

Briggs Roofing and Cladding Limited

**Directors' report and financial
statements**

Registered number 3541311

For the year ended 31 December 2002



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Directors' report

The Directors present their report together with the audited financial statements for the year ended 31 December 2002.

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.

Results and dividends

The profit and loss account is shown on page 5. The loss for the financial year amounted to £1,784,000 (2001: profit of £535,000). No interim dividends have been paid up to the current date (2001: £627,000). No final dividend is proposed (2001: £370,000).

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	(resigned 30 September 2002)
AM Comba	(appointed 1 January 2002)
ML Kippen	(appointed 1 January 2002)
HM Koschitzky	
FD Lynch	
DP Maginnis	
P Shields	
AJ Smith	

Mr HM Koschitzky is an overseas based director and is not required to notify his interest in group undertakings incorporated outside Great Britain to the company. He has no beneficial interest in the share capital of group companies incorporated in Great Britain.

The declarable beneficial interests of FD Lynch, DP Maginnis, P Shields and AJ Smith in the share capital of Houseplan Limited, an intermediate holding company of Briggs Roofing and Cladding Limited, is given in that company's accounts. Apart from these interests 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.

Charitable and political donations

Charitable donations in the UK totalled £683 (2001: £375). No political contributions were made.

Employees

The company operates a policy whereby employees are recruited, trained, developed and promoted on the basis of their suitability for the work to be performed. In particular, no applicant or employee receives less favourable treatment on the grounds of sex, handicap, marital status, creed, colour, race or ethnic origin, or is disadvantaged by conditions or requirements which cannot be shown to be justifiable. The health, safety and welfare of everyone who enters our site or may be affected by our activities are regarded as the highest priority of the company.

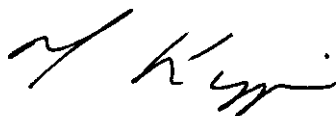
Briefing of all employees is carried out in order to ensure important information concerning the business is fully communicated and to provide opportunities for discussion of these and other matters.

Directors' report *(continued)*

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 2 October 2003 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 period 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

Independent auditors' report to the members of Briggs Roofing and Cladding Limited

We have audited the financial statements on pages 5 to 18.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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.

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 1985. 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 2002 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

2 October 2003

Profit and loss account
for the year ended 31 December 2002

	<i>Note</i>	Before exceptional items £000	2002 Exceptional items relating to restructuring £000	Total £000	2001 £000
Turnover	2	33,069	-	33,069	45,229
Cost of sales		(27,613)	(331)	(27,944)	(37,640)
Gross profit		<u>5,456</u>	<u>(331)</u>	<u>5,125</u>	<u>7,589</u>
Operating expenses	3	(6,930)	(552)	(7,482)	(6,633)
Operating (loss)/profit		<u>(1,474)</u>	<u>(883)</u>	<u>(2,357)</u>	<u>956</u>
(Loss)/profit on sale of fixed assets				(2)	3
Provision against investment in subsidiary undertakings	3			-	(682)
Net interest payable	4			(166)	(213)
Income from subsidiary undertakings				-	682
(Loss)/profit on ordinary activities before taxation	7			<u>(2,525)</u>	<u>746</u>
Tax on (loss)/profit on ordinary activities	8			741	(211)
(Loss)/profit for the financial year				<u>(1,784)</u>	<u>535</u>
Dividends	9			-	(997)
Retained deficit transferred to reserves	18			<u>(1,784)</u>	<u>(462)</u>

A statement of movements in reserves is shown in note 18 to the financial statements.

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

The results for the financial years were derived wholly from continuing operations in a single class of business within the United Kingdom.

There is no difference between the profit for the year as shown in the profit and loss account above and its historical equivalent.

