

Registered Number 20065619

JAMES LATHAM PLC

ANNUAL REPORT & ACCOUNTS 2022

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Contents

Summary and Highlights

- 1** Financial Highlights and Calendar
- 2** Chairman's Statement

Strategic Report

- 4** Outline of the Strategic Report
- 4** Section 172 Statement
- 6** James Latham plc and Our Objectives and Strategy
- 8** Corporate Responsibility
- 15** Principal Risks and Uncertainties
- 18** Key Performance Indicators
- 19** Operating Review
- 22** Financial Review

Corporate Governance

- 26** Corporate Governance Report
- 29** Directors and Advisors
- 30** Directors' Remuneration Report
- 34** Directors' Report
- 37** Statement of Directors' Responsibilities
- 38** Independent Auditor's Report

Financial Statements

- 44** Consolidated Income Statement
- 45** Consolidated Statement of Comprehensive Income
- 46** Consolidated and Company Balance Sheet
- 47** Consolidated Statement of Changes in Equity
- 48** Company Statement of Changes in Equity
- 49** Consolidated and Company Cash Flow Statement
- 50** Notes forming part of the Group Accounts
- 81** Notice of the Annual General Meeting
- 85** The Latham Group

Financial Highlights and Calendar

for the year ended 31 March 2022

Financial Highlights



Financial Calendar

Record date for final dividend 2022	5 August 2022
Annual General Meeting 2022	31 August 2022
Payment of final dividend	2 September 2022
Interim 2022/23 results announcement	1 December 2022
Interim dividend expected payment date	27 January 2023
Preliminary announcement of 2022/23 results	29 June 2023
Annual General Meeting 2023	23 August 2023

Chairman's Statement

The financial year to 31 March 2022 was a year in which there were considerable challenges to the business. The economy bounced back from the effects of the COVID-19 pandemic which put pressure on global supply chains and led to difficulties in obtaining regular supplies of inventory. In addition there were significant increases in the market prices for our products, mainly in the first half of the year. I am therefore very pleased to report unprecedented trading results for the financial year to 31 March 2022.

Revenue for the financial year to 31 March 2022 was £385.4m, up 54.0% on last year's £250.2m. Like for like volumes, taking into account working days and acquisitions, increased by 11.9% with the growth equally on delivered business from our own warehouses and direct volumes shipped from the ports or from the manufacturers. The cost price of our products is on average 36.2% higher than at the start of the financial year.

Gross profit percentage for the financial year to 31 March 2022 was 23.8% compared with 18.0% in the previous financial year, and 26.4% reported in the half year accounts. This figure includes warehouse costs and we are continuing to extend the shift systems to improve our service levels with six of our depots now working 24 hours a day.

Profit before tax is £58.0m, up £39.4m on last year's £18.6m. Profit after tax for the year is £45.6m up from last year's £15.0m. Earnings per ordinary share is 229.3p (2021: 75.4p) an increase of 204.1%.

As at 31 March 2022 net assets have increased to £164.0m (2021: £119.1m). Inventory levels have increased to £74.2m from £48.2m last year. This is partly to do with increased inventory in our new business, IJK Timber, based in Northern Ireland, but mainly due to increases in prices for our products and extended lead times for our imported products. Trade and other receivables at the year end were £20.3m higher than the previous year due to the increase in revenues but are still showing an improvement on last year's debtor days. Despite the challenges of the economic environment, bad debts have remained small at 0.1% of revenues. Cash and cash equivalents of £37.0m (2021: £28.6m) remain strong with good cash flows from operating activities.

Final dividend

The Board has declared a final dividend of 27.0p per Ordinary Share (2021: 15.5p). This final dividend includes a payment of 8.0p per Ordinary Share to reflect the exceptional results for the year. The dividend is payable on 2 September 2022 to ordinary shareholders on the Company's register at close of business on 5 August 2022. The ex-dividend date will be 4 August 2022. The total dividend per ordinary share of 33.5p for the year (2021: 21.2p) is covered 6.8 times by earnings (2021: 3.6 times).

Current and future trading

The strong results seen in this financial year have continued into the new financial year, with volumes and margins comparable to those achieved in the second half of 2021/22. The supply of many of our key products has become a little easier but there are still a few notable challenges, including obtaining alternative supplies to replace products that previously were sourced from Russia. We are starting to see signs that cost prices are weakening in some of our major product groups, but the continuing supply chain issues and supplier cost pressures on raw material, logistics, power and other overheads, are tempering these price weaknesses.

I would like to thank all of our key suppliers for supporting us during this financial year. I think the true partnerships that we have developed over many years have stood us apart from our competitors during what has been a challenging period for us all.

During the year we purchased Sarcon (No 155) Ltd which trades as IJK Timber in Northern Ireland. This acquisition and subsequent integration into our systems have gone very well and we now have a great platform to develop panel product sales on the island of Ireland.

Despite the positive start to the year there is increasing uncertainty surrounding the macroeconomic outlook and continuing inflationary pressures on our overheads. At this stage the majority of our customers remain busy. We are confident in our ability to deal with the challenges as they arise, but we do not expect to repeat the exceptional results achieved in this financial year.

Development strategy

The directors remain focussed on developing the business, and believe that the results demonstrate the flexibility of our business model to deal with all the challenges that we have faced in the last year. We will continue to invest in our current warehouse facilities, including extending the Yate warehouse to increase capacity and further extending the working day at Scotland, Gateshead and Purfleet. We will also complete phase 2 of the investment in new machinery at Dresser Mouldings to have a state of the art production facility to improve efficiencies and enable us to target more business.

In the summer we will be relocating our Head Office team to a new modern office in Hemel Hempstead, which will allow us to look at the opportunity to further develop the warehouse at Hemel Hempstead.

We will continue to look for acquisitions that either help with our strategy of developing sales in specific market sectors or any geographical opportunities that arise.

We recognise that the movement of product from suppliers or distribution centres to our customers is critical, and we will be reviewing this to identify any potential efficiencies that we can make to improve the service to our customers.

Directors and staff

I would like to extend a warm welcome to the team at IJK Timber to the James Latham business. It has been a pleasure to get to know them. Congratulations as well to Emma Atkins at our Purfleet depot, who was awarded the career development award at the 2021 TTJ awards ceremony, this is a fantastic achievement.

I would also like to thank the Supply Chain Team, headed by Steve Frommont, for the amazing job that the whole team have done in managing the flow of product from all over the world into our depots. This year has been the most challenging I have ever seen when it comes to making sure that our depots have all the products they need to look after our customers. Constraints on supply from suppliers all over the world, challenges at both the port of entry and exit for all of our imported product and container shortages came at a time when it felt like every company in the UK was trying to negotiate more space at the ports.

In terms of corporate structure, there is a clear division of responsibilities between the main board, which determines strategy and exercises corporate governance and the trading board of Lathams Limited, chaired by Andrew Wright, which sets and monitors trading and operations policy. Both boards are well balanced in terms of experience and skills.

I would like to personally thank all the directors and everyone in the group for their support, and their individual contributions that have undoubtedly enabled the business to achieve this incredible result. I believe this demonstrates the great team spirit and communication that we have in our business which sets us apart, and will stand us in good stead for the future.

Nick Latham,
Chairman, James Latham plc
12 July 2022



Strategic Report

Introduction

Outline of the Strategic Report

The directors present their Strategic Report for the year ended 31 March 2022. Included within these sections are the four Principles for delivering growth as contained within the Quoted Companies Alliance Corporate Governance Code 2018, demonstrating how we comply with these principles.

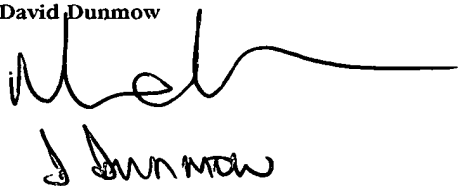
Page

6	James Latham plc and Our Objectives and Strategy
8	Corporate Responsibility
15	Principal Risks and Uncertainties
18	Key Performance Indicators
19	Operating Review
22	Financial Review

The Strategic Report was approved by the board of directors on 12 July 2022 and signed on its behalf by:

Nick Latham

David Dunmow



Section 172 Statement

The Strategic Report contains information on how the directors have had regard to the matters set out in Section 172 (1) (a) to (f) of the Companies Act 2006 when performing their duties under section 172. The long term success of our business has always depended on maintaining mutually beneficial arrangements with all our key stakeholders, and having shared goals. The group ensures that these shared goals are communicated throughout the business, both at group and local board level, as well as with the stakeholders themselves. Details of how we interact with our key stakeholders are discussed further in the Strategic Report. Our key stakeholders are:-

- **Shareholders.** As owners of the Group, we rely on the support and views of our shareholders. Members of the board have regular dialogue with shareholders in order to develop an understanding of their views. Shareholder feedback is regularly reported on and discussed by the board and their views are considered as part of the decision making process. The AGM is an important forum for shareholders to meet the board and ask any questions they may have. Further information is shown on pages 8 and 28.
- **Employees.** All of our employees throughout the business are key to our success, and we need to reward, protect and listen at all levels. We engage with our employees through the Company Intranet, local board meetings, performance reviews and briefings from various parts of the business. We undertake employee surveys which we use to present ideas to the board, representing the views of all our staff. We provide share schemes to encourage employees to share in the success of the Company. Further information is shown on page 14.
- **Customers and Suppliers.** Building long term relationships with our customers and suppliers is mutually beneficial for our shared success. Key to this is availability of stocks, service levels and expertise of our staff, to be able to provide the best products and best solutions to our customers, which cannot be done without the support of our suppliers. Further information is found on page 6.

- **Environment and Local Communities.** As a provider of natural materials, our impact and interaction with the environment and our local communities is key to our long term success. We support local charities with donations and encourage employees to undertake fundraising activities. Further information is found on on pages 8 to 14.

Decisions are made with a long term view in mind and having regard to all our stakeholders. These decisions are made in line with group policies, but local management are empowered to make decisions up to set levels of cost to ensure that stakeholders for their business units are properly considered. Where possible, decisions are explained and discussed with affected stakeholders before any actions are implemented.

The key decisions taken by the board in the year to 31 March 2022 include:

- a. Supply chain difficulties involved allocating more resources to inventories in order to ensure that there was no disruption in our supplies to our customers.
- b. The acquisition of Sarcon (No 155) Limited, where we considered whether this company, based in Northern Ireland, was value for money and fitted our geographical strategy, and concluded in favour of making the acquisition.
- c. Due to the COVID-19 pandemic, the AGM could not be held in person again. Instead we decided to allow any questions to be asked in advance of the meeting, with the board's responses published on the Company's Investors website. The 2022 AGM will return to being held in person.
- d. Approval of capital expenditure at our Dresser Mouldings branch, where the purchase of new machinery was considered a long term investment necessary for the future profits from this site.
- e. Approval of annual budget and three year plans. This year's budget and rolling three year plan were approved following a review of the budgets produced by the individual profit centres to ensure that this met our strategic priorities and considered the risks. We considered whether these plans adequately met the demands of our customers both in terms of service and in environmental concerns. We also considered the health and safety implications of these plans, as well as take on board ideas put forward by employees.
- f. Approval of the final dividend. We considered all the stakeholders in setting the dividend levels, including meeting shareholder expectations, maintaining a sufficient cash reserve for future investment and ensuring that there are sufficient reserves to meet our obligations to our pensioners.

Strategic Report

James Latham plc and Our Objectives and Strategy

DELIVER GROWTH

Principle 1 – Establish a strategy and business model which promote long term value for shareholders.

Objectives

James Latham plc sets out to be the supplier of choice throughout the UK and Ireland for joinery, door and kitchen manufacturers, commercial interior fitout and many other market sectors, offering a wide range of wood based panel products, natural acrylic stone, door blanks, hardwoods, high grade softwoods, modified and engineered timbers, decking and mouldings and other machined products. We also supply commodity and specialist panel products to timber and builders' merchants.

Environmental interests in, and concerns about, the growth and harvest of timber are key drivers of company policy, with the company aiming to increase each year the amount of legal and sustainable product supplied into its marketplace. The UK is committed to becoming net-zero carbon by 2050 and the company is aiming to provide embodied carbon information to our customers to demonstrate the carbon story of our products.

The company believes that to provide the service demanded, we need to be close to our customers. We offer national coverage from thirteen locations in the UK and three locations in the Republic of Ireland, as shown in The Latham Group map on page 85, as well as from various port and storage locations around the UK. Two new locations in Northern Ireland have been added this year to improve our distribution network.

Our timber processing facility at Dresser Mouldings supplies both the depots and customers directly. Having stock of product in the right place at the right time is important to provide this service. Commodity imports are held in ports including Tilbury, Liverpool and Grangemouth. This stock can be delivered directly to customers for multi-pack orders, or transferred to the depots for onward delivery. Around London we stock Panel Products and Timber Products in separate warehouses whereas a full range of products are held in our other locations around the United Kingdom. We also hold a range of specialist products in Leeds for national distribution and Leeds also offers an efficient delivery service to Ireland to complement the business supplied directly from our timber depots in the Republic of Ireland.

The company is well respected in its industry and amongst its customers and suppliers for its principled trading policies and its integrity.

The company's objectives are:

- To maximise shareholder value over the medium term;
- To be the supplier of choice for our customers by understanding and meeting their needs and providing them with the right material at the right time;
- To maintain its presence in timber based products but to expand the product range to the existing customer base from an extended distribution network;
- To increase sales of third party certified legal and sustainable timber products and drive Corporate Social Responsibilities within our company and industry;
- To provide a safe working environment for our staff;
- To improve service levels by improving warehouse facilities to speed order picking over an extended product range; and
- To employ and develop well-trained, knowledgeable and helpful staff.

Strategy for developing the business

The directors recognise that the strength of the group is as a distributor of high quality timber and associated products, purchased using the Timber Trade Federation Responsible Purchasing Policy from legal and sustainable sources of supply, to meet existing and new customer demands on product and service.

Working with existing and potentially new suppliers, we identify products to add to our extensive range. This can include non timber products where they fit into the requirements of our customer base. Our aim is to provide a true one stop shop to our key target markets.

Our strategy for developing the business is two fold. Firstly to ensure that we maintain and improve our volumes of commodity products, including MDF, OSB, Plywood, North American Hardwoods, European

James Latham plc and Our Objectives and Strategy

Hardwoods and African Hardwoods. Secondly, alongside the commodity products we sell an increasing amount of speciality products, including Door Blanks, Melamines, Laminates and other decorative panels, Accoya, Woodex® and Decking. The Dresser Moulding facility allows us to further develop our offering of processed timbers. Full ranges of the specialist products are stocked and key to our success is having the right stock in the right place at the right time.

Melamine, decorative laminates and edging products are important product groups and all Latham depots offer a comprehensive range of products ex-stock, including decors from Egger, Kronospan and CLEAF.

Sales of technical engineered and modified timber are a key part of our strategic sales development for timber. An enhanced range of products are stocked, including Accoya, WoodEx®, Decking and machined and coated timbers.

Our Leeds depot acts as the central distribution point for ATP, HI-Macs®, Avonite, Kydex®, Laminates and Valchromat. These are all available on a national basis for prompt delivery to our customer base. We have and will continue to enhance our delivery service and will continue to develop our centrally held stocks.

All depots have a three year rolling business plan to ensure that they monitor opportunities and threats throughout the year and review their practices to continually improve service levels to our customers. These plans drive our investment in our facilities as we adapt our product ranges and service levels to meet customer demands, which includes operating 24 hours a day, 5 days a week.

