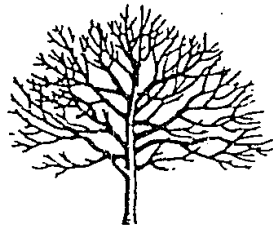
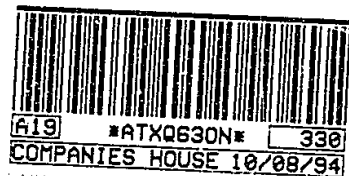


Company number - 65619



JAMES
latham

Annual Report 1994
James Latham
public limited company



GROUP BACKGROUND AND STRATEGY

James Latham is a specialist importer and distributor of timber and selected building supplies for construction, industrial and consumer uses.

We have an accumulated expertise built up over 237 years of trading in the timber trade. Members of the seventh and eighth generation of the Latham family currently working in the business continue to be active in all aspects of the timber trade. We are recognised as being a significant player within our chosen field and seek to maintain the confidence and support of our customers.

Our general strategy is to improve the effectiveness of our wealth creation and hence our financial performance to the benefit of our shareholders and employees.

In particular, we intend to continue to grow our presence in our chosen markets supplied by the three areas of our business: the Timber Importing business; the merchandising of timber and general building products through the Timber Centres; and the suspended ceiling, partitioning and dry lining distribution business of Nevill Long.

In order to achieve these aims, we strive to maintain and to promote a high level of staff motivation and expertise.

CONTENTS

1	Group Results - 5 Year Record
2	Chairman's Statement
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15	Notes to the Accounts
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28	Notice of Meeting
I.b.c.	Points of Contact

Staff photographs taken in this year's annual report were taken on site at James Latham (Midland) and Nevill Long (Midland).

The motifs appearing on a number of the annual report's pages are used in our marketing brochures, copies of which can be obtained from any of our timber importing companies: American hardwoods, tropical hardwoods, timber processing, panel products, softwoods, Lathamclad, British timbers, Lea Timber; and flame retardant panels.

Enclosed with this annual report is a copy of the Forests Forever information sheet "Think Wood". Our Group is an involved supporter of the policies adopted by Forests Forever.

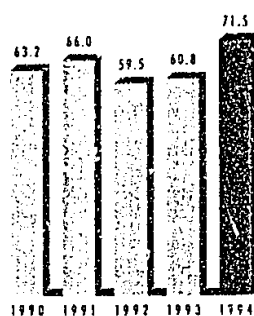
GROUP RESULTS - 5 YEAR RECORD



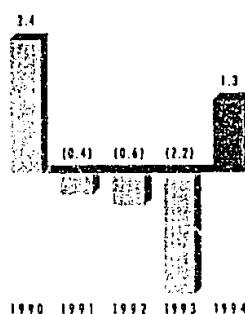
Year ended	Turnover £'000	Profit/(loss) before taxation £'000	Ordinary dividend* £'000	Ordinary shareholders funds £'000	Earnings/ (loss) per share pence	Dividend (net) per share pence
31 March 1994	71,516	1,340	252	14,988	21.4	4.0
31 March 1993	60,802	(2,212)	101	14,113	(43.9)	1.5
31 March 1992	59,592	(612)	252	16,401	(8.7)	3.75
31 March 1991	66,037	(383)	437	17,054	(7.1)	6.5
31 March 1990	63,202	2,427	756	18,429	29.1	11.25

*The dividend shown is the amount payable to shareholders plus the related tax credit.

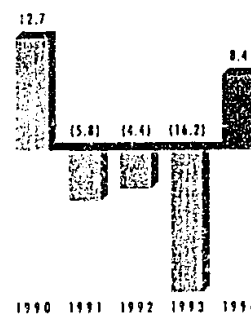
TURNOVER
(£ million)



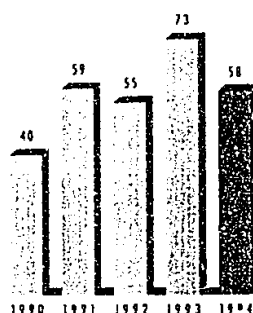
PROFIT/(LOSS) BEFORE TAXATION
(£ million)



RETURN ON ORDINARY
SHAREHOLDERS' FUNDS
(per cent)



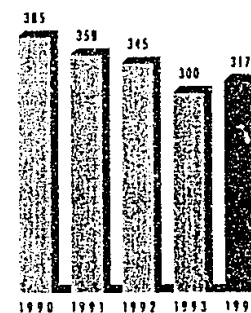
GEARING RATIO
(per cent)



INTEREST COVER
(times)



NET ASSETS PER SHARE
(pence)



CHAIRMAN'S STATEMENT



Christopher Latham

The Trading Year

It is indeed a pleasure to be able to report a positive outcome for the year, after our traumatic experiences of the last three years.

We obtained increased volume from our customers and this, coupled with significant price increases – particularly in Dollar related products – has led to a record turnover. House building is again positive but other sectors of the construction trade continued a downward trend until the latter part of the year. The strength of having a wide customer base greatly assisted our sales growth.

- Our Importing activities have gone from strength to strength with sales very well ahead of last year. All sections have again performed successfully.

Latham Timber and Building Supplies have benefited financially from branch closures. The ongoing branches have gained some sales growth; losses, whilst reduced, remain at unacceptable levels.

Nevill Long's performance still remains very disappointing. Bad debts remain at worrying levels. Stock write downs have affected the year end result which was a

small loss before financing charges. On the positive side there has been strong sales growth over the winter months.

The financial provisions set aside last year have proved to be more than adequate; some of the profit released has been set aside to establish further provisions. The Group is therefore well insulated against ongoing of a non-trading nature.

An encouraging feature of the year was the reduction in costs and the increased productivity. Bank borrowings have fallen substantially. This is as a result of profit plough back, improved stock control and debt collection, and property sales. Another factor was the better terms of trade which we were able to negotiate. All this has substantially strengthened our balance sheets and resulted in a much improved gearing ratio, down from 73% to 58%. This has been achieved without raising additional capital.

Group Developments

Nevill Long opened a depot in Leeds in January and sales expectations to date have been exceeded. This new depot, together with the one established at Wigston last year, now gives the company a comprehensive coverage of England.

The sites at Heston and Amersham were sold; arrangements have been made to lease back the Heston site. The lease at Bridgwater has been sublet.

The Directors

There have been two significant changes implemented to strengthen the effectiveness of the directors of the Company. Malcolm Parkinson has become the non-executive chairman of Latham Timber and Building Supplies. He is working in conjunction with Peter Latham, the chief executive, to move that company back into profitability. His previous experience and well honed management techniques are invaluable.

Roger Latham has taken over from me as chief executive at Nevill Long. He is both professional and experienced and is devoting energy and time to the task of making that company a profitable component of the Group.

I am particularly grateful to them both for so willingly taking on these tasks.

The Staff

The Group is now emerging from what must be the most painful recession in its history. Throughout this period the staff have shown resilience and determination and I am glad that they are now being rewarded by a brighter future. The directors thank them warmly for their efforts.

Health and Safety

This remains an item high on the Board's agenda. The Group Health and Safety Manual has been revised, and Health and Safety Committees established at all sites. Throughout the Group at all levels there is an increasing awareness of this important issue.

Training

With the Group in better financial health we are now able to commit more resources to training. This year we will be able to complement specific training with human resource development.

Future Trading

A report on the first quarter's trading outcome will be given at the Annual General Meeting.

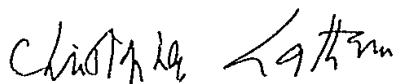
For the first quarter I would envisage groupwise, continuing progress in sales with levels currently running some 10% up on last year.

Turning to the year as a whole we are looking for further profit enhancement as we take advantage of the predicted growth in the economy and the rising trend of construction orders.

The Importing performance should continue to improve but at a slower rate. Latham Timber and Building Supplies will make more progress towards profitability whilst at Nevill Long we look to a year when profits return.



