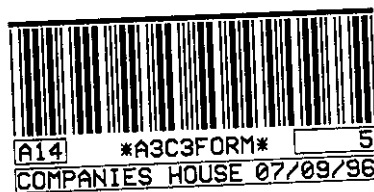


CONSOLIDATED TIMBER HOLDINGS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1995

2295212



**CONSOLIDATED TIMBER HOLDINGS LIMITED**

**CHAIRMAN'S STATEMENT FOR FINANCIAL YEAR ENDED 31 DECEMBER 1995**

The results for this year reflect the difficult trading conditions which were experienced during most of the year.

These circumstances were exacerbated by a significant shift in the product mix caused by a change in requirements in the Building Regulations added to lower overall demand and falling prices. As a result MBM were particularly badly affected although both Compass and Falcon performed strongly.

Our associated companies produced a credible level of profitability during the year.

At the time of writing it is difficult to assess the situation for 1996. There has been no overall improvement in the level of demand and apparent consumption remains weak. However, interest rates are falling and there are signs that a higher level of activity may be around the corner, but any improvement may well be slow.

Any company like ours depends upon the efforts of its employees; ours is no exception. I am pleased to report that they have responded superbly during a difficult year.



MJ Meyer  
23 April 1996

## **CONSOLIDATED TIMBER HOLDINGS LIMITED**

### **DIRECTORS' REPORT**

The directors have pleasure in presenting their report and accounts for the year ended 31 December 1995.

### **REGISTERED NUMBER OF THE COMPANY**

The registered number of the company is 2295212.

### **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 of the company 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **REVIEW OF THE BUSINESS**

The results for 1995 reflect the difficult trading conditions which were experienced during most of the year.

The principal activity of the Group is the distribution of timber and panel products. During 1994 the Group closed its operations at Newport, resulting in the loss of 17 staff and the disposal of the terminal assets. The Group are now renting terminal facilities at Tilbury. The Pulp and Paper Division was also closed in 1994.

### **RESULTS AND DIVIDENDS**

The group loss after taxation for the year amounted to £360,021 (1994: profit of £641,134).

Preference share dividends of £54,750 (1994: £54,750) were paid during the year.

The directors propose a final ordinary share dividend of £23,000 (1994: £103,500) and that the remaining loss of £437,771 (1994 : profit of £482,884) be withdrawn from reserves.

## CONSOLIDATED TIMBER HOLDINGS LIMITED

### DIRECTORS' REPORT (Continued)

#### DIRECTORS

The following were directors of the company during the year:

MJ Meyer (Chairman)

JB Clegg

DWH Martin

MJP Bacon

CH Sporborg (resigned 15 November 1995)

SD Holdsworth (appointed 17 November 1995)

#### DIRECTOR'S INTERESTS

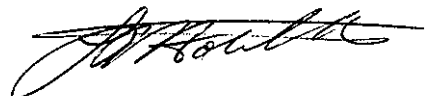
The directors' interests in shares of the Company at 1 January and 31 December 1995 were as follows:

	Number of Ordinary shares		Number of 7.3% Cumulative redeemable preference shares	
	<u>Non-beneficial</u>	<u>Beneficial</u>	<u>Non-beneficial</u>	<u>Beneficial</u>
MJ Meyer	-	246,700	-	137,500
JB Clegg	-	92,000	-	-
DWH Martin	-	46,000	-	-
MJP Bacon	-	92,000	-	-

#### AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board



SD Holdsworth  
Secretary

23 April 1996

*Price Waterhouse*



**AUDITORS' REPORT TO THE MEMBERS OF  
CONSOLIDATED TIMBER HOLDINGS LIMITED**

We have audited the financial statements on pages 5 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

**Respective responsibilities of directors and auditors**

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

**Basis of opinion**

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

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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's and of the group's affairs as at 31 December 1995 and of the group's result and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