We will continue to look to develop new markets, both organically through our depot network, or by acquisition where the opportunity arises. This year we acquired Sarcon (No 155) Limited trading as IJK Timber Group which provides two new depots in Northern Ireland to complement our business currently done in Ireland through Abbey Woods, in the Republic of Ireland, and via Leeds. We have also launched an online website for customers to place orders and obtain information about their account and our products 24/7.

Our staff are a major asset for the company, and we continue to invest in training to ensure that we have the best operations, sales and technical teams in the industry. Marketing of our products is done through brochures, direct advertising, public relations, social media and exhibitions and we use multiple channels to communicate clearly with our existing and potential customers, fully complying with our responsibilities under the Data Protection Act.

We have developed a new specification website promoting our product offering to professional specifiers, architects and designers. This has been received well by these professionals and is proving to be beneficial, gaining orders and specifications for a wide range of products on display from our key strategic suppliers. We also put in place a programme of presentations to architects for their Continual Professional Development.

Digital media has provided the company with the opportunity to increase brand awareness across a wide range of social media platforms including the introduction of a series of short videos available on the www.lathamtimber.co.uk website. We have centralised our sampling service in Leicester to provide a more efficient service with greater visibility to follow up the sales leads that this produces.

COVID-19 has brought about a new way of working, with less face to face visits and an increased use of technology to engage with our customers and suppliers, from video conferencing tools to the development of digital media to promote and explain our products.

We value the personal relationships developed with our suppliers, staff and customers. Working with our staff and suppliers we aim to offer our existing and potential customer base a first class service of fit for purpose, legal and sustainable products, delivered in a timely manner.

Strategic Report

Corporate Responsibility

Principle 2 – Seek to understand and meet shareholder needs and expectations.

Nick Latham and David Dunmow are responsible for maintaining good communications with shareholders. This includes our published financial statements and Stock Exchange announcements, which are also posted on to our Investors website, www.lathamtimber.co.uk. We allocate at least three days a year for Investor Roadshows organised by our broker, SP Angel, where investors have

the opportunity to discuss our strategy and their own expectations. In addition we occasionally host shareholder visits to our depots with a guided tour of the facilities to increase their understanding of our business. Shareholder feedback and significant movements in our shareholder base are regularly discussed at board level, and their views are considered as part of our decision making processes.

Principle 3 – Take into account wider stakeholder and social responsibilities and their implication for long-term success.

At James Latham plc, we are conscious of our corporate responsibilities to all our stakeholders and to society as a whole. Environmental matters, health and safety, staff training and equal opportunities are key areas relevant to the group's business. We also maintain contact with and support both the local and the wider community. A substantial amount of management time is devoted to Corporate Social Responsibility issues, as we believe that these enhance our standing with customers and suppliers to the benefit of all stakeholders.

Environmental

The directors of James Latham plc recognise that the company has a responsibility to the environment, customers, suppliers, shareholders and staff to base its commercial activities on well-managed forests and to reduce any negative environmental or social impact of its trading as far as is reasonably practical.

The UK Government is committed to becoming net-zero carbon by 2050. The legislation intends to dramatically reduce Greenhouse Gas Emissions and any remaining emissions are offset, neutralising environmental impact and slowing climate change. One of the routes to achieving this, is by reducing carbon emissions from construction.

Construction is responsible for 40% of the UK's total carbon footprint, and so construction companies need to look at the choice of materials and construction methods used, as well as the energy efficiency of the buildings. This has led to architects and specifiers increasingly paying attention to the embodied carbon in the building. Using timber as a building material helps offset carbon emissions as timber is carbon negative.

Sourcing wood from sustainably managed forests maximises CO2 absorption and stores more carbon. In addition, sustainably managed forests increase biodiversity and increases forestation. Forest stewards manage the landscape to prevent damage to the eco-systems, water courses, wildlife and the trees themselves. This system takes a long term view of the forest resource to ensure that they will last for generations to come.

To support this, we ensure our timber is legally harvested and comes from well managed forests. We recognise that the independent certification of forests and supply chains is the best means of providing assurances of this. As well as providing assurances on the timber itself, these schemes also provide checks on the welfare of the forest workers and indigenous population.

In some parts of the world, timber certified by one of the internationally recognised schemes is not available. In situations such as these, we are committed to purchasing all timber from legal sources and to seek confirmation that suppliers are operating in accordance with the laws of their country.

The Timber and Timber Products (Placing on the Market) Regulations ("UKTR") places an obligation on the first placer of timber on the British market to ensure that the timber has been legally sourced and traded. Compliance requires operation of a due diligence system, assessing risks and implanting mitigation measures to ensure that only negligible status product can enter the supply chain. In 2020, an Office of Product and Safety Standards audit of our due diligence systems found that we were fully compliant with the European Union Timber Regulation No 995/2021.

For a number of years we have had risk assessment tools in place to monitor suppliers through the Timber Trade Federation Responsible Purchasing Policy and Code of Conduct. The risk assessment seeks to provide the clearest practicable information regarding the sources of raw material used in the manufacture of wood products.

We publish our commitment to the environment regularly in literature and on our website, www.lathamtimber.co.uk.

We give clear guidance to our customers about the importance of buying timber that can be demonstrated to be legal and from well-managed forests. This is a condition of contract to supply the UK Government and many environmentally aware customers. Company staff regularly give presentations on these topics to trade associations and to customers.

Strategic Report

Corporate Responsibility

Supply chain transparency – Modern Slavery Act 2015

We are dedicated to promoting ethical values and integrity in our business behaviour by implementing controls through ISO management and due diligence systems. We are committed to taking all reasonable efforts to prevent human trafficking and slavery within our trading and operational purchase supply chains. Our Modern Slavery Statement is updated annually and is available on our website www.lathamtimber.co.uk.

Energy and our Carbon Footprint

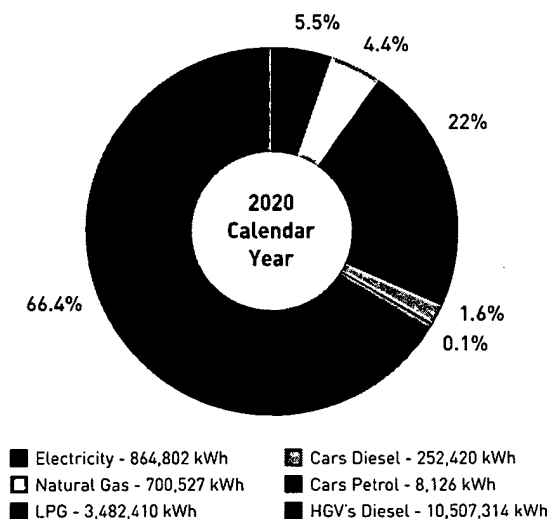
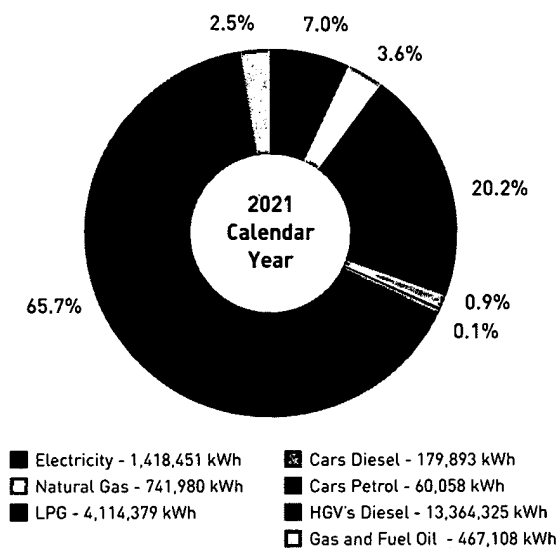
We recognise that alongside our timber environmental policy, we have a responsibility to minimise our local environmental footprint.

We have developed an environmental management system which is accredited under ISO14001. This commits us to considering energy efficient options for lighting, heating and ventilation and transport, before making purchasing decisions. Our Carbon data is shown in the table below:-

Carbon Dioxide Equivalent (CO ₂ e) tonnes			
	2019	2020	2021
Scope 1			
Direct emissions from burning gas and solid fuel for heating and from road use for sales and distribution	4,114	3,466	4,369
Scope 2			
Indirect emissions from use of electricity	264	202	301
Total	4,378	3,668	4,670
Total kWh	18,392,940	15,815,599	20,346,194
Global Intensity Ratio			
Tonnes of CO ₂ from scope 1 and 2 per £m of turnover	17.62	14.86	12.98
Tonnes of CO ₂ from scope 1 and 2 per thousand m ³	11.20	8.80	9.69
<i>Data shown is for the calendar years 2021, 2020 and 2019.</i>			

Scope 1 and 2 emissions are calculated from billing data received from our power and fuel suppliers, and converted using conversion factors published by the UK Government. This includes data from our Irish operations.

Total annual energy use of 20,346,194 kWh is further analysed in the graphs below.



As a distribution company, the majority of our emissions are from our vehicles. These are increased this year mainly due to the increase in revenues and the recovery from the COVID-19 pandemic which affected the figures for 2020. We have continued to encourage working from home on a hybrid basis where this is possible for the efficient running of our operations. The reduction in the Global Intensity Ratio shows that progress is being made in reducing our CO2 emissions.

We have continued our investment in LED lighting, with two more depots having their lighting upgraded. With more of our depots working overnight, efficiency of the lighting is important.

All our HGV's are fitted with vehicle trackers, monitoring efficiency of route planning and on driver behaviour patterns. We regularly review the availability of electric HGV's, and as these become available and suitable for our multi-drop style of delivery, we will look to adding these to the fleet.

Having updated our company car policy, the aim is to increase the numbers of energy efficient cars including plug-in hybrid and fully electric cars. When the infrastructure in place allows and where appropriate we will apply these rules to all our fleet as they are replaced on an ongoing basis. In addition, we have reduced business travel and many meetings now take place online via videocalls which contributed to 72% reduction in energy usage between 2020 and 2021. When we compare data with the 2019 figures, the reduction is even more impressive. Our data suggests we reduced fuel usage on business travel up to six times.

We invested in an additional four electric combi trucks last year to assess their performance and carbon saving and we have a further nine on order. We are now adding them as the preferred Combi model to purchase where circumstances allow. We have signed up to use BioLPG fuels, guaranteeing 40% of our supply with a 'Green Gas Certification Scheme', which is fully traceable and third party verified. We also purchase 100% biomass renewable electricity which produces 86% less carbon than coal-generated power.

We have invested in new eco-friendly dust extraction system Ecogate at Dresser Mouldings. According to the manufacturer's calculations we have managed to reduce electricity consumption by 124,132 kWh in the first year.

Strategic Report

Corporate Responsibility

The Carbon Story

The growing interest in 'Net-Zero Carbon' construction is very significant to us. Timber performs fantastically when compared to Carbon Dioxide (CO₂) intensive materials such as concrete or steel which release CO₂ into the atmosphere during production. Conversely, timber produces no CO₂ during its growth, instead removing carbon from the air and locking it away for its lifetime.

With this in mind, our compliance team worked with the Biocomposites Centre at the University of Bangor to develop a unique calculator that could measure not only the carbon locking potential of our products, but also the carbon footprint created by their production, transport and storage at our facilities. Not only is this data available to our customers, but we also rank (1-4) the confidence we have in the data and the sources it was taken from. With a broad portfolio of products from around the world, this ranking not only provides peace of mind for our customers, but also encourages lower ranked suppliers to improve the documentation available for us to make these calculations.

Our press launch of the calculator at the sustainable construction event 'Futurebuild', featured a lecture theatre built within elements of a real house constructed from our most carbon conscious products, by Zero Carbon construction pioneers 'Kiss House'. At the end of the event, the house components were dismantled and transported to a Kiss House site where they will form part of the very first Passive House to be constructed in Reading, Berkshire. This innovative, environmentally conscious approach to an exhibition stand led to the organisers awarding us the title of 'Best Sustainable Stand' for the event.

Waste Disposal

We seek to minimise the use of packaging material and to recycle discarded packaging material and paper where it is practicable to do so, to avoid these materials entering landfill. We have seen a good improvement in reducing the amount of waste reaching landfill, as set out in the table below.

Waste to landfill and diverted from landfill

	2017	2018	2019	2020	2021
Landfill (tonne)	390	371	156	87	121
Diverted from landfill (tonne)	562	479	681	707	838
Total waste	952	850	837	794	959
Diverted from landfill	59%	56%	81%	89%	87%

Whilst every effort has been made to ensure data is consistent across the years, there are some differences in collection methods across this period.

Support of our communities

We are all aware of the extent to which the NHS has been tested over the course of the COVID-19 pandemic, and those working on the frontline are only too well aware of the need to take time out and consider their own wellbeing in the midst of it. The crew at Walthamstow Ambulance Station asked us for assistance to help create a wellbeing garden for not only their own team, but also other local NHS staff to spend some time to relax, refocus and re-energise ahead of another challenging shift. Featuring seating, flower beds and a large mural painted by a local graffiti artist, we were delighted to donate Medite Tricoya Extreme to this very worthy project.

Lincoln's Little Heroes project, started by TV personality and Architect George Clarke in 2020, aims to bring a little light relief to children in the Lincoln area who were undergoing cancer treatment, were immunosuppressed or shielding during the pandemic. As the children were unable to leave their homes, the organisation delivered presents, good will parcels and Christmas cheer to the doorstep of those affected. We donated Oak veneered MDF which, via the skilled students of Lincoln University Technical College, became Christmas decorations and ornaments for the families involved. We have been involved in this project since its inception and hope to continue our support for many years to come.

The Rycotewood Furniture School is one of the UK's most prestigious furniture colleges and has launched the careers of many high-profile furniture makers. The company has a long-founded relationship with the school and have donated various species of hardwoods for students to explore in the past. This year, however, they were looking to push the boundaries of what their students could achieve, so asked us if we had any novel new materials they might try out. Under the guidance of renowned furniture designer Fred Baier and with a focus on his signature curves and colours, we provided a selection of brightly coloured materials that could be shaped, thermoformed or carved to produce storage furniture for their first year show. Products such as HI-Macs® Solid Surface, Valchromat coloured MDF and Wisa Grada Thermoformable plywood went into a number of designs, allowing the cohort to consider alternative materials and approaches to furniture production.

We continue to support the National Forest project in Central England, which started with the planting of 250 trees to celebrate the company's 250 year anniversary in 2007 and continues with further plantings and woodland management activities for customers, suppliers and staff.

Health and Safety - Providing a safe working environment

The handling of timber and panel products, both manually and mechanically, and the stacking and storage of these products at height, can be dangerous activities. We are very active in assessing and minimising the risks in all areas of the business and educating the workforce to provide as safe a working environment as possible for all people that come into contact with James Latham plc.

In March 2020, the onset of the COVID-19 pandemic brought with it new challenges for all our staff to work in a safe environment. Our disaster recovery plans kicked in with all key sales staff and administration being able to work from home with computer and telephone access throughout the group. For those operations staff who could not work from home we introduced new COVID-safe working procedures and social distancing rules that are continually updated following government guidelines. The majority of our staff are now back to work in our offices as before with some flexible working policies introduced to allow working from home where appropriate.

We employ a full-time Health and Safety Manager who reports to the board regularly, attends board meetings twice a year and chairs health and safety meetings at all depots. We have a 3-year action plan and all sites are subject to audit, with their audit scores and trends being monitored at quarterly management meetings. Management and employees are actively involved in improving our safety record, which is high on everyone's agenda. All employees take a personal responsibility for making sure their actions and behaviour maintain safety for all and we encourage reporting of "near misses" to enable us to constantly improve our safety systems.