Roger Latham



Christopher G. A. Latham
Chairman

TRADING REVIEW



Terry O'Byrne, Bill Blacklock and Rod Martin, inspecting Far Eastern plywood

Timber Importing activities

Sales:	£51,367,000
Profit before interest and taxation:	£2,430,000

The importing companies have had a very successful year. This has resulted from the winning combination of rising prices, more direct business, a better spread of customers and some notable achievements in unlocking profits from problem areas. Additionally costs have been kept well under control and, with rising turnover, percentage wise have reduced. Effective credit control has been high on the agenda.

James Latham (Southern)

James Latham (Southern) have undoubtedly had a successful year. Although the value of the product increased there was considerable resistance from customers in the current deflationary climate to price increases, and in certain instances we experienced the "trading down syndrome", cost control being of great significance to customers. We were strengthened by having our wide customer base as this cushioned us from some of the areas where the reduction in activity was most marked as in the case of the construction and housing sector.

To be singled out for special mention is the Clapton Moulding Mill where sales more than doubled and the hardwood department, under new management, which achieved a big turnover rise. The overall success, however, very much reflects the expertise and efforts of our trading departments. The year ahead has started on a slower note with shortages and other trade factors working against us.

James Latham (Northern)

The year started with hope and expectations but confidence was muted due to previous false dawns. Come August, however, we were achieving a record level of sales and gross profit and this continued to the end of November. Thereafter the tempo of enquiries and orders slackened slightly although overall trading remained at an adequate level.

The company notched up a good increase in annual turnover which resulted in a net profit higher than in any previous year. The improvement in our fortunes was assisted by prices generally on an increasing trend during the year. Volumes also increased, particularly in hardwoods and softwoods.

Since 31 March 1994, trading has continued at an acceptable level but slightly below the record figures achieved in the autumn of last year.

James Latham (Midland & Western)

A very successful trading year for James Latham (Midland & Western) with all departments performing well and a particularly good performance from Western which produced profit figures double the best achieved before. Turnover was sharply up on the previous year, with



Mick Measures and Ann Martin in the materials handling department office



Susan Lowe and Linda Ince, Credit control and accounts

a particularly strong performance by the panel products department and a return to profitability of the timber department.

The financial year finished well with March being a record month for both Midland and Western. This progress continues, albeit at a slower rate.

Advanced Technical Panels

The company finished the year with turnover much higher than the previous 12 months and a record net profit. As the prices of the majority of products the company sells have been stable over the past two years, this indicates a substantial volume increase. Certainly our major market, the commercial vehicle building industry, experienced a resurgence of orders after three very lean years. Other markets also showed encouraging growth. The prospects are a continuing improvement in demand but at a slower rate of increase. As with most of our activities, competition remains fierce.

Latham Timber and Building Supplies

Sales: £10,631,000
Loss before interest and taxation: £339,000

This has been another poor year with difficulties in getting sales back to economic levels and satisfactory margins hard to achieve. However, sales have improved, particularly in the last quarter of the year, but it continues to be difficult to pass on to our customers the higher costs of our products.

Sharply rising prices affected panel products and softwood – our two main items. In particular softwood suppliers from Canada were affected by EEC plant health regulation and currency swings; alternative sources of supply had to be obtained from Europe. This was to satisfy customers who were looking for competitive pricing.

In September we mothballed our roof truss plant in Oxford and in December we sold our Amersham site for housing development and closed our trading operation.

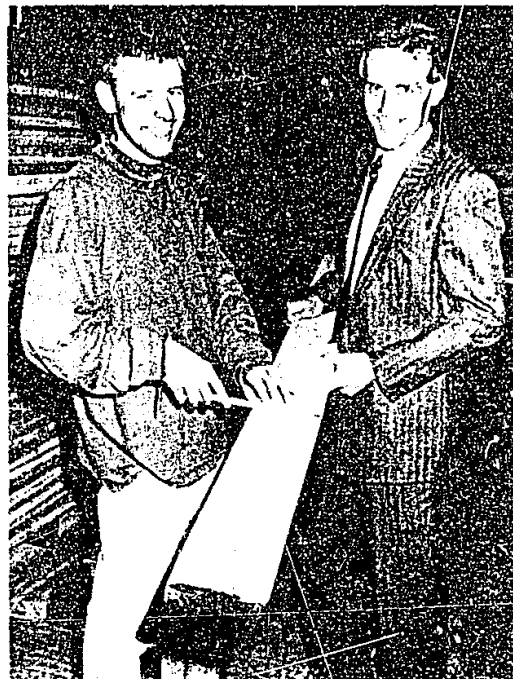
Sales for continuing branches were 6½% higher than last year but were below target levels. Overheads have continued to be tightly controlled.

There are signs of more construction activity and of firmer prices. After an excellent March, April and May sales were disappointing.

The Nevill Long Group

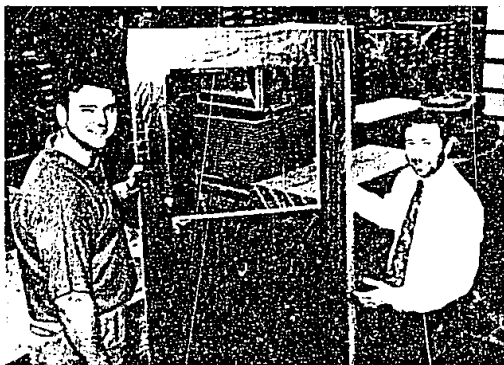
Sales: £9,518,000
Loss before interest and taxation: £57,000

The year 1993/94 was another difficult one for Nevill Long. Demand was in a depressed state in the early part of the year but improved in the winter months.



Jonathan Dawson and Ian Milne, Timber sales, checking a board of oak

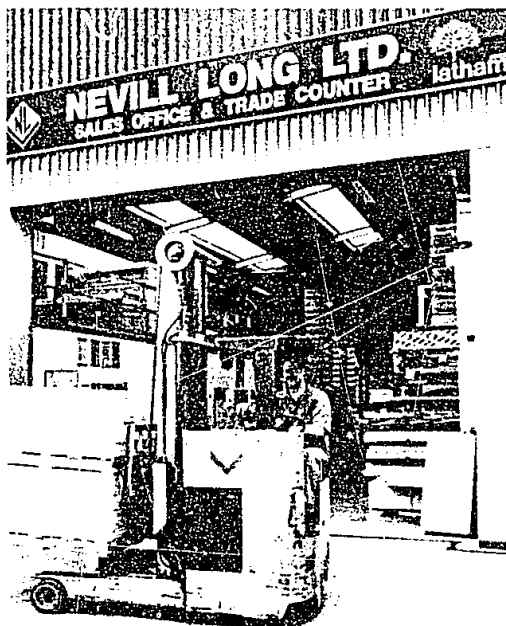
TRADING REVIEW



Sean McOwen and Michael Hubbard inspecting a door

Despite a 15% increase in turnover, the result was just the wrong side of break-even. In the autumn and early winter, margins had to be reduced to maintain market share. Bad debts continued to be a problem. At the year end, the values of a number of items of stock and hire equipment were substantially written down, without which the company would have returned to profit.

The disappointing result cloaks a great deal of constructive reorganisation and activity that took place during the year. A new depot was established in Leeds and opened for business in January. Nevill Long settled in to their new purpose-built premises at Wigston and the Latham Timber and Building Supplies' stall at Milton Keynes have taken on accounting and credit control functions for Nevill Long competently. The freehold premises at Heston were sold



Sean McOwen, loading partitioning for a customer

for cash and negotiations are at an advanced stage for the company to stay there as a tenant.

Turning to 1994/95, although problems still exist, demand continues to improve and new products are being introduced. Nevill Long staff have shown great resilience after four traumatic years and sales at our Leeds depot are well ahead of budget. Management figures for the first 2 months of the current year show an improvement in sales and a return to profitability.

Associated Undertakings

Profit attributable to the Group:
£124,000

Singer Plywood

Another satisfactory trading result with a good level of profitability. Towards the end of the year customer resistance was experienced to the sharply higher prices of Far Eastern doors. A downturn in D.I.Y. markets is now being seen.