Price Waterhouse  
Chartered Accountants and  
Registered Auditors  
London

23 April 1996

**CONSOLIDATED TIMBER HOLDINGS LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1995**

	Notes	<u>1995</u> £	<u>1994</u> £
<b>TURNOVER</b>			
Continuing operations		59,880,855	59,731,650
Discontinued operations		-	114,260
	1	59,880,855	59,845,910
<b>COST OF SALES</b>	2	(55,978,360)	(54,686,536)
<b>GROSS PROFIT</b>		3,902,495	5,159,374
Distribution costs	2	(998,189)	(1,037,795)
Administration expenses	2	(2,946,966)	(3,027,815)
<b>OPERATING (LOSS)/PROFIT</b>			
Continuing operations		(42,660)	1,382,679
Discontinued operations		-	(288,915)
		(42,660)	1,093,764
Loss on termination of discontinued operation	3	-	(156,640)
Share of profits of associated undertakings		159,366	44,173
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		116,706	981,297
Net interest payable	4	(398,877)	(208,690)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	6	(282,171)	772,607
<b>TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES</b>	7	(77,850)	(131,473)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(360,021)	641,134
<b>DIVIDENDS PAID AND PROPOSED</b>		(77,750)	(158,250)
<b>AMOUNT (WITHDRAWN FROM)/TRANSFERRED TO RESERVES</b>	15	(437,771)	482,884

The notes on pages 9 to 20 form part of these accounts.

The Group has no recognised gains or losses other than those included in the profit and loss account above.

**CONSOLIDATED TIMBER HOLDINGS LIMITED**

**CONSOLIDATED BALANCE SHEET - 31 DECEMBER 1995**

	Notes	1995	1994
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	339,656	309,000
Investments	10	<u>437,760</u>	<u>308,431</u>
		777,416	617,431
<b>CURRENT ASSETS</b>			
Stocks - goods for resale		8,195,129	8,535,049
Debtors	11	10,083,084	11,136,672
Cash at bank and in hand		<u>621,982</u>	<u>261,347</u>
		18,900,195	19,933,068
<b>CREDITORS</b> (Amounts falling due within one year)	12	<u>(13,017,076)</u>	<u>(13,452,193)</u>
<b>NET CURRENT ASSETS</b>		<u>5,883,119</u>	<u>6,480,875</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,660,535</u>	<u>7,098,306</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	1,900,000	1,900,000
Capital reserve	15	522,991	522,991
Profit and loss account	15	<u>4,237,544</u>	<u>4,675,315</u>
<b>SHAREHOLDERS' FUNDS</b>	17	<u>6,660,535</u>	<u>7,098,306</u>

**DIRECTOR**

MJ Meyer

23 April 1996

The notes on pages 9 to 20 form part of these accounts.

# **CONSOLIDATED TIMBER HOLDINGS LIMITED**

## **BALANCE SHEET - 31 DECEMBER 1995**

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
<b>FIXED ASSETS</b>			
Investments	10	1,900,005	1,900,005
<b>CURRENT ASSETS</b>			
Debtors	11	483,575	477,938
Cash at bank and in hand		<u>-</u>	<u>-</u>
		483,575	477,938
<b>CREDITORS</b> (Amounts falling due within one year)	12	<u>(389,190)</u>	<u>(476,716)</u>
<b>NET CURRENT ASSETS</b>		<u>94,385</u>	<u>1,222</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,994,390</u>	<u>1,901,227</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	1,900,000	1,900,000
Profit and loss account	15	94,390	1,227
<b>SHAREHOLDERS' FUNDS</b>	17	<u>1,994,390</u>	<u>1,901,227</u>

### **DIRECTOR**

MJ Meyer

23 April 1996



The notes on pages 9 to 20 form part of these accounts.



**CONSOLIDATED TIMBER HOLDINGS LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1995**

	1995	1994
	£	£
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	(809,051)	1,636,942
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	142,599	109,461
Interest paid	(529,104)	(330,848)
Dividends paid	(158,250)	(146,750)
	<hr/>	<hr/>
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	(544,755)	(368,137)
<b>TAXATION</b>		
Corporation tax paid	(153,998)	(91,942)
<b>INVESTING ACTIVITIES</b>		
Payments to acquire tangible fixed assets	(252,725)	(180,982)
Receipts from sales of tangible fixed assets	<u>76,694</u>	<u>379,628</u>
<b>NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES</b>	<u>(176,031)</u>	<u>198,646</u>
<b>NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>	<u>(1,683,835)</u>	<u>1,375,509</u>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(1,683,835)</u>	<u>1,375,509</u>