Strategic Report

Corporate Responsibility

In addition, we recognise that safety extends beyond our warehouses. We regularly monitor vehicle accidents in our lorries and company cars to assess whether further training is required. We operate a programme of lorry driver mentoring and are members of the Road Haulage Association who carry out yearly audits to make sure we are operating safely and efficiently. Our lorries all have tracking devices fitted which provide alerts and information on speed and the route taken, as well as cameras and side scanners to not only provide live footage for training and insurance purposes, but also to provide improved rear and side visibility to our drivers, minimising blind spots. We undertake driving licence verification checks on a regular basis for all our drivers. The latest technology allows us to monitor driver behaviour not only from a safety aspect but also from an environmental aspect, minimising fuel use by efficient routing.

Our employees

The group's ability to achieve its commercial objectives and to serve 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.

We undertake staff surveys and have worked on the key areas arising from the survey to improve our strategies on issues including staff retention, communication, succession planning, training and development for all employees. We plan to continue to use this tool on an ongoing basis to continue to improve the working environment for all staff as well as improve the quality of service that they offer to our customers.

Quarterly meetings are held in each location, chaired by a board member, where employees' views concerning the performance of their profit centre are considered. To encourage the involvement of employees in the group's performance, share option schemes are operated together with bonuses linked to performance.

The group's employment policies do not discriminate between employees, or potential employees, on the grounds of age, gender, disability, sexual orientation, colour, ethnic origin or religious belief. We would make every effort to enable employment to continue for any employees that become disabled. The sole criterion for selection or promotion is the suitability of any applicant for the job. The group's pay policy is to ensure that every employee, other than apprentices, are at or above the Real Living Wage.

We have a successful program of introducing trainees from school or college. Trainees are put through external courses obtaining qualifications, including NVQs in Sales and Warehousing and the Wood Science exams covering the properties and uses of timber and panel products.

Details of the number of employees and their related costs can be found in note 4 to the accounts, and key decisions taken which have considered the employee interests are set out on page 5.

Principal Risks and Uncertainties

Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation.

All business involves taking risks, both general risks of trading and risks specific to our industry and the market in which we operate. These risks change and evolve and our risk management processes help us to deliver our strategic objectives over the medium term by adopting appropriate strategies and maintaining strong systems of internal control. These strategies however do not attempt to eliminate risk, but control the risks that we believe are appropriate to take to generate acceptable shareholder returns, without affecting our ethos on environmental and health and safety.

The risk reporting framework is designed so that information is passed in both directions, up and down the company's structure. A central risk register is maintained by the board and reviewed at least once a year by the Audit Committee. These risks are fed down to the depots, who add their own risks specific to their sites. Risk mitigation is discussed in every board meeting at depot and group level and reported back to the board. Any new or increased risks identified through this process are communicated to all depots for monitoring and action.

Business operations are controlled by the site director at each location and they are responsible for training of their staff, local controls including Quality Systems and service levels, monitoring KPI's and ensuring group policies are

adhered to. These controls are monitored at the quarterly board meetings. Central functions such as health and safety, insurance, IT, credit control, finance and HR are controlled by the executive boards of James Latham plc and Lathams Limited, who are responsible for assessing these risks and setting policies and procedures and ensuring that adequate training is given. Internal audit activities, such as Health and Safety audits, financial internal audits, Environmental Chain of Custody audits and Quality System audits provide assurances to the board that policies have been implemented properly and are being adhered to.

We have considered below the current risk factors that are considered by the board to be material. However in a changing world, new risks may appear or immaterial risks may become more important, and the directors will develop appropriate strategies as these risks appear.

In the year to 31st March 2022 the risk environment changed significantly with Supply Chain risks increasing due to both the effect of the COVID-19 pandemic affecting Global Supply Chains and the conflict in Ukraine. Brexit, Cyber Security and Key Man risks have also been considered.

We have considered below the key inherent risks and the risk mitigation measures that we have introduced.

Market Conditions	
Risk Status – High	Risk Direction – Increasing
Description The group's sales are predominantly UK based, but with an increasing presence in the Republic of Ireland. It is exposed to any slowdown in the UK or Irish economy. Negative or uncertain economic conditions could affect our customers' business resulting in them reducing purchases from our group.	Mitigation The distribution of our customers across the UK and Irish economic sectors helps reduce the impact of slowdown in any one sector. Regular financial information helps the board assess current trends. Our depots keep in close contact with our customers and discuss with them how market conditions are affecting their business. This year this has focussed on understanding how difficulties with Supply Chain and increases in cost prices and cost of living is affecting them.

Competition from new and existing businesses	
Risk Status – Low	Risk Direction – Unchanged
Competitive pressures from existing businesses and new entrants to the market could reduce prices, margins and profitability. Changes in customer purchasing habits may lead to different routes to market.	An assessment of the market and competitor activity is discussed at each depot's quarterly board meeting. This includes an assessment of our routes to market as challenges to our depot structure and operations emerge and assessment of our pricing strategies. Investment in improving on-line trading platforms and other digital methods to meet customer demand.

Continued overleaf

Strategic Report

Principal Risks and Uncertainties

Inventory levels move out of line with sales requirements and market prices

Risk Status – Medium	Risk Direction – Increasing
<p>Product shortages can lead to high prices and over purchasing throughout the trade, resulting in excessive stock holding. Weaker prices lead to stock reduction throughout the supply chain, which magnifies the reduction in demand and then leads to even sharper falls in price. Erratic shipments can result in stock excess and shortages in specific special products.</p> <p>The market for certain product lines changes, resulting in them becoming overvalued and slow moving or obsolete.</p> <p>The Global Supply Chain difficulties may cause demand for some products to switch to alternative products.</p>	<p>To mitigate this risk, the group has a strict policy of stock level targets by product group and depot. These are monitored monthly by the board which centrally controls the purchase of stocks and takes a group view on the action to be taken to limit the group's exposure to rapidly changing price levels. Live stock level reports and predictive tools are available for our managers to monitor current and future levels.</p> <p>The group's reduced reliance on commodity items has reduced this risk of over exposure to low value, high volume and price sensitive items, although as an important area for us, this risk cannot be completely removed.</p> <p>The board has set strict guidelines relating to purchases where the specification is unique to a particular customer, and has policies in place to ensure that no individual can commit the group to a purchase greater than his/her authorised limit.</p> <p>Slow moving and obsolete stocks are monitored regularly and action taken to mitigate the risk.</p> <p>Close contact is maintained with customers so that the effect of Global Supply Chain difficulties is known and we can adjust inventory levels as appropriate. This year we have been holding more stock than normal to ensure that our customers continue to receive reliable supplies from us.</p>

Supply Chain disruption could result in shortages of product

Risk Status – High	Risk Direction – Increasing
<p>Although far more of the group's purchases now come from Europe and North America, it has significant dealings with countries where the political climate is less stable, resulting in a strategic threat to the supply of product to the group.</p> <p>The group is reliant on certain suppliers for certain product ranges and their inability to meet our demand due to financial or production difficulties could result in stock shortages.</p>	<p>To mitigate the risk from these pressures, the group's dealings are spread across a large number of countries of supply. The group keeps informed of developments in higher risk producer countries.</p> <p>We maintain close relationships with our suppliers, including ports and shipping lines, to ensure that we are pre-warned of difficulties of supply. We maintain relationships with suppliers of alternative products.</p> <p>We also maintain close relationships with customers to help them find alternative sources of supply.</p>

Reputational Risk

Risk Status – Low	Risk Direction – Unchanged
<p>Over many years the group has built up a reputation for integrity and responsible trading and is aware that this can be easily damaged with the consequential cost to the Latham brand.</p>	<p>Policies are in place which cover standards of behaviour and good governance.</p> <p>On the purchasing side the group has a strong responsible purchasing policy managed by our Environmental Manager to minimise possible damage to its reputation and legal risk from dealing in illegal products.</p>

Defined Benefit pension scheme funding could increase

Risk Status – Medium	Risk Direction – Unchanged
<p>The group is required by law to maintain a minimum funding level in relation to its obligations to provide pensions to members of the pension scheme. This level of funding is dependent on a series of external factors, such as investment performance, life expectancy and gilt yields. Significant changes in these areas can also have a significant effect on the funding levels. The sensitivity of the funding level to these factors is disclosed in note 20.2 in the notes to the accounts.</p>	<p>The scheme has been closed to new entrants for many years. The board regularly reviews the investment strategy and performance of the pension scheme investments, and has set a cap on pensionable salaries of 1% above CPI.</p> <p>Long term investment strategy is to reduce allocations to growth assets and increase allocations to defensive assets to reduce risk and volatility, and a plan is in place with the Trustees to reduce risk in line with the changing maturity of the scheme.</p>

Principal Risks and Uncertainties

Information technology failures impact our ability to trade	
Risk Status – Medium	Risk Direction – Unchanged
<p>The operations of the group depend to a large extent on the availability and reliability of our information technology systems. A failure of systems, either of hardware, software or communications, for an extended period of time could impact our ability to trade.</p>	<p>Our main computer servers are located in a secure site away from the trading operations, hosted in an external data centre. The systems are monitored 24 hours a day and maintenance work carried out on an ongoing basis. The infrastructure is regularly reviewed and updated.</p> <p>Back ups are held offsite in a separate data centre to provide extra resilience. Should there be any failure in the systems in the main datacentre, then the back ups held in the secondary data centre can be made operational. Regular disaster recovery tests are carried out.</p> <p>Software maintenance contracts ensure that our business critical software is up to date, allowing software problems to be resolved quickly.</p>

Cyber Security and Data Protection	
Risk Status – Medium	Risk Direction – Increased
<p>The risks of Cyber attack, including Ransomware demands are increasing, and may lead to disruption to business and loss of data.</p> <p>Theft of data relating to employees, customers and suppliers could result in a regulatory breach under GDPR.</p>	<p>Cyber training is carried out on a regular basis and for each new employee as part of their induction process. We have also continued to improve our Cyber security systems. Our IT disaster recovery plans include provisions for Cyber Attack.</p> <p>Our GDPR policy is regularly reviewed and we ensure that our marketing activities are appropriately carried out.</p>

Inability to trade from a depot	
Risk Status – Low	Risk Direction – Reduced
<p>Inability to trade from a depot due to an incident, internally or externally, or the effects of a pandemic, could cause loss of revenue and profits.</p>	<p>Disaster recovery plans are in place at group and depot levels. These are reviewed by the Audit Committee and the board, as well as discussed at depot level. Insurance policies are in place to cover increased cost of working.</p> <p>Our distribution network, as well as our inventories held at various ports, allow us to manage customers requirements from a different location.</p> <p>The COVID-19 pandemic helped us improve our disaster recovery plans, with more remote working and improved staff hygiene safety and wellbeing protocols being introduced.</p>

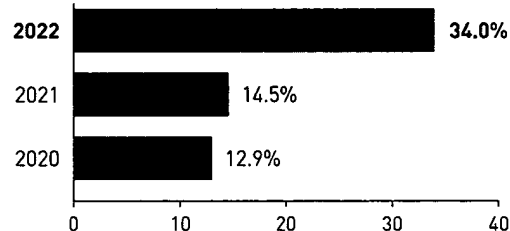
Inability to fill key roles within the organisation	
Risk Status – Low	Risk Direction – Reduced
<p>Our staff are key to the success of our business, and our inability to fill key roles could affect our profitability.</p>	<p>The group, through the Remuneration Committee, is committed to having remuneration, training and development policies to make James Latham the employer of choice. Benchmarking takes place to ensure our senior staff are rewarded appropriately.</p> <p>Significant time is spent on identifying and training the leaders of the future, with our Trainee and Talent Pool programmes. The group also makes sure that continuity planning is considered by each senior employee. A dedicated HR manager has been employed to oversee this.</p>

Strategic Report

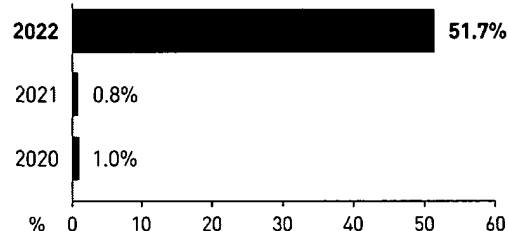
Key Performance Indicators

The group monitors its performance against the following Key Performance Indicators that we believe best reflect our performance and progress in achieving the company objectives outlined on page 6.

To maximise shareholder value over the medium term



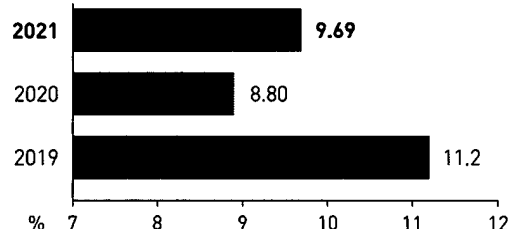
Return on Capital Employed, defined as Operating profit divided by Net Assets plus Non Current Liabilities less non current pension and deferred tax asset, has improved by 19.5 percentage points.



Like for like revenue, adjusted for the effects of acquisitions and working days, increased 51.7%.

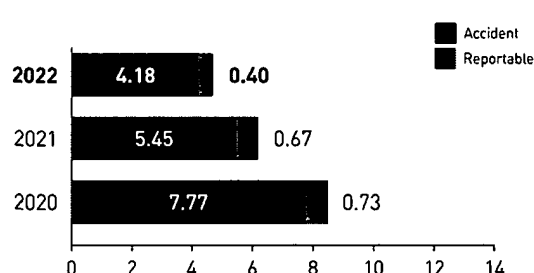
Carbon Emissions

Calendar Year



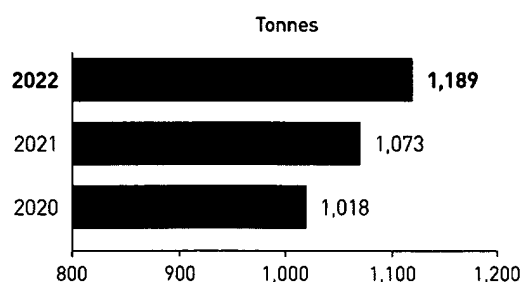
Carbon emissions shown as Tonnes of CO2 from Scope 1 and Scope 2 per thousand m3 (see page 10).

To provide a safe working environment for our staff

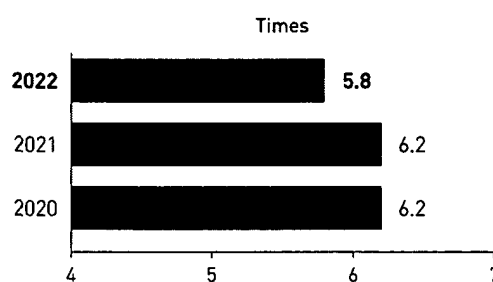


Total number of injuries, no matter how minor, and total number of reportable injuries reported per 100,000 hours worked, show a reduction as a result of our continued focus on health and safety.

To improve service levels by improving warehouse facilities to speed order picking over an extended product range



Weight of product sold per working day continues to increase.



Stock turn, based on volumes, is below our budget of 6.25 times due to some increased stock on water due to supply difficulties.

Results for the year to 31 March 2022

Revenue for the year ended 31 March 2022 was £385.4m, £135.2m higher than the previous year.

Our results reflect increased activity levels across the timber sector of the economy as a whole. They highlight the agility and market awareness of the James Latham management team throughout all the challenges that have been thrown at our industry over the last few years including Brexit, the COVID-19 pandemic, supply chain difficulties and increasing cost prices.

Global demand for timber products was very strong coming into this financial year with global demand, especially from the USA, outstripping supply. This caused prices for all timber products in North America to rise sharply. European manufacturers targeted this market leading to some gaps in supply across Europe. Our good relations with our key suppliers allowed us to negotiate monthly volumes, but there was in general a shortage of available supply.