Bobbie McWilliam discussing prices with Brian Bayley, the West Midlands representative

G. A. Day Timber Centres

Portsmouth has continued to perform well and produced an excellent result.

Parkstone has had another very difficult year and is a continuing problem. More efforts have been made to reduce costs while concentrating on improving sales.

Consett Laminators

The increase in turnover of slightly less than 1% was disappointing. It is difficult to obtain the right mix of orders to fully utilise the capacity of the factory.

However, as a result of an increase in gross margin and strict control of overheads, a greatly improved net profit was achieved.

DIRECTORS AND ADVISERS



Directors

Christopher G. A. Latham MA FCA

Group Executive Chairman

Joint Vice-President of the Commonwealth Forestry Association

Director of CILNTEC Development Limited

David R. Latham

Group Deputy Chairman

Group Joint Managing Director (Sales)

Chairman of James Latham (Midland & Western)

Advisory Council Member of Forests Forever

James M. Latham

Group Joint Managing Director

Chairman and Managing Director of James Latham (Southern)

Former Chairman of the Panel Products' Section of the Timber Trade Federation

Peter D. L. Latham BA

Executive Director

Managing Director of Latham Timber Centres (Holdings)

Vice-President of the Institute of Wood Science

Roger J. Latham

Executive Director

Chairman and Managing Director of James Latham (Northern)

Chairman and Managing Director of Nevill Long

Terence G. Kemp FCA

Group Financial Director and Company Secretary

Roderick S. Martin

Executive Director

Managing Director of James Latham (Midland & Western)

Malcolm Parkinson

Non-Executive Director

Non-Executive Chairman of Latham Timber Centres (Holdings)

Director of Powerbreaker plc

Director of Siegel and Gale Limited

Auditors

Moore Rowland
Clifford's Inn
Fetter Lane
London EC4A 1AS

Registrars

National Westminster Bank Plc
Caxton House
Redcliffe Way
Bristol BS99 7YA

Merchant Bankers

Hambros Bank Limited
41 Tower Hill
London EC3N 4HA

Stockbrokers

Credit Lyonnais Laing
Broadwalk House
5 Appold Street
London EC2A 2DA

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited accounts for the year ended 31 March 1994.

Principal activities

The principal activities of the Group are timber importing and distribution; the merchandising of timber and general building materials; and the distribution of suspended ceiling components, partitioning and dry lining, all within the U.K.

Business review

The Chairman's Statement and the Trading Review, on pages 2 to 6 inclusive, report on the Group's activities and future development.

Results and dividends

The profit on ordinary activities before interest and taxation amounts to £2,158,000. After net interest charged of £818,000, the Group made a profit before taxation of £1,340,000.

The dividends on the 8% Cumulative Preference Shares were paid on their due dates and absorbed £79,000. On 11 February 1994 an interim dividend of 1.5p net per Ordinary share was paid which absorbed £76,000. The directors recommend that a final dividend of 2.5p be paid. The profit for the financial year to be transferred to reserves amounts to £875,000.

Environmental policy

The directors recognise the importance of environmental considerations. As a responsible organisation, the James Latham Group seeks to follow in all areas of its activities policies which recognise this.

The Group is an involved supporter of the policies adopted by Forests Forever and a signatory to its recommended policies.

Forests Forever is a campaign by Britain's timber industry to help safeguard the forests of the world by encouraging improved forest management, responsible trading and promoting the positive environmental aspects of using timber.

Share capital

At General Meetings of the Ordinary and 8% Cumulative Preference Shareholders held on 6 December 1988, resolutions were passed authorising the issue of up to

5,000,000 Cumulative Redeemable Preference Shares 2013 of £1 each. The directors have power to issue these shares at such times and on such terms as they think fit up to 14 August 1996. On the same date, shareholders approved an alteration to the Company's Articles of Association, giving the company permission to buy its own shares as and when the directors consider it appropriate.

During the year no Ordinary shares were issued under the Company's employee share option scheme.

Substantial shareholdings

At 15 June 1994, the reported shareholdings of more than 3% of the issued Ordinary share capital, apart from those of the directors, were as follows:

Ninegrade Limited	358,000
Imperial Group Pension Trust	250,000
Clare College, Cambridge	220,000
Clydesdale Bank (London) Nominees Limited	217,500
Mr. C. R. L. Coubrough (as trustee for the Latham family)	229,658

Certain of the shareholdings of the above trustee, Mr. C. R. L. Coubrough, also include holdings shown under the trustee shareholdings of the directors.

Shareholdings of other members of the Latham family not included under either the directors' shareholdings or those of the above trustee, Mr. C. R. L. Coubrough, totalled 1,631,694 Ordinary shares.

Directors and their interests

The present directors are listed on page 7.

Other than their service contracts, no director had a material interest in a contract with the Company. Mr. M. R. Parkinson, as a non-executive director, does not have a service contract with the Company.

Mr. M. R. Parkinson was appointed as a non-executive director on 16 March 1993. He is a former chairman of Imatron Limited and is currently a director of Powerbreaker plc, and of Siegel and Gale Limited.

The interests of the directors in the share capital of the Company, including those of their wives and infant children, are detailed in note 4 on page 17.

Employee involvement

The Group's ability to achieve its commercial objectives and the needs of its customers in a profitable and competitive manner depends on the contribution of its employees. Employees are encouraged to develop their contribution to the business wherever they happen to work.

The Group regularly keeps employees up to date with financial and other information.

The Group has Employees' Profit Sharing and Savings-Related Share Option Schemes, memberships of which are job or service related.

Equal opportunities

The Group does not discriminate against anyone on any grounds. The sole criteria for selection or promotion is the suitability of any applicant for the job.

Disabled employees

The Group continues to recognise its social and statutory obligations towards disabled persons, and gives full and fair consideration both to the applications for employment made by disabled persons, having regard to their particular aptitudes and abilities, and to the needs of disabled employees.

Quality Assurance BS5750

The Group's main operating companies are registered under BS5750 which reflects the quality of their systems.

Fixed assets

Changes in tangible fixed assets during the year are set out in note 12 on pages 19 and 20.

The directors have reviewed where appropriate the carrying value at 31 March 1994 of the Group's freehold and long leasehold properties and have made provisions for permanent diminution in value where these were considered necessary.

Corporate Code of Best Practice

The Board has considered all aspects of the Cadbury Committee recommendations. These have been accepted and the Code of Best Practice minuted. In particular an Audit Committee has been established under the chairmanship of Malcolm Parkinson, our non-executive director. He also sits on the Remuneration Committee which is chaired by the Group Chairman.

The Group complied with all the relevant requirements of the Code with the exception of sections 4.5 and 4.6 where guidance is still awaited, and with the composition of the Audit Committee due to the Board having only appointed one non-executive director.

Charitable donations

During the year, the Group made direct donations to charitable organisations principally related to the Timber Trade's educational and benevolent activities of £2,000.

Income and Corporation Taxes Act 1988

The close company provisions of this Act do not apply to the Company.

Capital gains tax

To allow shareholders to calculate their liability to capital gains tax from gains realised in the 1993-94 tax year, the 31 March 1982 price of the Ordinary shares was 54.5p and of the 8% Cumulative Preference shares 60.5p. The prices have been adjusted for scrip issues since April 1982.