# **CONSOLIDATED TIMBER HOLDINGS LIMITED**

## **NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**

### **1 RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	<u>1995</u> £	<u>1994</u> £
Operating (loss)/profit	(42,660)	1,093,764
Depreciation charges	147,940	187,671
Profit on sale of fixed assets	(2,565)	(56,258)
Decrease/(Increase) in stocks	339,920	(1,557,137)
Decrease/(Increase) in debtors	1,053,588	(71,786)
(Decrease)/Increase in creditors	(2,305,274)	2,197,328
Net cash outflow in respect of discontinued operations	<u>-</u>	<u>(156,640)</u>
Net cash (outflow)/inflow from continuing operating activities	<u>(809,051)</u>	<u>1,636,942</u>

### **2 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR**

Balance at 1 January	(823,749)	(2,199,258)
Net cash (outflow)/inflow	<u>(1,683,835)</u>	<u>1,375,509</u>
Balance at 31 December	<u>(2,507,584)</u>	<u>(823,749)</u>

### **3 ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN ON THE BALANCE SHEET**

	<u>1995</u> £	<u>1994</u> £	Change in <u>year</u> £	<u>1993</u> £	Change in <u>year</u> £
Cash in bank and in hand	621,982	261,347	360,635	387,451	(126,104)
Bank overdrafts	<u>(3,129,566)</u>	<u>(1,085,096)</u>	<u>(2,044,470)</u>	<u>(2,586,709)</u>	<u>1,501,613</u>
	<u>(2,507,584)</u>	<u>(823,749)</u>	<u>(1,683,835)</u>	<u>(2,199,258)</u>	<u>1,375,509</u>

## **CONSOLIDATED TIMBER HOLDINGS LIMITED**

### **NOTES TO THE ACCOUNTS - 31 DECEMBER 1995**

#### **1 ACCOUNTING POLICIES**

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

The following accounting policies were consistently followed throughout the year.

##### **(1) Basis of consolidation**

The group financial statements consolidate the results of the Company, its subsidiaries and associated companies.

The Group's interest in associated undertakings is stated using the equity method of accounting. The Group's share of the results of associated undertakings is included in the consolidated profit and loss account. Investments in associated undertakings are carried in the consolidated balance sheet at the Group's share of their net assets.

##### **(2) Turnover**

Turnover, all of which arises in the UK, represents amounts invoiced for sales and services, both as principal and agent, excluding value added tax. No further disclosure has been given of the Group's turnover since in the opinion of the directors such disclosure would be seriously prejudicial to the interests of the Group.

##### **(3) Deferred taxation**

Provision is made for deferred taxation at appropriate rates of corporation tax where there is a reasonable probability that such taxation will become payable within the foreseeable future.

##### **(4) Depreciation**

Depreciation is provided by equal annual instalments to write off tangible fixed assets over their respective useful lives.

The rates of depreciation are as follows:

Plant and machinery	- 7½% and 15%
Motor vehicles	- 20% - 25%
Office furniture and equipment	- 7½% - 25%
Office fittings	- Over period of lease

## **CONSOLIDATED TIMBER HOLDINGS LIMITED**

### **NOTES TO THE ACCOUNTS - 31 DECEMBER 1995**

#### **1 ACCOUNTING POLICIES (continued)**

##### **(5) Stocks**

Stocks, which represents timber and panel products purchased for resale, are stated at the lower of cost and net realisable value.

##### **(6) Foreign currencies**

Transactions in currencies other than sterling are expressed in sterling at the rate of exchange at which the related foreign currency was bought or sold. Assets and liabilities denominated in foreign currencies are expressed in sterling at rates of exchange obtained under related forward exchange contracts or, in the absence of such contracts, at the rates ruling at the year end.

##### **(7) Pensions**

Pension costs in respect of the Group's defined benefit pension scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme. Variations from the regular cost are spread over the remaining service lives of current employees in the scheme. The pension cost is assessed in accordance with the advice of a qualified actuary.

Pension costs in respect of the Group's defined contribution pension schemes represent contributions payable to the schemes by the Group.

##### **(8) Leasing and hire purchase**

Where the Group enters into operating leases as lessee, the assets held thereunder are not reported in the balance sheet as the full rentals are charged to the profit and loss account as incurred.

# **CONSOLIDATED TIMBER HOLDINGS LIMITED**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1995**

### **2 DISCONTINUED OPERATIONS**

All 1995 turnover, cost of sales, distribution costs, administration expenses and operating profit related to continuing operations. In 1994 the analysis was as follows:

			1994
	Continuing Operations £	Discontinued Operations £	Total £
Turnover	59,731,650	114,260	59,845,910
Cost of sales	(54,537,917)	(148,619)	(54,686,536)
Distribution costs	(1,037,795)	-	(1,037,795)
Administration expenses	<u>2,773,259</u>	<u>(254,556)</u>	<u>3,027,815</u>
Operating profit/(loss)	<u>1,382,679</u>	<u>(288,915)</u>	<u>1,093,764</u>

### **3 EXCEPTIONAL ITEMS**

During 1994 the company closed its operations at Newport Terminal which resulted in 17 redundancies and the disposal of the terminal assets at Newport.