The increase in demand was accompanied by continued supply chain disruption. There were delays at the port discharging goods and disruption in shipping lines. Containers were often in the wrong parts of the world, and so shipments altered from container to break bulk vessels. This had a knock on effect on the ports in the UK, where offloading a break bulk vessel takes considerably longer. These delays in making these products available not only causes an increase in demurrage costs, but increases our inventory levels at the port to compensate for this.

This disruption continued throughout the financial year and will take some time to unwind.

The appalling conflict in Ukraine and trade sanctions placed on Russia and Belarus will cause further disruption with timber supply across Europe and will impact on our own business, particularly with Russian Birch Plywood. The conflict and sanctions will also affect the supply of oil and other raw materials which are key manufacturing components. We stopped purchasing material from these regions at the outset, identified the areas this will affect and have already started to source alternatives for our customers. The long-term effect of these sanctions on the timber business in Europe is yet to be clear. With our broad range of suppliers and products we should be able to offer customers a solution.

Strategic Report

Operating Review

Despite all the distractions and demands during this financial year, our excellent relationships with our suppliers and our ability to increase levels of inventory where necessary, have enabled us to meet the demands of our customers whilst maintaining service levels. Like for like revenues improved by 51.7%, of which 12% is volume related with the balance being down to price increases and changes in product mix.

We have seen the majority of the volume increase coming from the commodity markets at the start of the financial year. This demand for commodity products weakened in the second half of the year when we started to see a good increase from the decorative and timber manufacturing sectors. This highlights the importance of our product range and ability to adapt to the changes in market conditions.

We continued to invest in our business, with new racking systems installed in Thurrock to enable us to stock a wider range of products, and plans to expand the depot in Yate.

The investment in our Dresser Mouldings business continued with phase one of our investment in new machinery, including Weinig Moulders and Multirips, completed in the year as well as improving the staff welfare facilities which has been welcomed by all.

These machines have improved efficiency, allowing us to increase machining capacity by 25% and improving service levels. The key area of growth this year has been in the traditional range of mouldings and beads, although we have also embarked on some special projects working with architects and designers, using our CNC machines. With the investment in machinery we are also looking to further develop coated and brushed finishes to give us a unique offering into the UK market.

Kiss House making moves in construction

Sustainable construction pioneers Kiss House partnered with James Latham to specify materials for their ground-breaking modular, Low Carbon, Passive House. Jointly unveiled at Futurebuild 2022, the project went on to win 'Best Sustainable Stand' at the event. True to the sustainable nature of the homes, the entire display module was then uninstalled and shipped to Berkshire where it forms part of the first Passive House to be built in Reading.

Strategic Report

Operating Review

In October 2021, we acquired the entire share capital of Sarcon (No 155) Limited, which are the trades of IJK Timber Group and Northern Hardwoods, trading out of Northern Ireland. The integration of this business into Lathams Limited has gone well, and it provides us with a base in Northern Ireland to expand our panel business into Ireland and complement our timber business in Abbey Woods in the South.

Service levels with our customers have remained high, despite difficulties with obtaining hauliers both from the ports and our suppliers. We are training more of our staff to be LGV drivers and increasing our fleet of vehicles. We have continued to extend the operational hours of our sites and increased the number of sites that are working 24/5.

For management purposes, the group is organised into one trading entity, importing and distribution of wood based and related materials, carried out in each of the sixteen locations trading in the United Kingdom and the Republic of Ireland. Within this one segment performance in terms of revenue and trading margin of the main product types are considered below. The separate segment of timber processing, through Dresser Mouldings, is considered immaterial and not separately disclosed.

The group's strategy continues to be to target specific market sectors on both added value, core and premium grade product and to provide product solutions for our customers.

Market place

The group's business is widely spread throughout many sectors of the UK economy.

Market sector	Customer group	Lathams sales value %	
		2022	2021
Construction/housing	Merchants	16	17
	Joiners	24	25
	Builders	5	4
	Kitchen manufacturers	6	5
	Door manufacturers	5	4
Retail	Shopfitters	4	3
	Laminators/Veneerers	5	4
	Furniture manufacturers	6	6
Transport	Vehicle builders/Van liners	1	1
Exhibitions	Exhibition fitters	1	1
Cash sales		10	11
Other importers		8	8
Other sectors		9	11
	TOTAL	100	100

End products are used in both the public and private sectors. Our top ten customers account for 9% (2021: 9%) of sales and our top 25 customers represent 14% (2021: 14%) of sales.

Strategic Report

Financial Review

Financial review

A commentary on the group's trading results is set out in the Operating Review on pages 19 to 21, and the key figures are considered below, with emphasis on the financial results.

Revenue Analysis

Revenues have grown significantly this year, up 51.7% on a like for like basis against the year to 31 March 2021. This revenue growth was across all of our depots and reflected both a recovery from the effects of the COVID-19 pandemic and increasing cost prices and supply chain disruption causing shortages in many of our products. These shortages were controlled carefully to ensure continuing supplies to our traditional customers, but our strong supply chains meant that there were also opportunities to gain market share.

Revenue Growth Analysis		
	2021	2022
Volume	+7.2%	+11.9%
Price and Product Mix	-6.4%	+39.8%
Like for Like Revenue Growth	+0.8%	+51.7%
Acquisitions	+0.8%	+3.6%
Trading Days	-0.4%	-1.2%
Total Revenue Growth	+1.2%	+54.0%

Half Yearly Revenue Analysis		
	2021 vs 2020	2022 vs 2021
Half 1	-14.8%	+81.2%
Half 2	+17.8%	+33.7%

Operating profit

The board remained focussed on managing margins to enable us to remain competitive in commodity products but grow margins in our focus products and other products where there were market shortages, whilst still maintaining our service levels. Gross profit % has increased to 23.8% from 18.0%. The unprecedented rise in cost prices, and their effect on the unit price that we sell our products at, resulted in some short term increases in gross margin %.

Warehouse costs, which are included in the calculation of gross profit, have received continued investment in racking systems and manpower to extend the working day to meet customer demands. Most depots have two or more shifts in their working day, with one further depot operating a 24 hour system, making six in total. This means we can take orders later in the day to provide next day deliveries where our customers require it.

Costs in each location are monitored closely by the board through the quarterly meetings at each depot, with detailed variance analyses being provided. We constantly look for efficiencies in our overheads whilst continuing to invest for the future. Transport and warehouse costs per tonne have increased by 13.4% (2021: decreased by 2.1%) and 5.7% (2021: decreased by 10.0%) respectively. There have been inflationary pressures on these costs, including increases in fuel prices, and wage pressures caused by the shortages in drivers and operations staff.

Operating profit increased 205.5% to £58.2m from £19.0m last year. Group net profit before taxation increased to £58.0m from £18.6m last year.

Taxation

Our strategy in managing and controlling our tax affairs is to ensure compliance with all applicable rules, legislation and regulations under which we operate. We maintain an open and co-operative relationship with the UK and Irish Tax Authorities, and pay the correct amount of tax as it falls due. Our tax strategy document is available on the James Latham plc Investor page under Corporate Governance.

The taxation charge of £12.3m represents an effective rate of 21.2%, compared with 19.4% last year. The group's profits arise mainly in the UK and the group's tax charge will reflect the UK corporation tax rate, currently 19.0%. The rate of UK corporation tax rate will rise to 25% with effect from 1 April 2023.

Earnings per share

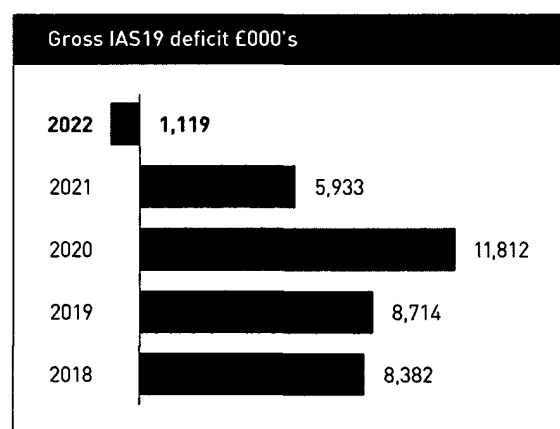
The group reported a total profit after tax of £45.6m (2021: £15.0m) resulting in a basic earnings per share of 229.3p (2021: 75.4p) with diluted earnings per share being 228.3p (2021: 75.2p).

Pension scheme

At 31 March 2022 there was a surplus in the defined benefit scheme under International Financial Reporting Standards of £1.1m compared with a deficit of £5.9m last year (Restated – see note 20.2). Discount rates, represented by yields on corporate bonds increased to 2.7% from 2.1%. Assets under management have shown good growth, increasing by £6.7m to £75.5m. The company continued to pay in £3.4m of deficit recovery funding which will continue until March 2024 when the deficit recovery funding payment will be recalculated following the next triennial valuation. In note 20.2 to

the accounts, we have provided some sensitivity analysis around the various assumptions used to illustrate this volatility and details of the IFRIC 14 liability.

The group is constantly assessing the risks in the pension scheme, especially more of the members are at or close to pensionable age, and this year has taken the opportunity afforded by good equity values to derisk and invest more in gilts and bonds. A full investment review will be carried out during 2022. We also maintained a cap on pensionable salary increases to a maximum of 1% over CPI.



Cash flow and working capital

At the end of the year cash balances of £37.0m were held, up from £28.6m last year. The cash is being held as short term deposits providing funds for short term working capital fluctuations and allowing us to make capital investments when opportunities arise.

Architectural winner "a tour de force..."

The magnificent Magdalene College Library won gold at the 2022 Wood Awards.

Described by the judges as "a tour de force of architectural design and achievement", it featured over 120 cubic metres of machined Florian European Oak and 3000 linear metres of our engineered Oak WoodEx products, installed by our customers Wedd Joinery (Bookcases & Furniture) and Piper Joinery (Windows & Doors).

Strategic Report

Financial Review

Free Cash Flow		
	2022 '000's	2021 '000's
Operating Profit	58,165	19,040
Depreciation and other non cash movements	902	1,407
Change in working capital	(28,084)	927
Net interest paid	(30)	(40)
Tax paid	(10,259)	(3,191)
Operating cash flow	20,694	18,143
Fixed Asset additions less disposals	(4,257)	(1,960)
Acquisitions	(2,238)	-
Free cash flow	14,199	16,183

Interest rates have remained low throughout the year so we have continued to use our cash to obtain cash settlement terms with most of our major suppliers allowing us to earn £2,656,000 of discounts received compared with £1,772,000 last year.

The increase in revenues has led to an increase in trade receivables to £63.3m (2021: £44.6m). Control of cash flow from customers is closely monitored. Average debtors days, taking into account our credit terms, has reduced from 52.3 days to 49.6 days. Bad debts this year were 0.1% against a budget of 0.4%, and a minimal charge last year. In times of increasing pressure on business with cost rises and supply chain difficulties, this demonstrates the strength of our customer base. We work very closely with our credit insurers to ensure that as many of our major accounts as possible are covered. At the year end we had 95.3% (2021: 94.5%) of accounts owing over £40,000 covered by credit insurance, despite the removal of the UK government support of credit insurance put in place during the pandemic.

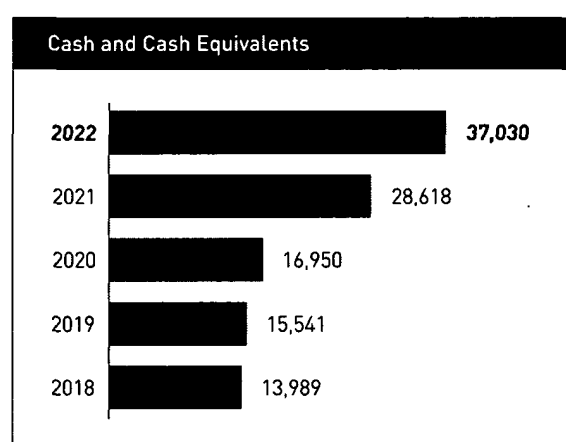
Supply Chains across the globe have struggled to recover from the effects of the COVID-19 pandemic, which combined with the increase in economic activity, has led to shortages and longer lead times for imported products. We made the decision to invest in additional inventory levels to ensure that we could continue to consistently supply as many of our traditional customers as possible.

Inventory Analysis						
	2022			2021		
	£ 000's	Volume m3	£ per m3	£ 000's	Volume m3	£ per m3
Depot locations	40,975	41,685	983	29,154	39,451	739
Port locations	11,303	13,151	859	7,835	9,381	835
In Transit	19,811	24,629	804	11,273	18,683	603
Acquisitions	2,141	5,077	422	-	-	-
Total	74,230	84,542	878	48,262	67,515	715

Iconic curves in London

Curved and arched ceilings are never easy to negotiate during refurbishment projects, but when it came to an iconic building with listed status in London's Barbican Centre, Francisco Sutherland Architects knew exactly what was required. The thermoformable, seamless, properties of HIMACS, teamed with huge skill and attention to detail from fabricator Deeley Fabrications MK meant the Penthouse apartment maintained its brutalist looks, even though the materials were far from historic.

Stock turnover targets are set and monitored on a monthly basis. Senior management and all staff responsible for product areas have access to real time stock levels and targets. Our Supply Chain Team has worked hard this year to strengthen our supply chain and ensure we have inventory available when required by our customers. At 31 March 2022 stock turn based on volumes is 5.8 times (2021: 6.2 times) compared with our target of 6.25 times. There were no significant overstocked areas giving any concern to us at the year end.



Capital investment

We spent £0.6m completing the racking project at Thurrock which has enabled us to create more rack spaces for an improved stock profile. We also invested £0.4m on the first phase of new machinery at Dresser Mouldings, which will enable us to create more capacity for additional production, as well as making the production process more efficient. In addition we spent £2.6m on the cyclical replacement of lorries and Combilift plant.

Net assets at the year end were £164.0m (2021: £119.1m). The group's pre-tax return on capital (defined as operating profit divided by net shareholders funds plus non current liabilities less non current pension surplus and deferred tax) for the year was 34.0% (2021: 14.5%).

Financial risk management

In the course of our business, the group is exposed to currency risk, interest rate risk, liquidity risk and credit risk. The overall aim of the group's financial risk management strategy is to mitigate any potential negative effects on the group's assets and profitability. The group manages these risks in accordance with group policies.

As the group trades predominantly in the UK and Ireland, the market price of our products tends to fluctuate in line with currency spot prices. Speculative positions on currencies are not entered into. Our LDT division can have stock tied up in kilns for six to nine months, and we enter into currency swaps to ensure that this stock is costed at spot price when it becomes available for sale. We will also enter into forward currency agreements to cover where customers are quoted a particular exchange rate.

The cash deposits and available bank facilities reduce our liquidity risk. Cash flow forecasts are monitored against actual cash flows to ensure that adequate facilities are maintained to meet the future needs of the business. The board reviews re-forecasted profits and cash flows on a quarterly basis.

Insurance products and external credit reference agencies help reduce our credit risk.

The Audit Committee reviews the group's risk register as part of its regular monitoring process.

I am very grateful for all the work that all my Head Office team has put in this year. They have embraced the new hybrid way of working and have continued to provide a first class service to our customers and suppliers and to our depots.

Nick Latham

Chairman

Corporate Governance

Corporate Governance Report

I believe that good corporate governance, involving risk appraisal and management, prudent decision making, communication with shareholders and other stakeholders and business efficiency, is important for the long term benefit of the stakeholders in our group. As a board we have considered the 10 Principles of Corporate Governance contained within the Quoted Companies Alliance Corporate Governance Code 2018, and show below how we have applied these principles. I am responsible for ensuring that the group conducts its business paying due regard to each of the 10 principles. These principles have been communicated to the rest of the board through training and discussion at board meetings, and each board member is responsible for ensuring that the message passes down to all our employees.