Auditors

A resolution proposing the re-appointment of Moores Rowland as auditors to the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Christopher G. A. Latham
Chairman

5 July 1994

A handwritten signature in dark ink, appearing to read "Christopher G. A. Latham", written over the printed name.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 March 1994

£'000s	Notes	1994	1993 as restated
Turnover			
Continuing operations		70,878	58,847
Discontinued operations		638	1,955
Total turnover	2	71,516	60,802
Cost of sales	3	(59,902)	(51,213)
Gross profit		11,614	9,589
Distribution costs	3	(3,778)	(3,541)
Administrative expenses	3	(6,220)	(7,273)
Other operating income	3	176	168
		(9,822)	(10,646)
Operating profit/(loss)			
Continuing operations		1,985	(353)
Discontinued operations		(294)	(821)
Less utilisation of prior year provisions		101	117
Total operating profit/(loss)	3	1,792	(1,057)
Profit on sale of properties in continuing operations		119	---
Provision for loss on operations to be discontinued		---	(269)
Loss on disposal of discontinued operations		(258)	---
Less utilisation of prior year provisions		381	---
Profit/(loss) on ordinary activities before interest		2,034	(1,326)
Share of profits of associated undertakings		124	98
Interest receivable and similar income	7	74	144
Interest payable	8	(892)	(1,128)
Profit/(loss) on ordinary activities before taxation		1,340	(2,212)
Tax on profit/(loss) on ordinary activities	9	(184)	79
Profit/(loss) on ordinary activities after taxation		1,156	(2,133)
Dividends	10	(281)	(155)
Retained profit/(loss)		875	(2,288)
Earnings/(loss) per ordinary share	11	21.4p	(43.9p)

The notes on pages 15 to 26 form part of these accounts. Movements on reserves are shown in note 22.

The Group has no recognised gains or losses other than the results shown above. Therefore a statement of total recognised gains and losses is not required.

CONSOLIDATED BALANCE SHEET

As at 31 March 1994



£'000s	Notes	1994	1993
Fixed assets			
Tangible fixed assets	12	7,394	8,580
Investments	14	612	620
		8,006	9,200
Current assets			
Stocks – goods for resale		11,922	11,690
Debtors	15	15,749	13,996
Investments	16	518	310
Cash at bank and in hand		151	206
		28,340	26,202
Creditors: amounts falling due within one year	17	(14,960)	(16,460)
Net current assets		13,380	9,742
Total assets less current liabilities		21,386	18,942
Creditors: amounts falling due after more than one year	18	(4,855)	(3,177)
Provisions for liabilities and charges			
Deferred taxation	19	(8)	(21)
Other provisions	20	(548)	(644)
Total net assets		15,975	15,100
Represented by:			
Capital and reserves			
Called up share capital	21	6,027	6,027
Capital reserve	22	11	11
Revaluation reserve	22	353	353
Profit and loss account	22	9,584	8,709
Shareholders' funds		15,975	15,100
Attributable to equity shareholders		14,988	14,113
Attributable to non-equity shareholders		987	987

These financial statements were approved by the Board of Directors on 5 July 1994 and signed on its behalf by:

C. G. A. Latham

D. R. Latham

} Director

The notes on pages 15 to 26 form part of these accounts.

PARENT COMPANY BALANCE SHEET

As at 31 March 1994

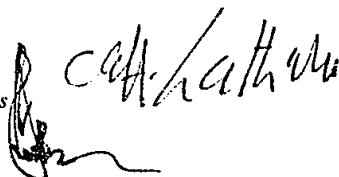
£'000s	Notes	1994	1993
Fixed assets			
Tangible fixed assets	12	3,795	3,813
Investments	14	9,644	8,776
		13,439	12,589
Current assets			
Stocks – goods for resale		5,217	4,919
Debtors	15	5,887	4,707
Cash at bank and in hand		14	4
		11,118	9,630
Creditors: amounts falling due within one year	17	(8,830)	(8,770)
Net current assets		2,288	860
Total assets less current liabilities		15,727	13,449
Creditors: amounts falling due after more than one year	18	(5,276)	(3,405)
Provisions for liabilities and charges	20	(345)	(391)
Total net assets		10,106	9,653
Represented by:			
Capital and reserves			
Called up share capital	21	6,027	6,027
Profit and loss account	22	4,079	3,626
Shareholders' funds		10,106	9,653
Attributable to equity shareholders		9,119	8,666
Attributable to non-equity shareholders		987	987

These financial statements were approved by the Board of Directors on 5 July 1994 and signed on its behalf by:

C. G. A. Latham

D. R. Latham

} Directors



The notes on pages 15 to 26 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 1994



£'000s	Notes	1994	1993
Net cash inflow from operating activities	23	1,836	182
Return on investments and servicing of finance			
Interest received and similar income	74	144	
Interest paid	(883)	(1,100)	
Interest element of finance lease rentals	(33)	(53)	
Dividends received from associated undertakings	171	36	
Dividends paid	(155)	(268)	
Net cash outflow from returns on investments and servicing of finance		(826)	(1,241)
Taxation			
Advance corporation tax paid	(31)	(89)	
UK corporation tax repaid	206	280	
Tax recovered (net of payments)		175	191
Investing activities			
Purchase of tangible fixed assets	(605)	(589)	
Proceeds on sale of shares in associated undertaking	65	—	
Repayment of loan from associated company	20	—	
Proceeds of sale of freehold property and plant & equipment	1,338	38	
Net cash inflow/(outflow) from investing activities		818	(551)
Net cash inflow/(outflow) before financing		2,003	(1,419)
Financing			
Bank loans received during year	24	(2,283)	—
Capital element of finance lease rental payments	24	128	216
Net cash (inflow)/outflow from financing		(2,155)	216
Increase/(decrease) in cash and cash equivalents	25	4,158	(1,635)
		2,003	(1,419)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Year ended 31 March 1994

£'000s	1994	1993
Profit/(loss) for the financial year	1,156	(2,133)
Dividends	(281)	(155)
Net addition to shareholders' funds	875	(2,288)
Opening shareholders' funds	15,100	17,388
Closing shareholders' funds	15,975	15,100

NOTE OF HISTORICAL COST PROFITS AND LOSSES

Year ended 31 March 1994

£'000s	1994	1993
Profit/(loss) on ordinary activities before taxation	1,340	(2,212)
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	4	4
Historical cost profit on ordinary activities before taxation	1,344	(2,208)
Historical cost profit for the year after taxation and dividends	879	(2,284)

NOTES TO THE ACCOUNTS

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important Group accounting policies, which have been applied consistently, is set out below.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain freehold and leasehold property.

(b) Basis of consolidation

The consolidated accounts include the company and all its subsidiary undertakings (from the date of acquisition or to the date of sale where applicable). Intra group sales and profits are eliminated on consolidation. The accounts of all subsidiary undertakings are made up to 31 March. The year end of the associated undertakings is 28 February. Goodwill on consolidation, being the excess of the purchase price over the value of the net assets of subsidiary undertakings at the date of acquisition, is written off to reserves in the year of acquisition.

The company does not present its own profit and loss account as permitted by Section 230 of the Companies Act 1985.

(c) Fixed assets

Depreciation is provided to write off the cost or valuation over the estimated useful lives of the assets on a straight line basis, being 5-12 years except for freehold buildings and long leasehold property which are written off over 50-100 years. No depreciation is provided on freehold land.

(d) Stock

Stock is valued at the lower of cost and estimated net realisable value.

(e) Deferred taxation

Provision is made at the appropriate rate for taxation deferred by capital allowances and short term timing differences. No provision is made in respect of deferred taxation arising from industrial buildings allowances and

property revaluations as it is not anticipated that a material liability will arise in the foreseeable future.

(f) Foreign currencies

Transactions in foreign currencies are translated at the agreed settlement rate or at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Any gains or losses arising from the transactions are taken to the profit and loss account.

(g) Finance leases

In accordance with the requirement of Statement of Standard Accounting Practice No. 21, assets acquired under finance leases are recorded in the balance sheets as tangible fixed assets at their equivalent capital value and are depreciated over the useful lives of the assets concerned or the anticipated lease term if shorter. The corresponding liability has been recorded as a creditor. The interest element is charged to the profit and loss account at a constant rate over the term of the agreement.

(h) Operating leases

Operating lease rentals are charged to the profit and loss account in the period in which they fall due.

(i) Turnover

Turnover is based on net invoiced sales to external customers exclusive of value added tax.

(j) Pension scheme costs and permanent health costs

Pension scheme contributions in respect of the James Latham plc pension scheme are charged to the profit and loss account so as to spread the charge for pensions evenly over the employees' working lives with the company. In respect of the Nevill Long group of companies, which have a defined contributions pension scheme, pension scheme contributions made are charged to the profit and loss account.