### **4 NET INTEREST PAYABLE**

	<u>1995</u> £	<u>1994</u> £
Bank and other interest receivable	142,886	108,616
Interest payable on bank and other borrowing repayable within five years	<u>(541,763)</u>	<u>(317,306)</u>
	<u>(398,877)</u>	<u>(208,690)</u>

# **CONSOLIDATED TIMBER HOLDINGS LIMITED**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1995**

### **5 DIRECTORS' EMOLUMENTS**

Directors' emoluments, including pension contributions, all of which relate to remuneration for management services were £390,039 (1994: £355,233).

The emoluments (excluding pension contributions) of the Chairman who is also the highest paid director are:

	<u>1995</u>	<u>1994</u>
	£	£
Chairman	82,152	77,162

The number of directors who receive emoluments (excluding pension contributions) in the following ranges were:

	<u>Number</u>	<u>Number</u>
£0 - £5,000	1	1
£5,001 - £10,000	1	-
£65,001 - £70,000	-	2
£70,001 - £75,000	2	1
£75,001 - £80,000	1	1
£80,001 - £85,000	1	-

### **6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<u>1995</u>	<u>1994</u>
	£	£

Profit on ordinary activities before taxation is stated after charging:

Staff costs (including directors):

Wages and salaries	1,261,872	1,534,928
Social security costs	123,122	181,951
Other pension costs	161,117	164,307
Depreciation	147,940	187,671
Auditors' remuneration - Audit fee	31,500	30,120
- Taxation services	5,975	6,000
Property leases	88,358	157,053
Foreign exchange adjustments	(23,684)	(190,547)

The average number of persons (including directors) employed by the Group during the year was 52 (1994: 62).

## CONSOLIDATED TIMBER HOLDINGS LIMITED

### NOTES TO THE ACCOUNTS - 31 DECEMBER 1995

#### 7 TAXATION

The charge for the year comprises:

	<u>1995</u> £	<u>1994</u> £
UK corporation tax at 25% (1994 - 25%)		
- current year	39,562	142,871
- prior year	8,252	(11,398)
Tax on share of profits of associated undertakings	30,036	-
	<hr/>	<hr/>
	77,850	131,473
Deferred tax	<hr/>	<hr/>
	77,850	131,473
	<hr/>	<hr/>

The UK Corporation tax charge is stated after the utilisation of group relief. Tax losses carried forward and available to be set off against future taxable profits of MBM Forest Products Limited amount to approximately £1,160,000 (1994: £765,000). The potential benefit from the utilisation of these losses has not been reflected in the accounts, other than to eliminate the necessity to set up a deferred tax provision for MBM Forest Products Limited.

#### 8 PENSION SCHEME

The Group operates a number of pension schemes. The assets of all pension schemes are held in separate Trustee Administered Funds and held separately from those of the Group.

The cost of the Group's contribution to the defined benefit scheme is calculated in accordance with the advice of an independent qualified actuary using the Attained Age Method. The latest formal Actuarial Valuation of the Scheme was carried out as at 6 April 1994. The principal assumptions adopted in the valuation were that, over the long term the annual rate of return on investments would exceed annual salary increases by 1.5%. This review was carried out by a qualified actuary.

The market value of the assets of the Scheme at the last review date was £2.98 million. The actuarial value of these assets was sufficient to cover the liabilities of the Scheme after allowing for assumed increases in earnings by 107%. The surplus has been allocated towards the reduction of employer contributions below the long term contribution rate. The total pension cost of the Scheme is £88,215 (1994: £77,405). The surplus has resulted in an annual reduction in the pension cost of £12,035 (1994: £10,851).

The cost of the Group's contribution to the defined contribution pension schemes is the contributions payable by the employer companies which amounted to £72,902 (1994: £101,942).

