>136</b>

**Balance sheet**  
 at 31 December 2000

	Note	2000 £000	1999 £000
<b>Fixed assets</b>			
Tangible assets	7	-	-
<b>Current assets</b>			
Stocks	8	6	4
Debtors: amounts falling due within one year	9	146	133
Debtors: amounts falling due after more than one year	9	660	662
		<u>812</u>	<u>799</u>
Creditors: amounts falling due within one year	10	(207)	(181)
		<u>605</u>	<u>618</u>
<b>Net current assets</b>			
Due within one year		(55)	(44)
Due after more than one year		660	662
		<u>605</u>	<u>618</u>
<b>Total assets less current liabilities</b>		<b>605</b>	<b>618</b>
Creditors: amounts falling due after more than one year	11	(482)	(482)
		<u>123</u>	<u>136</u>
<b>Net assets</b>		<b>123</b>	<b>136</b>
<b>Capital and reserves</b>			
Called up share capital	13	3,250	3,250
Profit and loss account	14	(3,127)	(3,114)
		<u>123</u>	<u>136</u>
<b>Equity shareholders' funds</b>		<b>123</b>	<b>136</b>

These financial statements were approved by the Board of Directors on 10 September 2001 and were signed on its behalf by:

  
**BB Dyson**  
 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.

#### *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 IKO U.K. Limited's consolidated financial statements which are publicly available.

#### *Cash flow statement*

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 IKO U.K. Limited's consolidated financial statements.

#### *Turnover*

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

#### *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.

### 2 Turnover

Turnover arose from one class of business and originated in the United Kingdom, the Company's sole market.

### 3 Interest payable

	2000 £000	1999 £000
Interest payable to group undertakings	8	9

### 4 Employees and directors

Apart from the directors, the company had no employees (1999: Nil).

None of the directors received any emoluments during the year ended 31 December 2000 (1999: £Nil).

### 5 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation has been arrived at after charging:

	2000 £000	1999 £000
Auditors' remuneration – audit	5	6

## Notes (continued)

### 6 Tax on loss on ordinary activities

Taxation based on the loss for the year comprises:

	2000 £000	1999 £000
Group relief receivable	-	(6)
Deferred taxation (see note 12)	2	2
	<u>2</u>	<u>(4)</u>

### 7 Tangible assets

Plant, machinery  
and vehicles  
£000

#### Cost

At beginning and end of year

17

#### Depreciation

At beginning and end of year

17

#### Net book value

At 31 December 2000 and 31 December 1999

-

### 8 Stocks

	2000 £000	1999 £000
Work in progress	135	56
Payments received on account	(129)	(52)
	<u>6</u>	<u>4</u>

### 9 Debtors

	2000 £000	1999 £000
<b>Amounts falling due within one year:</b>		
Trade debtors	55	44
Amounts owed by group undertakings	86	68
Other debtors	5	15
Group relief receivable	-	6
	<u>146</u>	<u>133</u>
<b>Amounts falling due after more than one year:</b>		
Deferred taxation (see note 12)	4	6
Amounts owed by group undertakings	656	656
	<u>660</u>	<u>662</u>
	<u>806</u>	<u>795</u>

## Notes (continued)

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

	2000 £000	1999 £000
Bank loans and overdrafts	119	110
Trade creditors	21	17
Amounts owed to group undertakings	46	48
Accruals and deferred income	21	6
	<u>207</u>	<u>181</u>

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

	2000 £000	1999 £000
Amounts owed to group undertakings	<u>482</u>	<u>482</u>

### 12 Deferred taxation

The movement in the deferred tax asset during the year was as follows:

	£000
At beginning of year	6
Transfer to profit and loss	(2)
At end of year	<u>4</u>

The deferred tax asset is included in debtors (see note 9), is calculated at 30% (1999: 30%) and relates to accelerated capital allowances.

There was no unprovided deferred tax at 31 December 2000 (1999: £Nil).

### 13 Share capital

	2000 £000	1999 £000
<i>Authorised, allocated, called up and fully paid:</i>		
3,250,000 ordinary shares of £1 each	<u>3,250</u>	<u>3,250</u>

### 14 Profit and loss account

	£000
At beginning of year	(3,114)
Retained loss for the financial year	(13)
At end of year	<u>(3,127)</u>

**Notes** *(continued)*

**15    Contingent liabilities**

The Company has guaranteed bank overdrafts and loans in respect of Ruberoid PLC and fellow subsidiary undertakings. At 31 December 2000 the amounts outstanding in respect of these guarantees amounted to £2,491,000 (1999: £4,518,000).

**16    Ultimate parent company**

The company's ultimate parent company is IKO Sales Limited, a company incorporated in Canada. Its ultimate parent company in the United Kingdom is IKO U.K. Limited, a company registered in England and Wales, which in turn wholly owns the issued share capital of Ruberoid PLC.

The financial statements have been consolidated in the financial statements of IKO U.K. Limited. Copies of the financial statements are available from the Company Secretary, IKO U.K. Limited, 14 Tewin Road, Welwyn Garden City, Herts AL7 1BP.