The accounts do not include the obligations to provide future benefits under the self-insured permanent health scheme.

NOTES TO THE ACCOUNTS

2. Turnover and profit/(loss) on ordinary activities

(a) Turnover, profit/(loss) and net assets by class of business are analysed below:

	Turnover		Profit/(loss) on ordinary activities before taxation		Net assets	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Importing	51,367	40,652	2,430	921	18,321	18,189
Timber centres	10,631	11,711	(339)	(1,469)	3,066	3,334
Suspended ceilings	9,518	8,439	(57)	(778)	3,779	4,157
	<u>71,516</u>	<u>60,802</u>	<u>2,034</u>	<u>(1,326)</u>	<u>25,166</u>	<u>25,680</u>
Net interest	—	—	(818)	(984)	—	—
Group share of profit and net assets of associated undertakings	—	—	124	98	612	620
Net borrowings	—	—	—	—	(9,050)	(10,925)
Unallocated liabilities (net)	—	—	—	—	(753)	(275)
	<u>71,516</u>	<u>60,802</u>	<u>1,340</u>	<u>(2,212)</u>	<u>15,975</u>	<u>15,100</u>

The unallocated liabilities consist of taxation, dividends and provisions.

The turnover figure disclosed above is net of inter-segment sales for importing of £1,023,000 (1993: £1,107,000), for timber centres of £19,000 (1993: £45,000) and for suspended ceilings of £27,000 (1993: £26,000)

All turnover originated in the United Kingdom.

	1994		1993	
	£'000	£'000	£'000	£'000
(b) Operating profit/(loss) is stated after taking into account the following:				
Depreciation – on owned assets		415		485
– on leased assets		167		201
Loss on sale of fixed assets		—		5
(Profit) on sale of property		(242)		—
Operating lease rentals: – vehicles	278		297	
– property	398		471	
		<u>676</u>		<u>768</u>
Auditors' remuneration – as auditors		65		70
– other services		46		50
Provision for future rents on unoccupied properties		77		253
(Reinstatement)/diminution in value of associated undertakings		(166)		302
Provision for unfunded pensions		—		218
Provision for diminution in value of freehold and long leasehold properties		123		899
Closure and relocation costs		—		178
		<u>—</u>		<u>178</u>

3. Analysis of continuing and discontinued operations

	1994			1993		
	Continuing	Dis-continued	Total	Continuing	Dis-continued	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	70,878	638	71,516	58,847	1,955	60,802
Cost of sales	(59,295)	(607)	(59,902)	(49,102)	(2,111)	(51,213)
Gross profit/(loss)	11,583	31	11,614	9,745	(156)	9,589
Net operating expenses:						
Distribution costs	(3,733)	(45)	(3,778)	(3,377)	(164)	(3,541)
Administrative expenses	(6,035)	(185)	(6,220)	(6,881)	(392)	(7,273)
Other operating income	170	6	176	160	8	168
Operating profit/(loss)	<u>1,985</u>	<u>(193)</u>	<u>1,792</u>	<u>(353)</u>	<u>(704)</u>	<u>(1,057)</u>

4. Directors' interests

There were no contracts with the Company or its subsidiaries during the year in which any of the directors had a material interest, other than their service contracts. The directors' interests including family interests in the share capital at the end of the financial year were as follows:

			31 March 1994			31 March 1993		
			Ordinary Shares	Savings Related Ordinary Share Options	Preference Shares	Ordinary Shares	Savings Related Ordinary Share Options	Preference Shares
<i>Directors</i>								
C. G. A. Latham	Beneficial owner		202,848	Nil	Nil	204,848	Nil	Nil
	Trustee		203,548	Nil	Nil	289,191	Nil	Nil
D. R. Latham	Beneficial owner		137,922	6,696	Nil	137,922	6,696	Nil
	Trustee		181,250	Nil	Nil	201,776	Nil	Nil
J. M. Latham	Beneficial owner		141,313	6,696	4,000	139,313	6,696	4,000
	Trustee		Nil	Nil	Nil	Nil	Nil	Nil
P. D. L. Latham	Beneficial owner		315,076	6,696	Nil	311,796	6,696	Nil
	Trustee		58,500	Nil	Nil	58,500	Nil	Nil
R. J. Latham	Beneficial owner		157,800	6,696	4,000	157,800	6,696	4,000
	Trustee		Nil	Nil	Nil	Nil	Nil	Nil
T. G. Kemp	Beneficial owner		3,000	6,696	Nil	3,000	5,133	Nil
	Trustee		Nil	Nil	Nil	Nil	Nil	Nil
R. S. Martin	Beneficial owner		450	4,464	75	450	4,464	75
	Trustee		Nil	Nil	Nil	Nil	Nil	Nil
M. R. Parkinson	Beneficial owner		Nil	Nil	Nil	Nil	Nil	Nil
	Trustee		Nil	Nil	Nil	Nil	Nil	Nil

The directors' shareholdings at 31 March 1994 include duplications in respect of 206,750 Ordinary shares.

Between 31 March 1994 and 17 June 1994, the only change was that Mr. M. R. Parkinson acquired 5,000 Ordinary shares.

The Savings Related Ordinary Share Options are exercisable between January 1996 and June 1996 at £1.68 per share.

5. Information regarding directors' emoluments

	1994 £'000	1993 £'000
Management remuneration	618	506
Fees	15	1
The emoluments of the chairman (excluding pension contributions)	85	73
The emoluments of the highest paid director (excluding pension contributions)	96	83
Number of other directors whose emoluments (excluding pension contributions) fell within the following scale:		
	Number	Number
£0 - £5,000	—	1
£10,001 - £15,000	1	—
£30,001 - £35,000	—	1
£55,001 - £60,000	—	1
£60,001 - £65,000	1	—
£65,001 - £70,000	—	1
£70,001 - £75,000	2	1
£75,001 - £80,000	—	1
£90,001 - £95,000	1	—
£95,001 - £100,000	1	—

Management remuneration in 1994 includes bonuses of £44,000 waived by seven directors in 1993 which have now been paid.

Pensions paid to widows of former directors £18,000 (1993: £18,000).

Payments of £15,000 were made to a company of which Mr. M. R. Parkinson is a director.

NOTES TO THE ACCOUNTS

6. Information regarding employees

	1994 Number	1993 Number
The average number of persons, including directors, employed by the Group during the year was as follows:		
Management and administration	102	101
Warehousing and production	136	156
Selling	120	129
Distribution	49	56
	<u>407</u>	<u>442</u>
	£'000	£'000
The aggregate payroll costs of these employees were as follows:		
Wages and salaries	6,138	5,918
Social security costs	548	549
Pension costs	179	192
	<u>6,865</u>	<u>6,659</u>

7. Interest receivable and similar income

	1994 £'000	1993 £'000
Income from listed investments	37	50
Unrealised (loss)/profit on valuation of listed investments	(13)	23
Other interest receivable and similar income	50	71
	<u>74</u>	<u>144</u>

8. Interest payable

	1994 £'000	1993 £'000
On bank loans and overdrafts, and other loans, wholly repayable within 5 years	859	1,075
Finance charges under finance leases	33	53
	<u>892</u>	<u>1,128</u>

9. Tax on profit/(loss) on ordinary activities

The charge/(credit) for taxation on profit/(loss) on ordinary activities comprises:

	1994 £'000	1993 £'000
Current year:		
UK corporation tax at 33% (1993: 33%)	164	(59)
Deferred taxation	(12)	(4)
Associated undertakings – attributable to the Group	29	25
	<u>181</u>	<u>(38)</u>
Prior years:		
Under/(over) provision for corporation tax	3	(41)
	<u>184</u>	<u>(79)</u>

Losses of approximately £800,000 (1993: £860,000) are available for relief against trading profits in future years.