Reconciliation of movements in equity shareholders' funds

	2002 £000	2001 £000
(Loss)/profit for the financial year	(1,784)	535
Dividends	-	(997)
	<hr/>	<hr/>
Movement in shareholders' funds	(1,784)	(462)
Equity shareholders' funds at beginning of year	9,435	9,897
	<hr/>	<hr/>
Equity shareholders' funds at end of year	7,651	9,435
	<hr/>	<hr/>

Balance sheet
 at 31 December 2002

	Note	2002 £000	2001 £000	£000
Fixed assets				
Tangible assets	10	1,558	1,477	
Investments	11	7,146	7,146	
			8,704	8,623
Current assets				
Stock	12	383	719	
Debtors: amounts falling due within one year	13	10,945	12,188	
Debtors: amounts falling due after more than one year	13	136	109	
Cash at bank and in hand		220	829	
		11,684	13,845	
Creditors: amounts falling due within one year	14	(9,992)	(10,182)	
Net current assets				
Due within one year		1,556	3,554	
Due after more than one year		136	109	
			1,692	3,663
Total assets less current liabilities			10,396	12,286
Creditors: amounts falling due after more than one year	15	(2,745)	(2,805)	
Provisions for liabilities and charges	16	-	(46)	
Net assets			7,651	9,435
Capital and reserves				
Called up share capital	17	9,328	9,328	
Profit and loss account	18	(1,677)	107	
Equity shareholders' funds			7,651	9,435

These financial statements were approved by the Board of Directors on 2 October 2003 and were signed on its behalf by:


 DP Maginnis
 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.

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.

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.

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is wholly owned and IKO U.K. Limited, the company's parent undertaking in the United Kingdom, includes the company's cash flows in its own published consolidated cash flow statement.

Turnover

Turnover represents the net amount receivable, excluding value added tax, for goods and services supplied to external customers and, in respect of contracting activities, the value of contracts completed during the period.

Depreciation

Freehold land is not depreciated. 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:

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

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.

Research and development

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

Notes (continued)

1 Accounting policies (continued)

Stocks

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

Taxation

The charge for taxation is based on the result for each year and takes into account deferred taxation, calculated in accordance with the requirements of FRS 19 "Deferred taxation". Deferred tax assets or liabilities are calculated on a non-discounted full provision basis in respect of timing differences that are expected to reverse in future years.

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

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

3 Operating expenses

	2002 £000	2001 £000
Administrative expenses:		
Administrative expenses before exceptional items	6,697	6,411
Restructuring expenses	552	-
	<hr/>	<hr/>
Total administration expenses	7,249	6,411
Other operating income and charges	233	222
	<hr/>	<hr/>
	7,482	6,633
	<hr/>	<hr/>
	2002 £000	2001 £000
Provision against investment in subsidiary undertakings	-	682
	<hr/>	<hr/>

Notes (continued)

4 Net interest payable

	2002 £000	2001 £000
Interest payable		
Interest payable to group undertakings	(35)	(212)
Bank interest payable	(143)	(1)
Finance lease interest	(6)	(25)
	<u>(184)</u>	<u>(238)</u>
Interest receivable		
Interest receivable from group undertakings	-	1
Bank interest receivable	18	24
	<u>18</u>	<u>25</u>
Net interest payable	<u>(166)</u>	<u>(213)</u>

5 Employees

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

	2002 Number	2001 Number
Production	312	321
Administration	155	153
	<u>467</u>	<u>474</u>

The aggregate employment costs were as follows:

	£000	£000
Wages and salaries	8,744	8,885
Social security costs	721	722
Other pension costs	394	386
	<u>9,859</u>	<u>9,993</u>

6 Directors' emoluments

	2002 £000	2001 £000
Directors' emoluments comprised:		
Remuneration	289	321
Compensation for loss of office	52	-
	<u>341</u>	<u>321</u>

Notes (continued)

6 Directors' emoluments (continued)

	2002 £000	2001 £000
Emoluments of the highest paid director:		
Remuneration	65	91

Number of directors

	2002	2001
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	5	5

7 (Loss)/profit on ordinary activities before taxation

	2002 £000	2001 £000
The (loss)/profit on ordinary activities before taxation is stated after charging:		
Operating leases:		
Plant and machinery	22	25
Other assets	436	383
Depreciation on tangible assets (note 10)	478	495
Auditors' remuneration:		
Audit	33	32
Other services	8	8

Notes (continued)

8 Tax on (loss)/profit on ordinary activities

(a) Analysis of taxation (credit)/charge for the year

The tax (credit)/charge for the financial year is made up as follows:

	2002 £000	2001 £000
UK Corporation tax:		
Current tax on income for the year	(667)	243
Adjustment in respect of prior year	(1)	-
	<u>(668)</u>	<u>243</u>
Deferred tax (see note 16):		
Origination and reversal of timing differences	(74)	(12)
Adjustment in respect of previous years	1	(20)
	<u>(73)</u>	<u>(32)</u>
Tax on (loss)/profit on ordinary activities	<u><u>(741)</u></u>	<u><u>211</u></u>

(b) Factors affecting the charge for the year:

The UK standard rate of corporation tax for the year is 30% (2001: 30%). The actual tax rate is lower (2001: higher) than the standard rate for the reasons set out below:

	2002 £000	2001 £000
(Loss)/profit on ordinary activities before tax	<u>(2,525)</u>	<u>746</u>
Tax on (loss)/profit on ordinary activities at UK standard rate of corporation tax of 30% (2001: 30%)	(758)	224
Expenses not deductible for tax purposes	16	7
Capital allowances for period less than depreciation	26	12
Other timing differences	49	-
Adjustment to tax charge in respect of previous periods	(1)	-
Current tax charge for the year	<u><u>(668)</u></u>	<u><u>243</u></u>

Notes (continued)

9 Dividends

	2002 £000	2001 £000
<i>Interim:</i>		
Paid in the year	-	569
Paid after the year end	-	58
Final proposed	-	370
	<hr/>	<hr/>
	-	997
	<hr/>	<hr/>

10 Tangible fixed assets

	Land and buildings £000	Plant, machinery and vehicles £000	Total £000
<i>Cost</i>			
At beginning of year	1,176	3,062	4,238
Additions	181	491	672
Disposals	(7)	(513)	(520)
	<hr/>	<hr/>	<hr/>
At end of year	1,350	3,040	4,390
	<hr/>	<hr/>	<hr/>
Gross book value of depreciable assets	1,292	2,537	3,829
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	518	2,243	2,761
Charge for the year	67	411	478
Disposals	(2)	(405)	(407)
	<hr/>	<hr/>	<hr/>
At end of year	583	2,249	2,832
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2002	767	791	1,558
	<hr/>	<hr/>	<hr/>
At 31 December 2001	658	819	1,477
	<hr/>	<hr/>	<hr/>

Included in plant, machinery and vehicles above are assets held under finance leases with a net book value of £37,000 (2001: £256,000). Depreciation charged on these assets during the year amounted to £110,000 (2001: £234,000).

Notes (continued)

10 Tangible fixed assets (continued)

The net book value of land and buildings comprises:

	2002 £000	2001 £000
Freehold	595	445
Long leasehold	29	43
Short leasehold	143	170
	<hr/>	<hr/>
	767	658
	<hr/>	<hr/>

11 Investments

	Shares in subsidiary undertakings £000
<i>Cost</i>	
At 1 January 2002 and 31 December 2002	7,828
	<hr/>
<i>Provisions</i>	
At 1 January and 31 December 2002	(682)
	<hr/>
<i>Net book value</i>	
At 31 December 2002 and at 31 December 2001	7,146
	<hr/>

The following investments in subsidiary undertakings were held at the year end:

	% of ordinary share capital
Briggs Roofing and Cladding (South) Limited	100%
Briggs Roofing and Cladding (North) Limited	100%
Maurice Hill Limited*	100%
William Briggs and Sons Limited**	100%
Durastic Roofing and Cladding Limited	100%
Hyflex Roofing Limited	100%
Ruberoid Contracts Limited	100%

All the companies were incorporated in Great Britain. All of the above companies, with the exception of Ruberoid Contracts Limited, ceased to trade as at 30 June 1998. Ruberoid Contracts Limited's principal activity is roofing and wall cladding contracting.