**CONSOLIDATED TIMBER HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1995**

**9 TANGIBLE FIXED ASSETS**

	<u>Plant and machinery</u> £	<u>Motor vehicles</u>	<u>Fixtures fittings and equipment</u> £	<u>Group Total</u> £
<b><u>Cost</u></b>				
At 1 January 1995	8,200	457,991	197,075	663,266
Additions	-	191,003	61,722	252,725
Disposals	<u>-</u>	<u>(216,233)</u>	<u>(75,863)</u>	<u>(292,096)</u>
At 31 December 1995	8,200	432,761	182,934	623,895
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
<b><u>Depreciation</u></b>				
At 1 January 1995	1,333	192,610	160,323	354,266
Provision for year	1,230	124,347	22,363	147,940
Disposals	<u>-</u>	<u>(143,213)</u>	<u>(74,754)</u>	<u>(217,967)</u>
At 31 December 1995	2,563	173,744	107,932	284,239
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
<b><u>Net book amount</u></b>				
At 31 December 1995	<u>5,637</u>	<u>259,017</u>	<u>75,002</u>	<u>339,656</u>
At 31 December 1994	<u>6,867</u>	<u>265,381</u>	<u>36,752</u>	<u>309,000</u>

The value of contracts placed for future capital expenditure not provided in the accounts was £Nil at 31 December 1995 (1994 - £29,784).



**CONSOLIDATED TIMBER HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1995**

**10 FIXED ASSET INVESTMENTS**

**Group**

	<u>1995</u>	<u>1994</u>
	£	£
Shares in associated undertakings		
At 1 January	308,431	229,038
Group's share of retained profits	<u>129,329</u>	<u>79,393</u>
At 31 December	437,760	308,431
	<u>          </u>	<u>          </u>

These investments are shown at cost plus the Group's share of post-acquisition retained profits. In the opinion of the directors, the Group's investments are stated at an amount not materially different from the Group's share of the net asset values.

Further details of associated undertakings are given in note 19.

**Company**

	<u>1995</u>	<u>1994</u>
	£	£
Shares in subsidiary undertakings at cost	<u>£1,900,005</u>	<u>£1,900,005</u>

Further details of subsidiary undertakings are given in note 19.

**11 DEBTORS**

	Company	Group	Company	Group
	<u>1995</u>	<u>1995</u>	<u>1994</u>	<u>1994</u>
	£	£	£	£
Trade debtors	-	7,322,201	-	8,580,273
Amounts owed by subsidiary undertakings	481,051	-	435,209	-
Other debtors	-	99,859	263	79,418
Prepayments	2,524	70,131	2,466	91,189
Bills receivable	-	2,590,893	-	2,385,792
Dividend receivable	<u>          </u>	<u>          </u>	<u>40,000</u>	<u>          </u>
	483,575	10,083,084	477,938	11,136,672
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Bills receivable include bills discounted with full recourse amounting to £752,900 (1994: £1,390,684).

# **CONSOLIDATED TIMBER HOLDINGS LIMITED**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1995**

### **12 CREDITORS** (amounts falling due within one year)

	Company <u>1995</u> £	Group <u>1995</u> £	Company <u>1994</u> £	Group <u>1994</u> £
Bank loans & overdrafts	121,346	3,129,566	233,222	1,085,096
Bills discounted with recourse	-	752,900	-	1,390,684
Trade creditors	-	8,067,316	-	10,066,301
Amounts owed to group undertakings	118,521	-	85,856	-
Other creditors	-	9,085	-	7,181
Corporation tax	6,900	6,900	6,900	113,084
Other taxation and social security	38,030	729,734	-	292,290
Accruals	81,393	298,575	47,238	394,057
Dividends payable	<u>23,000</u>	<u>23,000</u>	<u>103,500</u>	<u>103,500</u>
	389,190	13,017,076	476,716	13,452,193

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the holding company and its subsidiaries.

### **13 LEASE COMMITMENTS**

The Group was committed to making minimum operating lease payments as follows at 31 December 1995:

	<u>Land and buildings</u>	
	<u>1995</u> £	<u>1994</u> £
On leases expiring:		
Within one year	4,000	74,000
Between one and five years	48,792	6,792

### **14 CALLED UP SHARE CAPITAL**

Authorised:

	<u>1995</u> £	<u>1994</u> £
2,000,000 Ordinary shares of £1 each	2,000,000	2,000,000
750,000 7.3% Cumulative Redeemable Preference shares of £1 each	<u>750,000</u>	<u>750,000</u>
	2,750,000	2,750,000

# **CONSOLIDATED TIMBER HOLDINGS LIMITED**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1995**

### **14 CALLED UP SHARE CAPITAL (CONTINUED)**

#### **Allotted and fully paid:**

	<u>1995</u> £	<u>1994</u> £
1,150,000 Ordinary shares of £1 each	1,150,000	1,150,000
750,000 7.3% Cumulative Redeemable Preference Shares of £1 each	<u>750,000</u>	<u>750,000</u>
	<u>1,900,000</u>	<u>1,900,000</u>

The preference shares are redeemable by the company should the following occur:

- a) change in control of the company;
- b) application for listing by the company;
- c) the company gives notice of redemption.