10. Dividends

	1994		1993	
	£'000	£'000	£'000	£'000
Preference dividends:				
8% Cumulative Preference Shares		79		79
Ordinary dividends:				
Interim 1.5p per share paid 11 February 1994 (1993: 1.5p)	76		76	
Final 2.5p per share proposed (1993: Nil)	126		—	
		202		76
		281		155

11. Earnings/(loss) per Ordinary Share

Earnings/(loss) per Ordinary Share are calculated on a net basis by dividing the profit on ordinary activities after taxation and after deducting Preference dividends being £1,077,000 (1993: loss £2,212,000) by 5,040,000 Ordinary Shares being the average number of Ordinary Shares in issue during the year.

12. Tangible fixed assets

	Group				Parent Company	
	Freehold property £'000	Long leasehold property £'000	Short leasehold property £'000	Plant equipment & vehicles £'000	Freehold property £'000	Plant equipment & vehicles £'000
Cost or valuation:						
At 1 April 1993	7,689	492	152	5,267	3,492	1,769
Additions	191	5	15	399	920	99
Disposals	(1,632)	—	—	(541)	(792)	(246)
At 31 March 1994	6,248	497	167	5,125	3,620	1,622
Total		12,037 (1993: 13,600)			5,242 (1993: 5,261)	
At valuation, 8 March 1977	166	—	—	—	—	—
At valuation, 4 October 1985	1,800	—	—	—	1,800	—
At valuation, 31 March 1988	1,870	75	—	—	—	—
At valuation, 31 January 1990	350	—	—	—	—	—
At cost	2,062	422	167	5,125	1,820	1,622
Depreciation:						
At 1 April 1993	1,067	118	85	3,750	134	1,314
Disposals	(679)	—	—	(403)	—	(160)
Provision for the year	38	6	10	528	21	138
Diminution in value	50	73	—	—	—	—
At 31 March 1994	476	197	95	3,875	155	1,292
Total		4,643 (1993: 5,020)			1,447 (1993: 1,448)	
Cost or valuation less depreciation and diminution in value						
At 31 March 1994	5,772	300	72	1,250	3,465	330
Total		7,394			3,795	
At 31 March 1993	6,622	374	67	1,517	3,358	455
Total		8,580			3,813	

NOTES TO THE ACCOUNTS

12. Tangible fixed assets (continued)

Included in Group freehold property is land with a book value of £2,881,000 (1993: £3,448,000) and in Parent Company freehold property £2,128,000 (1993: £2,128,000) which is not depreciated.

The valuations were undertaken by professional valuers, on the basis of open market value for existing use.

The directors have reviewed where appropriate the carrying value at 31 March 1994 of the Group freehold and long leasehold property and have made provisions for permanent diminution in value where these were considered necessary.

If the properties had not been revalued, the freehold and long leasehold property would have been included as follows:

	Group		Parent Company	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Cost	5,007	6,116	1,990	1,862
Accumulated depreciation and diminution in value	869	706	195	175
	<u>4,138</u>	<u>5,410</u>	<u>1,795</u>	<u>1,687</u>
Net book value of plant and equipment acquired under finance leases is as follows:				
Cost	1,594	1,767	563	680
Accumulated depreciation	1,300	1,303	521	593
	<u>294</u>	<u>464</u>	<u>42</u>	<u>87</u>

13. Intangible assets

	Group
	Consolidated goodwill £'000
Cost:	
At 1 April 1993 and 31 March 1994	<u>183</u>
Amounts written off:	
At 1 April 1993 and 31 March 1994	<u>183</u>
Net book value:	
At 31 March 1993 and 31 March 1994	<u>—</u>

14. Fixed asset investments

	Group	Parent Company	
	Associated undertakings £'000	Subsidiary undertakings £'000	Associated undertakings £'000
Shares:			
At 1 April 1993	93	6,620	83
Cost	809	—	—
Share of results retained	902	6,620	83
Movements during the year:			
Disposals during the year	(77)	—	(13)
Results retained for the year	(77)	—	—
	748	6,620	70
Less: diminution in value	(136)	(2,306)	—
At 31 March 1994	612	4,314	70
Loans:			
At 1 April 1993	20	4,100	20
Repaid during the year	(20)	—	(20)
Additions during the year	—	1,160	—
At 31 March 1994	—	5,260	—
Total at 31 March 1994	612	9,644	—
Total at 31 March 1993	620	8,776	—

The directors have reviewed the carrying value at 31 March 1994 of the Group's interests in its undertakings and have made provisions for permanent diminution in value where these were considered necessary.

15. Debtors

	Group		Parent Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Trade debtors	14,827	12,909	4,385	3,813
Amounts owed by subsidiary undertakings	—	—	996	510
Amounts owed by associated undertakings	68	97	42	45
Taxation recoverable	92	302	133	231
Other debtors	386	406	258	72
Prepayments and accrued income	344	282	41	36
	15,717	13,996	5,855	4,707
Amounts falling due after one year:				
Advance corporation tax recoverable	32	—	32	—
	15,749	13,996	5,887	4,707

16. Current asset investments

	Group		Parent Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
UK listed investments held by Leaside Services (Guernsey) Limited at market value (cost £502,000; (1993: £281,000))	518	310	—	—

NOTES TO THE ACCOUNTS

17. Creditors: Amounts falling due within one year

	Group		Parent Company	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Bank overdrafts	2,518	3,731	1,522	1,535
Bank loans	500	—	500	—
Acceptance credits	1,400	4,400	1,400	2,500
Trade creditors	6,499	5,612	1,685	1,765
Bills payable	903	202	242	—
Obligations under finance leases and hire purchase contracts	139	162	8	19
Amounts owed to subsidiary undertakings	—	—	1,785	1,625
Amounts owed to associated undertakings	8	3	—	—
Corporation tax	196	29	47	29
Other taxation and social security	1,007	932	400	424
Other creditors	800	757	614	595
Accruals and deferred income	864	632	501	338
Proposed dividend	126	—	126	—
	<u>14,960</u>	<u>16,460</u>	<u>8,830</u>	<u>8,770</u>

18. Creditors: Amounts falling due after one year

	Group		Parent Company	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Bank loans	4,783	3,000	4,783	3,000
Obligations under finance leases and hire purchase contracts	72	177	1	20
Amounts owed to subsidiary undertakings	—	—	492	385
	<u>4,855</u>	<u>3,177</u>	<u>5,276</u>	<u>3,405</u>

Obligations under finance leases and hire purchase contracts are analysed as follows:

Obligations within one year (note 17)	139	162	8	19
Obligations within one to two years	71	64	1	5
Obligations within two to five years	1	113	—	15
	<u>211</u>	<u>339</u>	<u>9</u>	<u>39</u>

Bank loans are analysed as follows:

Due within one year (note 17)	500	—	500	—
Due within one to two years	1,000	—	1,000	—
Due within two to five years	3,783	1,500	3,783	1,500
Due after five years	—	1,500	—	1,500
	<u>5,283</u>	<u>3,000</u>	<u>5,283</u>	<u>3,000</u>

Bank loans, overdrafts and acceptance credits are secured by fixed and floating charges over the assets of the company and its subsidiaries. Overdrafts of subsidiary companies amounting to £996,000 (1993: £4,022,000) are also secured on the assets of the company.

19. Provision for deferred taxation at 33% (1993: 33%)

	Group		Parent Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Balance at 1 April 1993	21	25	—	—
Release during the year	(13)	(4)	—	—
Balance at 31 March 1994	8	21	—	—
The provision for deferred taxation comprises:				
Accelerated capital allowances	4	11	—	—
Other timing differences	4	10	—	—
	8	21	—	—
If full provision had been made for deferred taxation the position would be as follows:				
Accelerated capital allowances	613	629	279	264
Capital gains rolled over	27	40	—	—
Other timing differences	(353)	(288)	(279)	(264)
	287	381	—	—

20. Provisions for liabilities and charges

	Group		Parent Company	
	Closure costs and future rents £'000	Unfunded pensions £'000	Closure costs £'000	Unfunded pensions £'000
Balance at 1 April 1993	263	381	10	381
Provisions utilised	(127)	(46)	—	(46)
New provisions	77	—	—	—
Balance at 31 March 1994	213	335	10	335
Totals: 1994	548		345	
1993	644		391	

21. Share capital

	1994		1993	
	Authorised £'000	Issued £'000	Authorised £'000	Issued £'000
8% Cumulative Preference Shares of £1 each	1,500	987	1,500	987
Cumulative Redeemable Preference Shares 2013 of £1 each	5,000	—	5,000	—
Ordinary Shares of £1 each	7,000	5,040	7,000	5,040
	13,500	6,027	13,500	6,027

In the event of the issue of any of the Company's Cumulative Redeemable Preference Shares 2013 (none of which has yet been issued), the rate of dividend on the existing Cumulative Preference Shares shall be raised from 8% to 8.5%.