The 10 Principles are split into three areas, **Deliver Growth, Maintain a Dynamic Management Framework and Build Trust**. I can confirm that we have complied with all the Principles throughout the year.

The four Principles on Delivering Growth are considered within the Strategic Report starting on page 4.

True artisan skills

Whilst many bathrooms, kitchens and cabinets come flat packed and ready to install, there is still a strong market for true artisan skills. Our customer David L Douglas is a great example of this. Using a wide basket of materials for a bespoke gin bar and lounge at a property in Scotland, their craftsmen hand carved various panels, mouldings and corbels to compliment the walnut cabinetry around them.

MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

Principle 5 – Maintain the board as a well-functioning, balanced team led by the chair.

The Board of Directors

The company is currently governed by a board of directors consisting of myself as Chairman, three executive directors and two non-executive directors. Each director has a vote and no individual or small group of individuals dominates the board's decision making.

In the year to 31 March 2022, the board met 6 times, with all directors attending each meeting. The board meetings were held via a mixture of in person meetings and video conferencing which proved just as effective as face to face meetings. In addition conference calls are held where matters which cannot wait for the next board meeting can be discussed.

The non-executive directors are Fabian French and Paula Kerrigan. I consider that all non-executives are independent. In addition to the scheduled meetings, the non-executives attend the group annual operational budget and strategy meeting, as well as making individual visits to operational sites. Each non-executive director is expected to give a time commitment of at least 12 days a year.

Principle 6 – Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.

The directors' biographies are shown on page 29. Each executive director has many years experience within the James Latham Group at all levels. Each director has agreed responsibilities on the board, covering all aspects of the business including sales, procurement, operations, finance, HR and IT. As well as responsibilities to the plc board, each director is actively involved in the running of the Lathams Limited and Abbey Woods business, the company's trading subsidiaries, and keep their skill sets up to date by training, discussions on market trends with customers and suppliers and involvement with trade and environmental organisations. I believe the board works well together, challenging each other to constantly improve and move forward.

Corporate Governance

Corporate Governance Report

Principle 7 – Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.

Each director has a detailed job description showing their responsibilities on the board. I have regular meetings with each director to discuss the progress in the areas they are responsible for, and consider whether any further development or mentoring needs are necessary. Each director is subject to the formal appraisal process used throughout the group, and my appraisal is performed by the non-executive directors.

As a board we periodically review the running of the board, led by the non executive directors, to consider the effectiveness of the board and whether there are any gaps in skills on the board. This is mainly on an ad-hoc basis where major decisions are being made to ensure that the board has the skills to make informed judgements. Succession planning is key so that no member of the board becomes indispensable and has been a major focus of the board this year.

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours.

Our core values are Integrity, Shareholder Value, Empowerment, Sustainability and Customer Focus. The company and the Latham brand is well respected in its industry and amongst its customers and suppliers for its principled trading policies and its integrity. As such it is important for us to have a corporate culture based on these ethical values and behaviours. The annual report contains reports on corporate responsibility including environmental, health and safety, audit and remuneration committee reports and reports on our attitudes to risk.

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the board.

The board has a formal schedule of matters referred to it for decision, with at least one specific strategy meeting being held each year. Agendas and board packs are discussed and circulated in advance of the meetings to ensure that all directors have adequate time to research and take part in discussions on the key issues, as well as giving the non-executive directors time to add matters of their particular interest to the agenda.

The board is responsible for group strategy, corporate responsibility including health and safety and environmental issues, acquisition policy, bribery policy, approval of major capital expenditure and monitoring the key operational and financial risks. It also reviews the strategy and budgets for the trading subsidiaries and monitors the progress towards their long term objectives. All directors have access to the company secretary or to independent professional advice, if required, at the company's expense.

New directors receive training from the company NOMAD on their responsibilities under the AIM rules. Key financial information is circulated to directors on a monthly basis outside of the board meetings.

The board has decided that the directors will retire by rotation and the executive directors will be re-elected at least every three years.

The Audit Committee

The members of the Audit Committee are Fabian French, as chairman, and Paula Kerrigan. Andrew Wright and David Dunmow also attend the meetings of the committee. The committee meets at least three times a year to review internal controls and the risk register within the group, and receive reports from the external auditors and reports of internal audit tests carried out during the year. The duties of the audit committee include, on behalf of the board, a review of effectiveness of the group's financial reporting and internal control policies, and procedures for the identification, assessment and reporting of risk.

It also keeps under review the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditor, including recommending their re-appointment to the board. This includes a review of the non-audit work performed to ensure that such work would not impair their independence or objectivity in carrying out the audit. Once a year the auditor meets with the non-executive directors only.

Corporate Governance

Corporate Governance Report

The group has established procedures whereby employees of the group may, in confidence, raise concerns relating to matters of potential fraud or other improprieties. These procedures also cover other issues affecting employees including health and safety issues. The audit committee is confident that these 'whistleblowing' arrangements are satisfactory and will enable the proportionate and independent investigation of such matters and appropriate follow-up action to be taken.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee, which meets twice a year, comprises Paula Kerrigan as Chairman and Fabian French. The meetings were attended by Nick Latham and David Dunmow who provide information to the Committee when required.

The main function of the Committee is to make recommendations to the board regarding the group's policy on the remuneration and conditions of employment of the executive directors of the group, and, where appropriate, senior management, and includes considering nominations to the board. Over the course of the year the committee undertook a benchmarking exercise on remuneration packages of key employees and made recommendations to the board on an improved but more challenging bonus scheme. The Committee also discussed group diversity including the gender pay gap and succession planning.

The Committee has access to professional remuneration advice from outside of the company.

The Remuneration and Nominations Committee report is contained on page 30.

BUILD TRUST

Principle 10 – Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The directors have a commitment to best practice in the group's external financial reporting in order to present a balanced and comprehensive assessment of the group's financial position and prospects to its shareholders, employees, customers, suppliers and other third parties. This commitment encompasses all published information including but not limited to the year end and half yearly accounts, regulatory news announcements and other public information.

The published annual report contain reports of the Remuneration and Nomination Committees.

The published information is held on our investor website at www.lathamtimber.co.uk as well as historical financial and meeting information.

Procedures for identifying, quantifying and managing the risks, financial or otherwise, faced by the group have been in place throughout the year under review. The processes for identifying and managing the key risks to the business are communicated regularly to all staff, who are made aware of the areas for which they are responsible. Such processes include strategic planning, maintenance and review of a risk register, the appointment of appropriately qualified staff, regular reporting and monitoring of performance against budgets and other performance targets, and effective control over capital expenditure.

The board has established systems of internal control as appropriate for the size of the group. The day to day operation of the system of internal control is under the control of executive directors and senior management. The system is designed to manage rather than eliminate risk. Any system of internal control can however only provide reasonable, but not absolute, assurance against material misstatement and loss. No material breaches of internal controls were reported during the year.

The directors confirm that they have reviewed the effectiveness of the system of internal control for the year under review and to the date of approval of the Annual Report and Accounts through the monitoring process described above.

Nick Latham, *Chairman*

12 July 2022



Directors' biographies

Nick Latham BSc *Chairman*

Nick Latham, age 54 has worked in the company for 30 years and was appointed to the board in 2007. He provides advice to the Remuneration Committee. He is a board director of Timber Development UK (TDUK) and a former director of the Timber Research and Development Association.

David Dunmow BSc FCA*Finance Director and Company Secretary*

David Dunmow, age 58, has worked in the company for 28 years and was appointed to the board as Finance Director in 2000. He is a Fellow of the Institute of Chartered Accountants in England and Wales. He is a director of Abbey Wood Agencies Limited, and provides advice to the Audit and Remuneration Committees. He is a former treasurer of the Timber Trade Federation. He is a Trustee of the James Latham plc Pension and Assurance Scheme.

Andrew Wright *Managing Director*

Andrew Wright, age 57, has worked in the company for 21 years and was appointed to the board in 2015. He is Managing Director, chairing the Lathams Limited board, and provides advice to the Audit Committee.

Piers Latham BSc *Executive Director*

Piers Latham, age 51 has worked in the company for 29 years and was appointed to the board in 2014. He is a director of Lathams Limited, and Chairman of the Trustees of the James Latham plc Pension and Assurance Scheme.

Fabian French MA *Non-Executive Director*

Fabian French, age 63, was appointed a non-executive director in 2015. He chairs the Audit Committee and sits on the Remuneration and Nominations committee. He is a qualified solicitor and worked in corporate finance for major investment banks. He is a director of CCRTM Ltd, St. George's School Windsor and Trebartha Hydro Ltd, and is a previous director of Mithras Investment Trust plc.

Paula Kerrigan *Non-Executive Director*

Paula Kerrigan, age 50, was appointed a non-executive director in 2017. She has a wide variety of public company experience and is currently Chief Strategy and Innovation Officer at Saga plc. She sits on the Audit Committee and the Remuneration and Nominations Committee. She has previously held C-suite strategy and transformation roles at Greene King, SuperGroup plc and the Co-operative Group. Prior to that she spent 15 years at Kingfisher plc where she held a variety of roles including Finance and Strategy Director for B&Q in Asia and Delivering Value Director for B&Q in the UK.

Registrars

Computershare Investor
Services plc
The Pavilions
Bridgwater Road
Bristol BS13 8FB

Bankers

Royal Bank of Scotland
Major Corporate Banking
280 Bishopsgate
London EC2M 4RB

Clydesdale Bank Corporate
and Structured Finance
15th Floor
The Leadenhall Building
122 Leadenhall Street
London EC3V 4AB

**Stockbrokers and
Nominated Adviser**

SP Angel Corporate
Finance LLP
Prince Frederick House
35-39 Maddox Street
London W1S 2PP

Pensions Advisors

First Actuarial LLP
Network House
Basing View
Basingstoke
Hampshire RG21 4HG

Independent Auditor

RSM UK Audit LLP
25 Farringdon Street
London EC4A 4AB

Registered Office

James Latham plc
Unit 3
Swallow Park
Finway Road
Hemel Hempstead
Herts HP2 7QU

Registered Number 65619
Registered in England
and Wales

Corporate Governance

Directors' Remuneration Report

This report has been compiled by the company's Remuneration and Nominations Committee and sets out the company's remuneration policies for its key directors.

Remuneration Policy

The remuneration policy aims to ensure that executive directors are fairly rewarded for their individual contributions to the performance of the group, with due regard for the interests of shareholders in achieving long term growth for the company.

The remuneration package consists of basic salary, benefits (comprising car and private medical provision), pensions, annual bonus schemes, share option schemes and life assurance cover of 4 times gross salary.

Pay rises for group employees are considered once a year, to apply from 1 December. The Remuneration Committee sets an overall maximum percentage pay rise, based on cost of living increases plus awards for promotion where relevant. The executive directors have their pay rises based on the same criteria as all other employees.

Performance related bonuses

Annual bonuses can be earned by executive directors for the achievement of specific financial performance targets set by the group's board of directors and agreed by the remuneration committee. The criterion on which the executive directors' bonuses were based in 2022 was the achievement of £17,319,000 operating profit, as measured in the depots management accounts, an increase of 12.3% over the previous year's targets. Maximum bonuses of 39.5% of basic salary are paid on achieving 130% of the target operating profit. The minimum bonus level is 1.3% paid on achieving 90% of target operating profit, below which nothing is earned. This year 363.1% of the target operating profit was achieved earning 39.5% of basic salary. In addition a Group Bonus scheme pays out a bonus to all eligible members of staff, subject to achieving a minimum level of group profits. This year the scheme is paying 11.78% of basic salary to 514 eligible employees.

None of the bonus schemes applicable to directors are affected by share price appreciation or depreciation. The directors participate in the company share option schemes, and details of any gains made on options exercised during the year are shown on page 33.

Pension Scheme

The executive directors are members of the James Latham plc Pension and Assurance Scheme which is a final salary scheme. The directors are required to contribute 8% of pensionable salary. In 2003 the definition of pensionable salary was amended to exclude bonuses, and increases in pensionable salary would be restricted to a maximum of Consumer Price Inflation plus 1%.

Service Contracts

Following a review by the board of directors in 1996, the service contracts of executive directors were amended to incorporate a rolling 2 year notice period. This was considered by the board of directors to be a significant but reasonable reduction in their original 5 year contracts. In 2004, the directors agreed that any service contracts issued to new directors would be subject to a minimum 6 month notice period.

Executive director's contracts have no provisions for pre-determined compensation on termination that exceeds two years salary and benefits in kind.

Remuneration of the non-executive directors

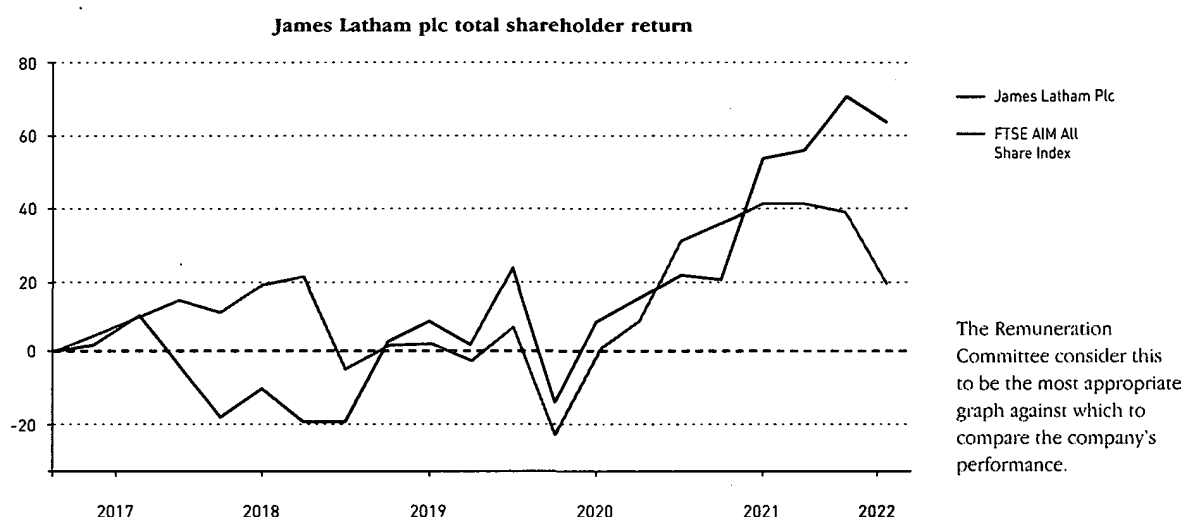
The remuneration of the non-executive directors is determined by the board. The non-executive directors do not receive a pension or other benefits from the group.

Corporate Governance

Directors' Remuneration Report

Review of past performance

The graph below shows the company's total shareholder return performance against the total shareholder return performance of the AIM All Share Index for the five years ended 31 March 2022.