* Previously known as Briggs Roofing and Cladding (Midlands) Limited

** Previously known as Briggs Roofing and Cladding (Scotland) Limited

Notes (continued)

12 Stocks

	2002 £000	2001 £000
Raw materials	488	511
Work in progress	17,094	14,024
	<hr/>	<hr/>
	17,582	14,535
Payments on account	(17,199)	(13,816)
	<hr/>	<hr/>
	383	719
	<hr/>	<hr/>

13 Debtors

	2002 £000	2001 £000
Amounts falling due within one year:		
Trade debtors	9,342	10,634
Amounts owed by group undertakings	58	243
Corporation tax recoverable	717	-
Other debtors	257	703
Prepayments and accrued income	571	608
	<hr/>	<hr/>
	10,945	12,188
Amounts falling due after more than one year:		
Amounts owed by group undertakings	109	109
Deferred tax (see note 16)	27	-
	<hr/>	<hr/>
	136	109
	<hr/>	<hr/>
	11,081	12,297
	<hr/>	<hr/>

14 Creditors: amounts falling due within one year

	2002 £000	2001 £000
Bank overdraft	3,084	393
Finance leases	37	195
Trade creditors	3,819	4,439
Amounts owed to group undertakings	153	679
Corporation tax	-	136
Other tax and social security	788	1,072
Other creditors	306	357
Accruals and deferred income	1,805	2,483
Interim dividend payable	-	58
Final dividend proposed	-	370
	<hr/>	<hr/>
	9,992	10,182
	<hr/>	<hr/>

Notes (continued)

15 Creditors: amounts falling due after more than one year

	2002 £000	2001 £000
Finance leases	-	61
Amounts owed to group undertakings	2,745	2,744
	<u>2,745</u>	<u>2,805</u>

16 Deferred taxation

	£000
At beginning of year	46
Credit to the profit and loss for the year	(73)
	<u>(27)</u>
At end of year	(27)

The elements of deferred taxation are as follows:

	2002 £000	2001 £000
Difference between accumulated depreciation and amortisation and capital allowances	82	106
Other timing differences	(109)	(60)
	<u>(27)</u>	<u>46</u>

There was no unprovided deferred taxation at 31 December 2002 (2001: £Nil).

17 Share capital

	2002 £000	2001 £000
Authorised:		
15,000,000 ordinary shares of £1 each	15,000	15,000
	<u>15,000</u>	<u>15,000</u>
Allotted, called up and fully paid:		
9,327,602 ordinary shares of £1 each	9,328	9,328
	<u>9,328</u>	<u>9,328</u>

Notes (continued)

18 Reserves

	Profit and loss account £000
At the beginning of the year	107
Retained deficit for the year	(1,784)
	<hr/>
At end of year	(1,677)
	<hr/>

19 Contingent liabilities

Performance bonds have been entered into in the normal course of business.

The Company has guaranteed bank overdrafts and loans in respect of Ruberoid PLC and fellow subsidiary undertakings. At 31 December 2002 the amounts outstanding in respect of these guarantees amounted to £34,950 (2001: £1,757,000).

20 Commitments

The Company had annual commitments under non cancellable operating leases which expire:

	31 December 2002		31 December 2001	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Within one year	12	-	-	-
In second to fifth years	191	22	8	25
Over five years	175	-	342	-
	<hr/>	<hr/>	<hr/>	<hr/>
	378	22	350	25
	<hr/>	<hr/>	<hr/>	<hr/>

Capital commitments authorised and contracted for as at 31 December 2002 were £Nil (2001: £50,500).

21 Pensions

The company participates in the Ruberoid PLC Staff Pension Scheme. This is a defined benefit scheme which was closed to new members in April 2002.

During the year, the company contributed £347,000 (2001: £345,000) to the Ruberoid PLC Staff Pension Scheme.

The company also participates in two defined contribution schemes for employees; the Ruberoid PLC new staff pension scheme and the Ruberoid PLC works and operatives pension scheme. During the year the company contributed £4,000 (2001: £Nil) and £43,000 (2001: £41,000) respectively to those schemes.

Full disclosure is contained within the financial statements of the company's immediate parent company, Ruberoid PLC.

Contributions outstanding at 31 December 2002 were £Nil (2001: £Nil).

Notes (continued)

21 Pensions (continued)

FRS 17

As the Ruberoid PLC Staff Pension Scheme is run for the Ruberoid group as a whole, the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis. Hence, as permitted by FRS 17: "Retirement benefits", the scheme will be accounted for by the company as if the scheme was a defined contribution scheme when the accounting standard is fully adopted.

At 31 December 2002, the scheme has a deficit on an FRS 17 basis of £6,278,000.

22 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 parent company of the company's immediate parent company, Houseplan Limited.

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.