NOTES TO THE ACCOUNTS

22. Reserves

	Group		Parent Company
	Capital reserve £'000	Revaluation reserve £'000	Profit and loss account £'000
Balance at 1 April 1993	11	353	8,709
Profit/(loss) for the year	—	—	875
Balance at 31 March 1994	11	353	9,584

The Group profit and loss account at 31 March 1994 includes £668,000 (1993: £809,000) retained by associated undertakings less a provision of £136,000 (1993: £302,000) as detailed in note 14.

Included in reserves is an amount of £175,000 (1993: £150,000), for which assets are separately allocated in the Guernsey subsidiary under local regulations, and which is not available for distribution at this time.

23. Reconciliation of operating profit to net cash inflow from operating activities

	1994 £'000	1993 £'000
Operating profit	1,985	(353)
Depreciation	582	686
Loss on disposal of fixed assets	—	5
Diminution in value of freehold and long leasehold properties	50	438
(Reinstatement)/diminution in value of associated undertakings	(166)	302
Increase in investments	(208)	(9)
Increase in stocks	(232)	(1,081)
Increase in debtors	(1,931)	(180)
Increase in creditors	1,271	520
Increase in bills payable	701	161
(Decrease)/increase in provisions	(72)	181
Net cash inflow from continuing operating activities	1,980	670
Net cash outflow in respect of discontinued activities	(144)	(488)
Net cash inflow from operating activities	1,836	182

24. Analysis of changes in financing during the year

	1994		1993	
	Loans £'000	Finance lease obligations £'000	Loans £'000	Finance lease obligations £'000
Balance at 1 April 1993	3,000	339	3,000	555
Cash inflow/(outflow) from financing	2,283	(128)	—	(216)
Balance at 31 March 1994	5,283	211	3,000	339

The capital value of new finance lease arrangements was £13,000 (1993: Nil)

25. Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1994 £'000	1993 £'000	Change in year £'000
Cash at bank and in hand	151	266	(55)
Bank overdrafts	(2,518)	(3,731)	1,213
Acceptance credits	(1,400)	(4,400)	3,000
	(3,767)	(7,925)	4,158

26. Principal subsidiary undertakings

Name	Country of incorporation and operation	Class of shares	Percentage of ownership	Principal activity
James Latham (Northern) Ltd	England	£1 Ordinary	100%	Importing
James Latham (Midland and Western) Ltd	England	£1 Ordinary	100%	Importing
Latham Timber Centres (Holdings) Ltd	England	£1 Ordinary	100%	Timber centres
*Advanced Technical Panels Ltd	England	£1 Ordinary	100%	Specialists in technical plywood and panels
*Nevill Long Ltd	England	£1 Ordinary	100%	Suspended ceilings
*James Latham (Warehousing) Ltd	England	£1 Ordinary	100%	Group warehouse facilities
Leaside Services (Guernsey) Ltd	Guernsey	£1 Ordinary	100%	Group insurance facilities
H. J. Meek (Investments) Limited	England	£1 Ordinary £1 Preference	100% 100%	Holding company

Companies marked with an * are wholly or partly owned through subsidiary undertakings of James Latham public limited company. The Group also includes several dormant companies which are in the process of being wound up.

Information concerning the principal subsidiary undertakings is given within the Points of Contact on the inside back cover.

27. Associated undertakings

Name	Country of incorporation and operation	Total issued capital £	Class of shares	Percentage of ownership	Principal activity
G. A. Day Timber Centres Ltd	England	51	£1 A Ordinary	Nil	Timber centres
	England	51	£1 B Ordinary	100%	
*Consett Laminators Ltd	England	20,000	£1 Ordinary	45%	Specialist fabricators of decorative laminates
Singer Plywood Co Ltd	England	99,000 81,000	£1 A Ordinary £1 B Ordinary	Nil 86%	Suppliers of doors

Companies marked with an * are owned through subsidiary undertakings of James Latham public limited company.

Information concerning the associated undertakings is given within the Points of Contact on the inside back cover.

28. Future capital expenditure

	Group		Parent Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Estimated amounts of capital expenditure approved by the directors but not provided for in these accounts are:				
Contracts not placed	376	382	150	95

NOTES TO THE ACCOUNTS

29. Group pension scheme

James Latham public limited company operates a Group contributory pension scheme which employees of the company are eligible to join conditional upon their age and length of service. Benefits are provided based on earnings in the last twelve months before retirement. The assets of the scheme are held separately from those of the Company, being invested in managed funds and cash deposits operated by Scottish Widows Fund and Life Assurance Society.

The pension charge for the year was £173,000 (1993: £179,000)

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit valuation method. The most recent valuation was as 1 April 1993. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 8.5% per annum, that the salary increases would average 6.5% per annum and that the present and future pensions would increase at the rate of 3% per annum in respect of service to 1 January 1991 and thereafter at 4% per annum.

The actuarial valuation at 1 April 1993 showed that the market value of the scheme's assets was £9,261,000 and that the actuarial value of these assets represented 108% of the benefits that had accrued to members after allowing for expected future increases in earnings. Such surplus is being taken into account in the annual pension costs charge.

With the exception of employees in the Nevill Long group of companies, all employees of the subsidiary undertakings are eligible to join the group pension scheme. The Nevill Long group of companies operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge for the year was £6,000 (1993: £13,000).

The cost of pensions to employees and the widows of former employees who retired before becoming eligible to be members of the Group pension scheme is being met out of the provision for unfunded pensions (note 20).

30. Annual lease commitments

Lease commitments under various operating lease contracts for vehicles and property payable by the Group and the Parent Company.

	Group		Parent Company	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Vehicles:				
Leases expiring within one year	41	85	3	26
Leases expiring within two to five years	203	111	100	30
	<u>244</u>	<u>196</u>	<u>103</u>	<u>56</u>
Property:				
Leases expiring after five years	<u>454</u>	<u>432</u>	<u>—</u>	<u>—</u>

31. Savings Related Share Option Scheme

In accordance with the terms of the Savings Related Share Option Scheme adopted on 19 August 1987, applications for shares in the Company have been received for 127,387 (1993 140,093) shares which are exercisable between January 1996 and June 1996 at £1.68 per share.

DIRECTORS' RESPONSIBILITIES



Directors' responsibilities in respect of the preparation of financial statements

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 the Group and of the profit or loss of the Group 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 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 Group 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 Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm their compliance with these requirements.

AUDITORS' REPORT

To the shareholders of James Latham public limited company

We have audited the financial statements on pages 10 to 26 which have been prepared under the accounting policies set out on page 15.

Respective responsibilities of directors and auditors

As described above 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. 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group'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 accounts 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 affairs of the Company and of the Group as at 31 March 1994 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Moores Rowland
Chartered Accountants
Registered Auditors
Clifford's Inn
Fetter Lane
London EC4A 1AS

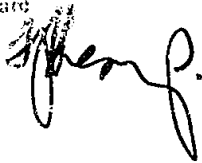
5 July 1994

NOTICE OF MEETING

Notice is hereby given that the ninety-fifth Annual General Meeting of the Company will be held at the Registered Office of James Latham public limited company, Leaside Wharf, Clapton, London E5 9NG on Friday, 5 August 1994 at 12.30 p.m. for the following purposes:

1. To receive and adopt the Directors' Report and Accounts for the year ended 31 March 1994 together with the Auditors' Report thereon.
2. To declare a dividend.
3. To re-elect Mr. M. R. Parkinson as a director.
4. To re-appoint Moores Rowland, Chartered Accountants as Auditors and to authorise the directors to fix their remuneration.
5. To transact any other *ordinary business of the Company*.