Directors' emoluments

Details of the individual directors' emoluments for the year were as follows:

		Salary and fees	Benefits	Bonus	Total emoluments excluding pensions	Share based payments	Pension contributions	TOTAL
		£000	£000	£000	£000	£000	£000	£000
Executive								
N.C. Latham	2022	225	1	115	341	3	54	398
	2021	207	1	53	261	3	35	299
D.A. Dunmow	2022	198	9	104	311	3	73	387
	2021	189	15	48	252	3	47	302
P.F. Latham	2022	190	1	96	287	3	44	334
	2021	170	10	44	224	3	30	257
A.G. Wright	2022	195	7	104	306	12	50	368
	2021	181	18	48	247	2	34	283
Non-executive								
P.L.F. French	2022	37	-	-	37	-	-	37
	2021	34	-	-	34	-	-	34
P. Kerrigan	2022	37	-	-	37	-	-	37
	2021	34	-	-	34	-	-	34
Total		882	18	419	1,319	21	221	1,561
2021		815	44	193	1,052	11	146	1,209

Corporate Governance

Directors' Remuneration Report

Directors' shareholdings

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' holdings of the share capital at the end of the financial year were as follows:

		31 March 2022		31 March 2021	
Directors		Ordinary shares	Preference shares	Ordinary shares	Preference shares
N.C. Latham	Beneficial owner	641,614	-	639,996	-
D.A. Dunmow	Beneficial owner	139,703	-	138,153	-
P.F. Latham	Beneficial owner	638,628	567	637,002	567
A.G. Wright	Beneficial owner	29,657	-	28,198	-
P.L.F. French	Beneficial owner	370,052	-	370,052	-
P. Kerrigan	Beneficial owner	-	-	-	-

Directors' share option schemes

Save as You Earn Scheme

Participation by the directors in the James Latham plc Save as You Earn Scheme is as follows:

	31 March 2022	31 March 2021
N.C. Latham	2,475	2,475
D.A. Dunmow	2,475	2,475
P.F. Latham	2,475	2,475
A.G. Wright	1,237	1,237

Options were granted on 2 January 2020 at 727p per share, and the options are exercisable on 1 March 2023.

Corporate Governance

Directors' Remuneration Report

Company Share Option Scheme

Participation by the directors in the James Latham plc Approved Company Share Option Scheme 2008 is as follows:

	Outstanding 1 April 2021	Granted during the year	Exercised	Outstanding 31 March 2022	Exercise price	Exercise period
N.C. Latham	636	-	(636)	-	£7.075	06.12.21 to 05.12.26
	560	-	-	560	£8.025	14.12.22 to 13.12.27
	718	-	-	718	£6.26	03.01.24 to 02.01.29
	466	-	-	466	£9.65	23.12.24 to 22.12.29
	486	-	-	486	£9.25	16.12.25 to 15.12.30
	-	357	-	357	£12.60	11.12.26 to 10.12.31
D.A. Dunmow	636	-	(636)	-	£7.075	06.12.21 to 05.12.26
	560	-	-	560	£8.025	14.12.22 to 13.12.27
	718	-	-	718	£6.26	03.01.24 to 02.01.29
	466	-	-	466	£9.65	23.12.24 to 22.12.29
	486	-	-	486	£9.25	16.12.25 to 15.12.30
	-	357	-	357	£12.60	11.12.26 to 10.12.31
P.F. Latham	636	-	(636)	-	£7.075	06.12.21 to 05.12.26
	560	-	-	560	£8.025	14.12.22 to 13.12.27
	718	-	-	718	£6.26	03.01.24 to 02.01.29
	466	-	-	466	£9.65	23.12.24 to 22.12.29
	486	-	-	486	£9.25	16.12.25 to 15.12.30
	-	357	-	357	£12.60	11.12.26 to 10.12.31
A.G. Wright	586	-	(586)	-	£5.65	05.01.20 to 04.01.25
	636	-	(636)	-	£7.075	06.12.21 to 05.12.26
	560	-	-	560	£8.025	14.12.22 to 13.12.27
	718	-	-	718	£6.26	03.01.24 to 02.01.29
	466	-	-	466	£9.65	23.12.24 to 22.12.29
	486	-	-	486	£9.25	16.12.25 to 15.12.30
	-	357	-	357	£12.60	11.12.26 to 10.12.31

These options will only be exercised if the share price during the exercise period is in excess of the exercise price.

Mr N.C. Latham, Mr D.A. Dunmow and Mr P.F. Latham made a gain of £3,361 and Mr A.G. Wright made a gain of £6,605 on options exercised during the year.

Deferred Share Bonus Plan

Participation by the directors in the James Latham plc Deferred Share Bonus Plan is as follows:

	Outstanding 1 April 2021	Awarded during the year	Exercised	Outstanding 31 March 2022	Exercise price	Award price	Vesting Date
A.G. Wright	-	3,254	-	3,254	nil	£9.15	01.04.2024

No performance conditions or voting rights apply to these shares, but dividends will be reinvested into additional shares in the plan.

Paula Kerrigan,
Chairman of the Remuneration Committee

12 July 2022

Corporate Governance

Directors' Report

The directors have pleasure in presenting their annual report and the audited accounts for the year ended 31 March 2022. In accordance with section 414c(11) of the Companies Act 2006, included in the Strategic Review is the review of financial risk management, future developments, carbon emission disclosures, employee policies and engagement policies with suppliers, customers and other stakeholders. This information would have been required by section 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors Report.

Results and dividends

Group results for the year ended 31 March 2022 are set out on page 44. The directors recommend the following dividends:-

Ordinary dividends	£000
Interim dividend paid, 6.5 pence (2021: 5.7 pence) per ordinary share	1,295
Final dividend proposed, 27.0 pence (2021: 15.5 pence) per ordinary share	5,379
Total ordinary dividends, 33.5 pence (2021: 21.2 pence) per ordinary share	6,674

The directors recommend payment of the final dividend on 2nd September 2022 to shareholders on the register of members at the close of business on 5th August 2022.

Balance sheet and post balance sheet events

The balance sheet on page 46 shows the group's financial position. No significant events have occurred since the balance sheet date.

Directors

All directors of the company were directors throughout the year. Each director's biographical details are shown on page 29.

In compliance with the Articles of Association, Fabian French, Paula Kerrigan and Nick Latham will retire by rotation and, being eligible, offer themselves for re-election.

Other than their service contracts, no director has a material interest in any contract with the company. Fabian French and Paula Kerrigan, as non-executive directors, do not have a service contract with the company, but each has received a letter of appointment for a two year period. Details of directors' emoluments, pension rights, service contracts and the directors' interests in the ordinary shares of the company are included in the Directors' Remuneration Report on pages 30 to 33.

Article 168 of the company's Articles of Association gives the directors and officers of the company a right to be indemnified out of the assets of the company in respect of any liability incurred in relation to the affairs of the group to the extent the law allows.

The company has undertaken to comply with best practice on approval of directors' conflicts of interest. Under the Companies Act 2006 a director must avoid a situation where there is, or can be, an interest that may conflict with the company's interests. None of the directors had an interest in any contract to which the group was a party during the year.

The company maintained directors' and officers' liability insurance cover throughout the year.

Share capital

Details of the share capital is shown in Note 22. Resolutions concerning the ability of the board to purchase the company's own shares and to allot shares and to dis-apply pre-emption rights are again being proposed at the Annual General Meeting.

The investment in own shares is detailed in note 24 on page 75. The company holds 209,200 ordinary shares as treasury shares, with a view to being used for future employee share schemes. The company also holds 208 preference shares in treasury. In addition the Trustees of the James Latham Employee Benefits Trust holds 32,197 shares with a view to being used for employee share schemes.

Share option schemes

On 23 August 2017, the shareholders approved by ordinary resolution the extension of the Save as You Earn scheme for a further 10 years. A 3 year scheme commenced on 1 February 2020 with 193,215 options being issued at an option price of \$7.27.

On 21 August 2008, the shareholders approved by special resolution the establishment of the Company Share Option Scheme. During the year 13,080 options were issued at an option price of £12.60. In addition 16,538 options were exercised after being held for five years, 550 at an option price of £2.725, 530 at an option price of £5.65, 3,632 at an option price of £6.825 and 11,826 at an option price of £7.075.

In addition 3,254 shares were awarded under the Deferred Bonus Scheme 2010 at nil price to be exercised after 3 years.

Employees

The strategic report on pages 4 and 14 sets out the group's communication policies with our employees and our policy towards disability. This report shows how the directors engage with the group's employees, have regard to their interests and encourage them to contribute to the development of the group's trading and other policies.

Substantial shareholdings

At 29 June 2022, the company had received notification under the Disclosure Transparency Rules that the holdings and voting rights exceeding the 3% notification threshold were as follows:

	Number	%
Peter Latham	1,216,289	6.10
Close Asset Management Ltd	1,015,112	5.09
Robert Latham	684,121	3.43
Nick Latham	641,614	3.22
Piers Latham	638,628	3.20

Suppliers

The group recognises the important part our suppliers play in our trading success, including the development of new products, new markets and meeting our environmental targets. Regular meetings are held at the highest level with our key suppliers to ensure our trading and environmental requirements are understood and forming strategic partnerships to develop the markets.

Operating businesses are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. The group's policy is to pay suppliers in accordance with these terms. The group's creditor days at 31 March 2022 were 34 days (2021: 35 days). Payment practices and performance data for Lathams Limited is published <https://check-payment-practices.service.gov.uk/company/00967247/reports>.

Corporate Governance

Directors' Report

Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. The directors confirm that the business is a going concern and that their assessment of the going concern position has been prepared in accordance with the Guidance on the Going Concern Basis of Accounting and Reporting On Solvency and Liquidity Risks published by the Financial Reporting Council in April 2016.

In arriving at their opinion, the directors considered:-

- The group's cash flow forecasts and revenue projections for the period to 31 July 2023
- Sensitivity of these projections to reasonable changes in trading conditions
- Cash and borrowing facilities available to the group
- Consideration of the principal risks and uncertainties outlined on pages 15 to 17.

Political and charitable donations

During the year the group made no political contributions but made direct donations to various charitable organisations amounting to £22,934 (2021: £16,369). The group also made small donations of our products to a number of good causes and was involved in fund raising activities for the Timber Trades Benevolent Society.

Financial instruments

A summary of the group financial instruments and related disclosures are set out in note 28 to the group accounts and in the Financial Review on pages 22 to 25.

Provision of information to the auditor

In the case of each of the directors who are directors of the company at the date when this report was approved:

- So far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- Each of the directors has taken all the steps that he ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

A resolution to reappoint RSM UK Audit LLP as the company's auditor and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting. RSM UK Audit LLP has indicated its willingness to continue in office.

Annual General Meeting

Shareholders receive more than 20 working days notice of the Annual General Meeting, where directors will be available for questions and a trading update provided.

The Annual General Meeting will be held at Unit 1, Swallow Park, Finway Road, Hemel Hempstead, Herts, HP2 7QU on 31 August 2022 at 12.30pm. An announcement will be made to the Stock Exchange should guidance change which places restrictions over the holding of the AGM. Last year all resolutions were passed with over 90% of the votes in favour.

This year the following items are to be proposed as special business, and the board recommends that the shareholders vote in favour of all resolutions put before the meeting.

Resolution 7. Directors authority to allot shares.

This gives the board the power to allot ordinary shares or other securities, up to an aggregate nominal amount of £1,680,000 (or one third of the current ordinary shares).

Resolution 8. Dis-application of pre-emption rights.

The Companies Act 2006 provides that when ordinary shares are being issued for cash, these shares must first be offered to existing shareholders on a pro rata basis. This resolution empowers the board to allot shares not exceeding 5% of the issued share capital, without offering to existing shareholders. The board only anticipates using this power in conjunction with the employee share schemes.

Resolution 9. Authority for the company to purchase its own shares. This gives the board the power to purchase up to 10% of the company's shares at a price not more than 105% of the average of the mid market price for the ten business days preceding the date of the purchase.

On behalf of the Board of Directors

Nick Latham

Chairman

12 July 2022



Corporate Governance

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare the group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the company financial statements in accordance with UK-adopted International Accounting Standards and applicable law.

The group and company financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the group and the company and the financial performance of the group and the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing each of the group and company financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the James Latham plc Investors website, www.lathamtimber.co.uk.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board of Directors

Nick Latham
Chairman

12 July 2022



Corporate Governance

Independent Auditor's Report

Opinion

We have audited the financial statements of James Latham plc (the 'parent company') and its subsidiaries (together, the 'group') for the year ended 31 March 2022 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and company balance sheets, consolidated and company statements of changes in equity, consolidated and company cash flow statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	Group
	<ul style="list-style-type: none">• Inventory – valuation• Defined benefit pension obligation – recoverability of surplus recognised
Materiality	Group
	<ul style="list-style-type: none">• Overall materiality: £2,720,000 (2021: £930,000)• Performance materiality: £2,040,000 (2021: £698,000)
	Parent Company
	<ul style="list-style-type: none">• Overall materiality: £93,900 (2021: £401,000)• Performance materiality: £70,400 (2021: £301,000)
Scope	Our audit procedures covered 95% of revenue, 97% of total assets and 97% of profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Inventory – valuation

Key audit matter description As set out in note 16 to the financial statements, the group carried inventory amounting to £74.2m at 31 March 2022 (2021: £48.3m) and details of the accounting policies applicable during the year are set out in notes 1.10 and 1.20. Provisioning is the element of the inventory balance which involves the highest degree of management judgement in arriving at the year end inventory valuation and it is this aspect of the year end inventory valuation that we have designated as a key audit matter.

How the matter was addressed in the audit To audit the appropriateness of the provision against inventory, we:

- considered management's stock provisioning policy in the light of the requirements of IAS 2 *Inventories* and in the context of the significant change in the market for the group's products in the year.
- reviewed and compared the aged profile of inventory and the provision at 31 March 2022 on a group and individual depot basis. We investigated any significant increase or decrease in the provision compared to 31 March 2021 and assessed the provision as a percentage of total inventory year on year to identify any significant changes.
- obtained the detailed loss-making sales report for the period post year end and calculated the total loss on sales post year end compared to the cost of inventory at 31 March 2022. We compared this to the inventory provision at the year end to assess whether the provision has been materially under or over-stated.
- performed reliability testing on the underlying stock ageing data by testing a sample of sales orders and stock receipt to supporting documentation to ensure that the transactions were recorded accurately.

Defined benefit pension – recoverability of surplus recognised

Key audit matter description As set out in note 20.2 to the financial statements, the group recognised at 31 March 2022 a defined benefit pension surplus of £1.12m (2021: deficit (as restated) of £5.93m) under IAS 19 *Employee benefits* after an adjustment under IFRIC 14 *The limit on a defined benefit asset, minimum funding requirements and their interaction* of £5.87m (2021 (as restated): £3.37m).

Under IFRIC 14, the group is required to consider the recoverability of any recognised surplus, taking into account any minimum funding requirement in place at the balance sheet date. Following a review by management of the position at 31 March 2021, the reported deficit at that date was restated in the consolidated balance sheet.

This area is considered to be a key audit matter as it absorbed significant time and resource at the audit, as well as involving a prior year adjustment.

How the matter was addressed in the audit During the audit we assessed management's consideration of the recoverability of the recognised surplus and/or committed minimum funding requirement commitment by:

- obtaining evidence of the nature of the minimum funding arrangement (deficit reduction plan) in place at 31 March 2022 and 31 March 2021 and assessing management's judgement regarding potential additional dividend-linked contributions as avoidable obligations.
- obtaining evidence of the group's ability to recover a surplus either through reduced future contributions or via refunds of contributions.
- reviewing management's assessment of any amounts which could be recovered via reductions in future scheme contributions.
- reviewing management's assessment of amounts which would be withheld were a surplus to be refunded.
- considering management's assessment of the deferred tax impact of the above.
- assessing the adequacy and appropriateness of financial statement disclosures regarding the recovery of the defined benefit pension scheme surplus and impact of the minimum funding arrangement, including the assumptions and judgements disclosed (note 1.20) and restatement of the prior year deficit and related deferred tax.