The holders of the preference shares are entitled to dividends on those shares before payment of dividends on any other class of shares. On winding up, the assets of the company available for distribution to members shall be applied to the holders of preference shares first.

The preference shares do not have any voting rights.

### **15 RESERVES**

<u>Group</u>	<u>Capital Reserve</u> £	<u>Profit and Loss account</u> £
At 1 January 1995	522,991	4,675,315
Transfer from profit and loss account	—	<u>(437,771)</u>
At 31 December 1995	<u>522,991</u>	<u>4,237,544</u>
		<u>Profit and Loss account</u> £
<u>Company</u>		
At 1 January 1995		1,227
Transfer from profit and loss account		<u>93,163</u>
At 31 December 1995		<u>94,390</u>

## CONSOLIDATED TIMBER HOLDINGS LIMITED

### NOTES TO THE ACCOUNTS - 31 DECEMBER 1995

#### 16 CONSOLIDATED TIMBER HOLDINGS LIMITED PROFIT AND LOSS ACCOUNT

Consolidated Timber Holdings Limited has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The amount of the consolidated profit for the financial year dealt within the accounts of the holding company is a profit of £93,163 (1994: loss - £152,104).

#### 17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Company 1995 £	Group 1995 £	Company 1994 £	Group 1994 £
Profit/(loss) for the financial year	170,913	(360,021)	6,146	641,134
Dividends paid	(77,750)	(77,750)	(158,250)	(158,250)
Shareholders' funds at 1 January	93,163 <u>1,901,227</u>	(437,771) <u>7,098,306</u>	(152,104) <u>2,053,331</u>	482,884 <u>6,615,422</u>
Shareholders' funds at 31 December	1,994,390	6,660,535	1,901,227	7,098,306

#### 18 CONTINGENT LIABILITIES

The nature of the Group's activities gives rise to contingent liabilities in respect of the following:

- (a) Indemnities issued in respect of deferred duty
- (b) Forward contracts for the purchase of foreign currencies
- (c) Irrevocable Letters of Credit.

#### 19 SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

All of the following companies are incorporated and registered in England and operate in the United Kingdom.

Subsidiary undertakings (wholly owned)	Nature of activities
MBM Forest Products (Holdings) Limited	Holding company
MBM Forest Products Limited	Timber trading company
Canadian Transport (Terminals) Limited	Dormant
MBM Terminals Limited	Dormant
MacMillan Bloedel Panelboard Agencies Limited	Dormant
Compass Forest Products Limited	Timber trading company
Falcon Panel Products Limited	Panel product distributors
Ringtown Limited	Holding company
Meridian Wood Products Ltd	Non-trading

## CONSOLIDATED TIMBER HOLDINGS LIMITED

### NOTES TO THE ACCOUNTS - 31 DECEMBER 1995

#### 19 SUBSIDIARY AND ASSOCIATED UNDERTAKINGS (Continued)

##### Associated Undertakings

Dover Trussed Roof Company Limited *	Trading company
Caldene Limited *	Trading company
Silkrace Ltd	Dormant
Triad Timber Components Limited	Trading company
Redstop Limited (50% holding)	Holding company

\* A wholly owned subsidiary holds 33⅓% of the ordinary shares and the cumulative redeemable preference shares of these associated undertakings.

The financial year ends of the associated undertakings are not coterminous with other group companies. The companies' year ends and details of their financial position at the end of their latest financial year are given below:

	<u>Year end</u>	<u>Net assets</u> £	<u>Profit/(loss)</u> £
Dover Trussed Roof Company Limited	30 September 1995	846,154	95,431
Caldene Limited	31 March 1995	404,187	Nil
Silkrace Limited	31 March 1995	100	Nil
Triad Timber Components Limited	31 March 1995	182,466	143,460
Redstop Limited	30 June 1995	(62,362)	Nil