By Order of the Board
T.G. Kemp
Secretary



Registered Office
Leaside Wharf
Clapton
London E5 9NG
5 July 1994

The Report and Accounts are sent to all members of the Company.

Holders of Preference Shares are not entitled to be present, either personally or by proxy, or to vote at any General Meeting so long as the dividends on such Preference Shares are regularly paid or unless a resolution is to be proposed for winding up the Company, reducing its capital or selling its undertaking or adversely affecting the rights of the holders of Preference Shares.

A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote on his/her behalf. A proxy need not be a member of the Company.

Any instrument appointing a proxy, to be valid, must be lodged with the Company's Registrars at National Westminster Bank Plc, Registrars Department, P.O. Box 82, Caxton House, Redcliffe Way, Bristol BS99 7YA, not later than forty-eight hours before the time fixed for the meeting.

Copies of directors' contracts of service will be available for inspection at the Registered Office during normal business hours from the date of the above notice until the close of the meeting.

THE JAMES LATHAM GROUP



IMPORTING COMPANIES

JAMES LATHAM SOUTHERN

Leeside Wharf, Mount Pleasant Hill,
CLAPTON, London E5 9NG
Tel: 081 806 3333
Fax: General: 081 806 7249
Fax: Timber: 081 806 6465
Fax: Panel Products 081 806 1052
Fax: Softwood 081 880 0250
Fax: Accounts 081 442 4211
Panel Products: Steve Fletcher,
Howard Hayes, Paul Fletcher,
Steve Frommont, Chris Hudson,
John Jeffries
Hardwood: John May, Steve Berry,
Ron Costin, Tom Heaphy
Softwood: Les Friery, Phil Langley,
Mark Sanz, Steve Woodland
British Timbers: Martin Cohen
Moulding Mill: Andy Duffin,
Jamie Currie, Terry Cromwell
Lea Timber: Trevor Barnard
Tel: 081 806 1236
Fax: 081 880 0121

JAMES LATHAM NORTHERN

Longlands, Flushdyke, OSSETT,
W Yorks WF5 9JE
Tel: 0924 276111
Fax: Timber/Accounts 0924 275156
Fax: Panel Products 0924 280193
Panel Products: Keith Hunt,
Allan Green, Chris Sykes, Geoff Turner,
Wayne Wilson
Hardwood: John Hewson, Gordon Wood
Softwood: Alan Spurr

JAMES LATHAM MIDLAND

Chartwell Drive, off West Avenue
WIGSTON, Leics LE18 2FN
Tel: 0533 889161
Fax: Panel Products 0533 813806
Fax: Timber 0533 571727
Panel Products: Chris Sutton,
Bill Blacklock, Lee Cramp,
Joanne Pollard, Rory Pallett
Timber: Ian Milne, Jonathan Dawson

JAMES LATHAM WESTERN

Badminton Road Trading Estate, YATE,
Bristol BS17 5JX
Tel: 0454 315421
Fax: 0454 323488
Panel Products: David Nickless,
Golf Perry, Neil Viner
Timber: Nick Hornsby, Iain Thomson
Local Trades: Jeff Lane 0454 273501

ADVANCED TECHNICAL PANELS LTD

(Specialists in Technical Plywood and
Panels)
Longlands, Milner Way, OSSETT,
W Yorks WF5 9JE
Tel: 0924 263655
Fax: 0924 280193
Sales: Anthony Chapman, David Briggs

JAMES LATHAM SCOTLAND

Tel: 0360 60877
Contact: Bill Ewing
or via

JAMES LATHAM NORTHERN

Head Office: James Latham Plc
Leeside Wharf, Mount Pleasant Hill
Clapton, London E5 9NG
Tel: 081 806 3333
Fax: 081 806 7249

LATHAM TIMBER AND BUILDING SUPPLIES

L.T.B.S. BRAINTREE

Manor Street
Braintree, Essex CM7 6HS
Tel: 0376 322944
Fax: 0376 550046
Manager: Colin Clifton

L.T.B.S. HORSHAM

Units 5 & 6
Nightingale Road Trading Estate
Horsham, W Sussex RH12 2NS
Tel: 0403 255346
Fax: 0403 264719
Manager: Colin Gritton

L.T.B.S. LUTON

Farley Hill
Luton, Beds LU1 5EE
Tel: 0582 456161
Fax: 0582 451026
Manager: Andrew Noble

L.T.B.S. MILTON KEYNES

Simpson Road, Bletchley
Milton Keynes MK1 1BB
Tel: 0908 644222
Fax: (Head Office) 0908 366624
Fax: (Depot) 0908 270243
Sales Manager: Andy Tarrant

L.T.B.S. OXFORD

Ferry Hinksey Road, Osney Mead
Oxford OX2 0ES
Tel: 0865 791111
Fax: 0865 793070
Manager: Hussain Mahrnoudi

SUSPENDED CEILINGS, PARTITIONINGS AND DRY LININGS

TILES, LIGHTING, FIXINGS,
INSULATION
STUD AND TRACK, TOOLS, CUBICLES
ACOUSTIC AND DECORATIVE PANELS
LASER LEVELLING EQUIPMENT

NEVILL LONG SOUTHERN

Centre House, Victory Way, Southall Lane,
HESTON, Middx TW5 9NS
Tel: 081 573 9898
Fax: 081 813 5127
Manager: Roy Sirett

NEVILL LONG EASTERN

Unit 5, Sterling Industrial Estate
Rainham Road South
DAGENHAM RM10 8TX
Tel: 081 593 7121
Fax: 081 593 0406
Manager: Martin Boakes

NEVILL LONG WESTERN

Unit 8, Badminton Road Trading Estate
YATE, Bristol BS17 5JX
Tel: 0454 326622
Fax: 0454 325800
Manager: Elliot Roberts

NEVILL LONG MIDLAND

Chartwell Drive, off West Avenue
WIGSTON, Leics LE18 2FL
Tel: 0533 570670
Fax: 0533 570044
Manager: Peter Thompson

NEVILL LONG (LEEDS)

Unit 3, Mill Green Industrial Estate
off Gelderd Road, LEEDS LS12 6HE
Tel: 0532 446660
Fax: 0532 444377
Manager: Clive Hemingway

NEVILL LONG (ACCOUNTS)

Simpson Road, Bletchley
MILTON KEYNES MK1 1BB
Tel: 0908 368051
Fax: 0908 366624

ASSOCIATED UNDERTAKINGS

SINGER PLYWOOD CO LTD

(Specialist suppliers of Doors)
Leeside Wharf, Mount Pleasant Hill,
CLAPTON, London E5 9NG
Tel: 081 806 3117
Fax: 081 806 6504
Managing Director: Gerry Singer
Sales: David Singer, Sid Hirsch

CONSETT LAMINATORS LTD

(Specialist Fabricators of Decorative
Laminates)
Unit 45, No 1 Industrial Estate,
CONSETT, Co Durham DH8 6TW
Tel: 0207 508124
Fax: 0207 580890
Managing Director: Alf Royal
Director/General Manager: Steve Royal
Sales: Peter Conroy

G.A. DAY TIMBER CENTRES LTD

The Timber Centre, Burrfields Road
PORTSMOUTH, Hants PO3 5NA
Tel: 0705 669535
Fax: 0705 666497
Director: Paul Cooper
Manager: Grahame Clark

G.A. DAY TIMBER CENTRES LTD

65/67 Ringwood Road, Kinson Pottery
Estate
Parkstone
POOLE, Dorset BH14 0RG
Tel: 0202 735735
Fax: 0202 738838
Director: Paul Cooper

NOTICE OF ILLEGIBLE DOCUMENT ON THE MICROFICHE RECORD

Companies House regrets that the microfiche record for this company contains some data which is illegible.

The poor quality has been noted but unfortunately the steps taken to improve the quality have been unsuccessful.

Companies House would like to apologise for any inconvenience this may cause.