Corporate Governance

Independent Auditor's Report

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£2,720,000 (2021: £930,000)	£93,900 (2021: £401,000)
Basis for determining overall materiality	4.7% (2021: 5%) of profit before tax	0.9% (2021: 3.9%) of net assets
Rationale for benchmark applied	Profit measure used for the trading activities of the Group.	Asset based measure used for the parent company as it holds the investment in subsidiaries and has no trading activities.
Performance materiality	£2,040,000 (2021: £698,000)	£70,400 (2021: £301,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £136,000 (2021: £46,000) and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £4,700 (2021: £20,000) and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of four components, which are based in the United Kingdom and the Republic of Ireland.

Full scope audits were performed for two components; analytical procedures were performed at group level for the remainder of the group.

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	2	95%	97%	97%
Analytical procedures at group level	2	5%	3%	3%
Total	4	100%	100%	100%

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to operate as a going concern included reviewing and evaluating managements cash flow forecast for the twelve months from anticipated approval of the financial statements and the results of sensitivity analysis as well as considering post year end results and cash positions.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Corporate Governance

Independent Auditor's Report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of

the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
UK-adopted International Accounting Standards and Companies Act 2006	<ul style="list-style-type: none">• Review of financial statement disclosures and testing to supporting documentation.• Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	<ul style="list-style-type: none">• Inspection of any advice received from external tax advisers.• Inspection of any correspondence with local tax authorities.• Consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity.
UK timber regulations	<ul style="list-style-type: none">• Inquiry of management.• Inspection of board minutes and any legal and regulatory correspondence.

Corporate Governance

Independent Auditor's Report

The areas that we identified as being susceptible to material misstatement due to fraud was:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition: cut-off	<ul style="list-style-type: none">• Testing a sample of goods dispatched records either side of 31 March 2022, inspecting supporting documentation and determining the appropriate accounting period in which each transaction in the sample should be recorded.• Testing a sample of sales issued not yet invoiced as at 31 March 2022 to supporting sales order and goods dispatched records.• Testing a sample of credit notes raised in the month following the year end and determining whether they are indicative of an error or potential misstatement relating to revenue recorded in the year to 31 March 2022.• Investigating any discrepancies where revenue does not appear to have been recognised in the correct period according to the supporting documentation.
Management override of controls	<ul style="list-style-type: none">• Testing the appropriateness of journal entries and other adjustments;• Assessing whether the judgements made in making accounting estimates are indicative of a potential bias;• Auditing the appropriateness of management's provisioning against inventory at 31 March 2022; and• Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

William Farren

William Farren FCA

(Senior Statutory Auditor)

For and on behalf of

RSM UK Audit LLP

Statutory Auditor, Chartered Accountants

25 Farringdon Street, London, EC4A 4AB

12 July 2022

Financial Statements

Consolidated Income Statement

For the year ended 31 March 2022

£'000s	Notes	2022	2021
Continuing Operations			
Revenue	2	385,368	250,162
Cost of sales (including warehouse costs)	3	(293,839)	(205,060)
Gross profit		91,529	45,102
Selling and distribution costs	3	(22,151)	(17,464)
Administrative expenses	3	(11,213)	(8,598)
Operating profit		58,165	19,040
Finance income	5	29	11
Finance costs	6	(242)	(453)
Profit before tax	3	57,952	18,598
Tax expense	7	(12,310)	(3,616)
Profit after tax attributable to owners of the parent company		45,642	14,982
Earnings per ordinary share (basic)	9	229.3p	75.4p
Earnings per ordinary share (diluted)	9	228.3p	75.2p

Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

£'000s	Notes	2022	Restated 2021
Profit after tax		45,642	14,982
Other comprehensive income:			
Actuarial gain on defined benefit pension scheme	20.2	3,625	3,345
Deferred tax relating to components of other comprehensive income		(424)	(636)
Foreign translation charge		(29)	(58)
Other comprehensive income for the year, net of tax		3,172	2,651
Total comprehensive income attributable to the owners of the parent company		48,814	17,633

The comparative financial information has been restated (see note 20).

Financial Statements

Consolidated and Company Balance Sheet

Company Registration Number 65619

As at 31 March 2022

As at 31 March 2022		Group		Company	
£'000s	Notes	2022	Restated 2021	2022	2021
Assets					
Non-current assets					
Investments	10	-	-	9,613	9,613
Goodwill	11	1,372	872	-	-
Other intangible assets	12	1,487	1,655	-	-
Property, plant and equipment	13	36,935	35,342	48	18
Right-of-use-assets	14	4,154	4,064	1,485	791
Retirement benefit surplus	20	1,119	-	-	-
Deferred tax asset	15	154	1,174	129	23
Total non-current assets		45,221	43,107	11,275	10,445
Current assets					
Inventories	16	74,230	48,262	-	-
Trade and other receivables	17	68,332	48,003	3,328	3,992
Cash and cash equivalents		37,030	28,618	204	168
Total current assets		179,592	124,883	3,532	4,160
Total assets		224,813	167,990	14,807	14,605
Current liabilities					
Lease liabilities	14	1,275	1,123	82	10
Trade and other payables	18	50,876	34,761	1,795	1,193
Interest bearing loans and borrowings	19	-	-	936	1,807
Tax payable		400	-	-	-
Total current liabilities		52,551	35,884	2,813	3,010
Non-current liabilities					
Interest bearing loans and borrowings	19	592	592	592	592
Lease liabilities	14	3,133	3,137	1,430	799
Retirement and other benefit obligation	20	-	5,933	-	-
Other payables	21	-	21	-	-
Deferred tax liabilities	15	4,566	3,339	-	-
Total non-current liabilities		8,291	13,022	2,022	1,391
Total liabilities		60,842	48,906	4,835	4,401
Net assets		163,971	119,084	9,972	10,204
Capital and reserves					
Issued capital	22	5,040	5,040	5,040	5,040
Share-based payment reserve	23	387	167	387	167
Own shares	24	(873)	(471)	(873)	(471)
Capital reserve		398	398	395	395
Retained earnings		159,019	113,950	5,023	5,073
Total equity attributable to shareholders of the parent company		163,971	119,084	9,972	10,204

The comparative financial information has been restated (see note 20).

The Company's profit for the year was £3,695,000 (2021: £1,052,000).

These accounts were approved and authorised for issue by the Board of Directors on 12 July 2022 and signed on its behalf by:

N.C. Latham and **P.F. Latham** (Directors)

The consolidated and company notes on pages 50 to 80 form part of these accounts.



Financial Statements

Consolidated Statement of Changes in Equity

	Attributable to owners of the parent company					
	Issued capital £'000	Share-based payment reserve £'000	Own shares £'000	Capital reserve £'000	Restated retained earnings £'000	Total equity £'000
Balance at 1 April 2020	5,040	25	(619)	398	99,433	104,277
Profit for the year	-	-	-	-	14,982	14,982
Other comprehensive income:						
Actuarial gain on defined benefit pension scheme (restated *)	-	-	-	-	3,345	3,345
Deferred tax relating to components of other comprehensive income (restated *)	-	-	-	-	(636)	(636)
Foreign translation charge	-	-	-	-	(58)	(58)
Total comprehensive income for the year	-	-	-	-	17,633	17,633
Transactions with owners:						
Dividends	-	-	-	-	(3,121)	(3,121)
Exercise of options	-	(20)	148	-	5	133
Deferred tax on share options	-	6	-	-	-	6
Share-based payment expense	-	156	-	-	-	156
Total transactions with owners	-	142	148	-	(3,116)	(2,826)
Balance at 31 March 2021	5,040	167	(471)	398	113,950	119,084
Profit for the year	-	-	-	-	45,642	45,642
Other comprehensive income:						
Actuarial gain on defined benefit pension scheme	-	-	-	-	3,625	3,625
Deferred tax relating to components of other comprehensive income	-	-	-	-	(424)	(424)
Foreign translation charge	-	-	-	-	(29)	(29)
Total comprehensive income for the year	-	-	-	-	48,814	48,814
Transactions with owners:						
Dividends	-	-	-	-	(4,379)	(4,379)
Exercise of options	-	(24)	228	-	4	208
Deferred tax on share options	-	75	-	-	-	75
Transfer of treasury shares	-	-	(630)	-	630	-
Share-based payment expense	-	169	-	-	-	169
Total transactions with owners	-	220	(402)	-	(3,745)	(3,927)
Balance at 31 March 2022	5,040	387	(873)	398	159,019	163,971

* See note 20.2 for details regarding the restatement as a result of an error.

Financial Statements

Company Statement of Changes in Equity

	Attributable to owners of the parent company					
	Issued capital	Share-based payment reserve	Own shares	Capital reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2020	5,040	25	(619)	395	7,137	11,978
Profit for the year	-	-	-	-	1,052	1,052
Total comprehensive income for the year	-	-	-	-	1,052	1,052
Transactions with owners:						
Dividends	-	-	-	-	(3,121)	(3,121)
Exercise of options	-	(20)	148	-	5	133
Deferred tax on share options	-	6	-	-	-	6
Share-based payment expense	-	156	-	-	-	156
Total transactions with owners	-	142	148	-	(3,116)	(2,826)
Balance at 31 March 2021	5,040	167	(471)	395	5,073	10,204
Profit for the year	-	-	-	-	3,695	3,695
Total comprehensive income for the year	-	-	-	-	3,695	3,695
Transactions with owners:						
Dividends	-	-	-	-	(4,379)	(4,379)
Exercise of options	-	(24)	(402)	-	634	208
Deferred tax on share options	-	75	-	-	-	75
Share-based payment expense	-	169	-	-	-	169
Total transactions with owners	-	220	(402)	-	(3,745)	(3,927)
Balance at 31 March 2022	5,040	387	(873)	395	5,023	9,972

The share-based payment reserve represents the movements associated with current employee share option schemes.

The own shares reserve represents the cost of shares purchased in the market and held by the James Latham plc Employee Benefits Trust to satisfy options under the Group's share option schemes.

The capital reserve represents the cancellation of the preference shares.

Financial Statements

Consolidated and Company Cash Flow Statement

<i>For the year ended 31 March 2022</i>		Group		Company	
£'000s	Notes	2022	2021	2022	2021
<i>Net cash flow from operating activities</i>					
Cash generated from operations	25	30,983	21,374	(1,786)	(3,238)
Interest paid		(59)	(51)	(48)	(48)
Income tax paid		(10,259)	(3,191)	-	(3)
Net cash inflow/(outflow) from operating activities		20,665	18,132	(1,834)	(3,289)
<i>Cash flows from investing activities</i>					
Interest received and similar income		29	11	1	5
Dividend received		-	-	7,209	3,850
Acquisition of businesses net of cash and cash equivalents acquired		(2,238)	-	-	-
Purchase of property, plant and equipment		(4,319)	(1,968)	(33)	-
Proceeds from sale of property, plant and equipment		62	8	-	-
Net cash (outflow)/inflow from investing activities		(6,466)	(1,949)	7,177	3,855
<i>Cash flows from financing activities</i>					
Lease liability payments		(1,408)	(1,394)	(57)	(13)
Equity dividends paid		(4,379)	(3,121)	(4,379)	(3,134)
Net cash outflow from financing activities		(5,787)	(4,515)	(4,436)	(3,134)
<i>Increase/(decrease) in cash and cash equivalents for the year</i>		8,412	11,668	907	(2,568)
<i>Cash and cash equivalents at beginning of year</i>		28,618	16,950	(1,639)	929
<i>Cash and cash equivalents at end of year</i>		37,030	28,618	(732)	(1,639)
Balance sheet cash and cash equivalents		37,030	28,618	204	168
Bank overdraft in current liabilities (note 19)		-	-	(936)	(1,807)
<i>Cash and cash equivalents at end of year</i>		37,030	28,618	(732)	(1,639)

Financial Statements

Notes forming part of the Group Accounts

General information

James Latham plc is a public limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006 and is listed on the AIM market. The nature of the group's operations and its principal activities are set out in the Strategic Review. The address of the registered office is Unit 3 Swallow Park, Finway Road, Hemel Hempstead, Herts HP2 7QU.

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated accounts are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These consolidated and company accounts have been prepared in accordance with UK-adopted International Accounting Standards.

The accounts have been prepared under the historical cost convention except for forward contract financial instruments measured at fair value. The directors have prepared the financial statements on the going concern basis for the reasons set out on page 36. A summary of the more important group accounting policies, which have been applied consistently across the group, is set out below.

New and amended IFRS standards that are effective for the current year

A number of new or amended standards became applicable for the current reporting period and as a result the group and company has applied the following standards:

- Amendments to IFRS 16: COVID-19 related rent concessions (effective for periods commencing on or after 1 June 2020).
- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: Interest Rate Benchmark Reform, phase 2.
- The above amendments did not have a material impact on the financial statements of the group or company.

New standards, interpretations and amendments not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations which are issued but not yet effective or endorsed (unless otherwise stated), have not been applied:

- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use (effective 1 January 2022).
- Annual Improvements 2018-2020 Cycle: Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 4 (effective 1 January 2022).
- Amendments to IFRS 3: Reference to the Conceptual Framework (effective 1 January 2022).
- Amendments IAS 37: Onerous Contracts – Cost of Fulfilling a Contract (effective 1 January 2022).
- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current and Classification of Liabilities as Current or Non-Current – Deferral of Effect Date (effective 1 January 2023).

The Directors do not expect the adoption of these standards and amendments to have a material impact on the Financial Statements.

(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 disposal where applicable). Intra group sales and profits are eliminated on consolidation. The accounts of all subsidiary undertakings are made up to 31 March.

A subsidiary is an entity controlled, either directly or indirectly, by the company, where control is the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition costs are expensed in the period in which they are incurred.

1.1 Revenue recognition

Revenue comprises net sales to external customers exclusive of Value Added Tax. Revenue is recognised upon delivery to, or collection by, the customer as this is when the performance obligation in the contract is fulfilled. Revenue is shown net of returns and rebates and after eliminating sales within the group.

For our credit customers, the payment falling will be due under our standard payment terms and any outstanding balance shown in trade receivables.

1.2 Segmental reporting

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reporting of components of the group that are regularly reviewed by the chief operating decision maker, which the group considers to be the Chairman, to allocate resources to the segments and to assess their performance. Further information is available in note 2.

1.3 Operating profit

Operating profit consists of revenues and other operating income less operating expenses. Operating profit excludes net finance costs.

1.4 Functional and presentational currency

The presentation currency of the Group is sterling. All Group companies have a functional currency of Sterling (other than Abbey Wood Agencies Limited which has a functional currency of the Euro) consistent with the presentation of the Group's consolidated financial statements.

Amounts presented in the financial statements have been rounded to the nearest £'000.

1.5 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rates ruling on the date of the transaction. At each balance sheet date, 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 income statement.

In order to help manage its exposure to certain foreign exchange risks, the group enters into forward contracts. Gains and losses on forward contracts are recognised at fair value through the income statement.

1.6 Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation. Depreciation on property, plant and equipment is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected life.

It is calculated at the following rates:

Freehold buildings	- over 50 years
Leasehold improvements	- over 5 to 15 years
Fixtures and fittings	- over 4 to 10 years
Plant, equipment and vehicles	- over 5 to 20 years

Freehold land is not depreciated.

Estimated residual values and useful lives are reviewed annually and adjusted where necessary.

1.7 Impairment of non-current assets

Goodwill is reviewed annually for impairment. The carrying amounts of the group's other intangible assets and property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where the carrying value exceeds the recoverable amount, a provision for the impairment loss is established with a charge being made to the income statement.

1.8 Goodwill

Goodwill on consolidation, being the excess of the purchase price over the fair value of the net assets of subsidiary undertakings at the date of acquisition is capitalised in accordance with IFRS 3 (revised) "Business combinations". Goodwill is tested annually for impairment, or more frequently when there is an indication that goodwill may be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed in a subsequent period.

1.9.1 Intangible assets – Trademark

Acquired trademarks are shown at historical cost. Trademarks are considered to have a finite life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the estimated useful life of 20 years.

Financial Statements

Notes forming part of the Group Accounts

1.9.2 Intangible assets – Customer lists

Acquired customer lists are shown at historical cost. Customer lists are considered to have a finite life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the estimated useful life of 10 years.

1.10 Inventories

Inventories are stated at the lower of cost (including an appropriate proportion of attributable supplier rebates and discounts) and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made for obsolete or slow moving inventories where appropriate.

The cost of inventories is based on the weighted average principle.

1.11 Financial instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group has become party to the contractual provisions of the instrument. Subsequent measurement of all recognised financial assets within the scope of IFRS 9 are required to be measured at amortised cost or fair value on the basis of the group's business model for managing financial assets and their contractual cash flows. Where assets are measured at fair value, gains and losses are recognised through profit or loss (fair value through profit or loss, "FVTPL").

1.11.1 Trade and other receivables

Trade receivables are classified as financial assets at amortised cost and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment.

The Company's group receivables represent trading balances and interest free amounts advanced to other group companies with no fixed repayment terms. The measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming', or 'non-performing' based on the company's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year end which have a detrimental impact on cash flows. In assessing whether credit risk has increased significantly, the company compares the risk of default at the year-end with the risk of default when the receivable was originally recognised using reasonable and supportable past and forward-looking information that is available.

No impairment has been recognised against amounts due from fellow subsidiaries at 31 March 2022 as any expected credit losses are not material.

1.11.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

1.11.3 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

1.11.4 Bank borrowings

Interest-bearing bank loans are recorded initially at their fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement or redemption, are recognised in the income statement over the term of the instrument using an effective rate of interest.

1.11.5 Trade payables

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

1.11.6 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

1.11.7 Derivative financial instruments

The group's activities expose the entity primarily to foreign currency and interest rate risk. The group uses foreign exchange forward contracts and fixed rate bank loans to help manage these exposures. The group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

Foreign currency forward contracts and fixed rate bank loans are not designated effective hedges and so are marked to market at the balance sheet date, with any gains or losses being taken through the income statement.

1.12 Current and deferred income tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax expected to be payable or recoverable on differences at the balance sheet date between the tax bases and liabilities and their carrying amounts for financial reporting purposes is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible differences can be utilised.

Deferred tax is calculated at the rates of taxation which are expected to apply when the deferred tax asset or liability is realised or settled, based on the rates of taxation enacted or substantively enacted at the balance sheet date.

1.13 Leased assets

The Group as a Lessee

For any new contracts entered into after 1 April 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration'.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and lease liability on the balance sheet. A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Group. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

Where leases are twelve months or less or of low value, payments made are expenses evenly over the period of the lease.

1.14 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

1.15 Retirement benefit costs

Retirement benefit costs are accounted for in accordance with IAS 19 (revised) "Employee benefits". Full details of the basis of calculation of the net pension asset or liability disclosed in the balance sheet at 31 March 2022, and of the amounts charged/credited to the income statement and equity, are set out in note 20 to the accounts.

The cost of the defined benefit scheme is determined using the projected unit credit method with actuarial valuations being carried out at the end of each reporting period. The current service cost represents the increase in the present value of the plan liabilities expected to arise from employee service in the current period. Past service costs resulting from enhanced benefits are recognised at the earlier of the date when a plan amendment or curtailment occurs and the date when an entity recognises any termination benefits, or related restructuring costs under IAS 37 Provisions, Contingent liabilities and Contingent Assets. Interest cost represents a net interest cost on the net defined benefit liability. Gains and losses on curtailments or settlements are recognised in the income statement in the period in which the curtailment or settlement occurs.

Actuarial gains and losses, which represent differences between the expected and actuarial returns on the plan assets and the effect of changes in actuarial assumptions, are recognised in the statement of recognised income and expense in the period in which they occur.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, as reduced by the fair value of scheme assets. Any asset resulting from the calculation is limited to the present value of available refunds and reductions in future contributions to the plan. Where the Group is considered to have a contractual obligation to fund the pension scheme above the accounting value of the liabilities, an onerous obligation is recognised.

Pension payments to the group's defined contributions schemes are charged to the income statement as they arise.

Financial Statements

Notes forming part of the Group Accounts

1.16 Share-based payment

The group has applied the requirements of IFRS 2 "Share-based payment" which requires the fair value of share-based payments to be recognised as an expense.

Certain employees receive remuneration in the form of share options. The fair value of the equity instruments granted is measured on the date at which they are granted by using the Black-Scholes model, and is based on the group's estimate of the number of options that will eventually vest. The fair value is expensed in the income statement over the vesting period.

1.17 Treasury shares

Treasury shares are shown at historical cost, and deducted from retained earnings directly in equity.

1.18 Employee Share Ownership Plan (ESOP)

Own shares represent the company's own shares that are held by the group sponsored ESOP trust in relation to the group's employees share schemes. Own shares are deducted at cost in arriving at shareholders' equity and gains and losses on their sale or transfer are recognised directly in equity. ESOP is treated separately and consolidated in the group and company accounts.

1.19 Government grants

Grants received from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants in respect of the Coronavirus Job Retention Scheme ("CJRS") are recognised in the period to which the underlying staff costs relate to. The Group has elected to deduct the amount received in respect of CJRS against the related staff cost expenses (see note 4.)

1.20 Accounting estimates and judgements

The directors have considered the critical accounting estimates and judgements used in the financial statements and concluded that the main areas of judgements and estimation are:

- i. Post-employment benefits
- ii. Stock obsolescence provision
- iii. Leased assets

These judgements and estimates are based on historical experience and various other assumptions that management and the board of directors believe are reasonable under the circumstances and are discussed in more detail under their respective notes. Specifically, our deficit recovery plan includes a potential requirement to pay additional contributions, linked to future dividends being above £4m in any year. A key accounting judgement in relation to this is that future dividends are at the discretion of the directors, can therefore be avoided, and have not been taken into account of in the assessment of the deficit recovery plan under IFRIC 14. For post-employment benefits, the directors take advice from a qualified actuary as shown in note 20. Due to the inherent uncertainty involved in making assumptions and estimates, including in respect of the estimation of the impact of IFRIC 14 on the recognised asset/liability, actual outcomes could differ from those assumptions and estimates.

In determining the recoverable amount of inventories the Directors have to make estimates to arrive at cost and net realisable value. Note 16 shows the estimate for obsolete and slow moving stock which has been made using a consistent approach to all stock lines.

IFRS 16 requires entities to make certain judgements and estimations as to the nature and length of a lease and the appropriate incremental borrowing rate to be applied. Details of leases can be found in note 14.

Financial Statements

Notes forming part of the Group Accounts

2. Business and geographical segments

For management purposes, the group is organised into one trading division, that of timber importing and distribution, carried out in each of the twelve locations trading predominantly in the United Kingdom and the Republic of Ireland.

	2022	2021
The geographical turnover is as follows:	£'000	£'000
Republic of Ireland	16,937	8,731
Rest of Europe	271	62
Rest of the World	38	47
United Kingdom	368,122	241,322
	385,368	250,162

In each location, turnover and gross margin is reviewed separately for Panel Products (including ATP) and Timber (including Flooring and LDT). Most locations sell both products groups, except in the London region where for operational efficiency Panel Products and Timber are sold from separate locations. Resources are allocated and employees incentivised on the basis of the results of their individual location and not on the basis of a product group.

Whilst there are regional differences in the relative importance of product groups and classes of customer, each location is considered to have similar economic characteristics and so can be aggregated into one segment. We therefore consider there is one business segment and one geographic segment.

All revenue is recognised at a point in time for both financial years.

3. Profit before tax

Profit for the year has been arrived at after taking account the following charges/(credits):

	2022	2021
	£'000	£'000
Employee remuneration (note 4)	24,998	19,153
Net foreign exchange gains	(367)	(292)
Cost of inventories recognised as an expense and included in 'cost of sales' in the consolidated income statement	278,568	193,685
Government grants from furlough scheme	(12)	(1,195)
Depreciation of property, plant and equipment (note 13)	2,659	2,576
Depreciation of right-of-use assets (note 14)	1,301	1,290
Loss/(profit) on disposal of property, plant and equipment	50	(6)
Amortisation (note 12)	168	167
Fees payable to the company's auditors for the audit of the consolidated and parent company accounts	25	10
Fees payable to the company's auditors and its associates for other services:		
The audit of the company's subsidiary pursuant to legislation	104	83
Other	-	9
Fees in relation to the audit of the James Latham plc Pension and Assurance Scheme	11	11
Other expenses	19,698	15,631
Total cost of sales, Distribution costs and Administrative expenses	327,203	231,122

Financial Statements

Notes forming part of the Group Accounts

4. Information regarding employees

The monthly average number of persons, including directors, employed by the group during the year was as follows:

	Group		Company	
	2022	2021	2022	2021
	Number	Number	Number	Number
Management and administration	73	66	28	26
Warehousing	191	161	-	-
Selling	144	137	-	-
Distribution	90	77	-	-
	498	441	26	26

The aggregate payroll costs of these employees were as follows:

	£'000	£'000	£'000	£'000
Wages and salaries	20,503	16,424	2,162	1,577
Social security costs	2,230	1,695	268	181
Apprenticeship levy	77	58	8	6
Pension costs	2,031	2,015	3,737	3,259
Government grants from furlough scheme	(12)	(1,195)	-	(12)
Share-based payment	169	156	169	156
	24,998	19,153	6,344	5,167

Of the above payroll costs, £6,806,000 (2021: £4,938,000) is included in cost of sales, £11,718,000 (2021: £9,099,000) is included in selling and distribution costs, and £6,474,000 (2021: £5,116,000) is included in administrative expenses in the income statement.

5. Finance income

	2022	2021
	£'000	£'000
Interest receivable	29	11

The interest received is on bank deposits.

6. Finance costs

	2022	2021
	£'000	£'000
On bank loans and overdrafts	11	3
On pension liability	18	242
Interest on lease liabilities	165	160
On 8% Cumulative Preference shares	48	48
	242	453

The interest payable on bank loans and overdrafts is payable on balances with a maturity analysis of less than six months at the balance sheet date and interest on all other interest payments are based on balances with a maturity analysis of over five years at the balance sheet date.

Financial Statements

Notes forming part of the Group Accounts

7. Tax expense	2022	2021
	£'000	£'000
The charge for taxation on profit comprises:		
Current year:		
UK corporation tax at 19% (2021: 19%)	10,383	3,112
Deferred taxation - post employment benefits	827	454
- change in tax rates	879	-
- other	221	50
	12,310	3,616
Profit before taxation	57,952	18,598
Tax at 19% (2021: 19%)	11,011	3,534
Tax effect of expenses/credits that are not deductible/ taxable in determining taxable profit	68	59
IBAs derecognised in current year	(21)	(17)
Change in tax rates	879	-
Other	373	40
Total tax charge	12,310	3,616

The change in tax rates in the current year is based on the future corporation tax rate increasing from 19% to 25%.

8. Dividends	2022		2021	
	£'000	£'000	£'000	£'000
Ordinary dividends:				
Final 15.5p per share paid 27 August 2021 (2020: 10.0p)	3,084		1,987	
Interim 6.5p per share paid 21 January 2022 (2021: 5.7p)	1,295		1,134	
		4,379		3,121

The Directors propose a final dividend for 2022 of 27.0p per share, that, subject to approval by the shareholders, will be paid on 2 September 2022 to shareholders on the register on 5 August 2022.

Based on the number of shares currently in issue, the final dividend for 2022 is expected to absorb £5,379,000.

Financial Statements

Notes forming part of the Group Accounts

9. Earnings per ordinary share

Earnings per ordinary share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	2022 '000	2021 '000
Issued ordinary share capital	20,160	20,160
Less: weighted average number of own shares held in treasury	(234)	(259)
Less: weighted average number of own shares held in ESOP Trust	(21)	(19)
Weighted average share capital	19,905	19,882
Add: dilutive effects of share options issued	85	31
Weighted average share capital for diluted earnings per ordinary share calculation	19,990	19,913

10. Fixed asset investments – Company

	Subsidiary undertakings £'000
Shares: At 1 April 2020, 2021 and 31 March 2022	9,613

Details of subsidiary companies are given below:

Name	Country of incorporation	Class of shares	Percentage of ownership	Principal activity
Lathams Limited	England and Wales	£1 Ordinary	100%	Importing and distribution of timber and panel products
Abbey Wood Agencies Limited *	Republic of Ireland	€1.27 Ordinary	100%	Importing and distribution of timber and panel products
Abbey Lumber Limited *	Northern Ireland	£1 Ordinary	100%	Dormant
James Latham Trustee Limited	England and Wales	£1 Ordinary	100%	Corporate Trustee Company
LDT Westerham Limited	England and Wales	£1 Ordinary	100%	Dormant
Bäusen Limited	England and Wales	£1 Ordinary	100%	Dormant
James Latham (Midland and Western) Limited*	England and Wales	£1 Ordinary	100%	Dormant
Advanced Technical Panels Limited*	England and Wales	£1 Ordinary	100%	Dormant
Latham Timber Centres (Bridgwater) Limited	England and Wales	£1 Ordinary	100%	Dormant
James Latham (Warehousing) Limited	England and Wales	£1 Ordinary	100%	Dormant
Dresser Mouldings (Rochdale) Limited*	England and Wales	£1 Ordinary	100%	Dormant
Sarcon (No. 155) Limited	Northern Ireland	£1 Ordinary	100%	Dormant
I.J.K. Timber Group Limited	England and Wales	£1 Ordinary	100%	Importing and distribution of timber and panel products
Irvin and Sellers Limited*	Northern Ireland	£1 Ordinary	100%	Dormant
Keizer Venesta Limited*	Northern Ireland	£1 Ordinary	100%	Dormant
Northern Hardwoods Limited*	Northern Ireland	£1 Ordinary	100%	Dormant
William Davidson (Timber) Limited*	Northern Ireland	£1 Ordinary	100%	Dormant

* Indirectly held.

All companies operate within the United Kingdom and the Republic of Ireland and their registered office is at Unit 3, Swallow Park, Finway Road, Hemel Hempstead, Herts, HP2 7QU, except for Sarcon (No. 155) Limited, Irvin and Sellers Limited, Keizer Venesta Limited, Northern Hardwoods Limited and William Davidson (Timber) Limited whose registered office is 24-28 Duncrue Street, Belfast, Co Antrim, Northern Ireland, BT3 9AR.

Financial Statements

Notes forming part of the Group Accounts

11. Goodwill

	Goodwill £'000
Cost:	
At 1 April 2020	997
Additions	-
At 1 April 2021	997
Additions (note 29)	500
At 31 March 2022	1,497
Impairment	
At 1 April 2020, 31 March 2021 and 31 March 2022	125
Net book value	
At 31 March 2022	1,372
At 31 March 2021	872
At 31 March 2020	872

Goodwill of £286,000 arose upon the acquisition of the shares and assets of Abbey Wood Agencies Limited which is now a trading subsidiary of Latham's Limited. The date of acquisition was 1 February 2019.

Goodwill of £349,000 arose upon the acquisition of the shares and assets of Dresser Mouldings (Rochdale) Limited which is now a trading subsidiary of Latham's Limited. The date of acquisition was 31 October 2019.

Goodwill of £500,000 arose upon the acquisition of the shares and assets of Sarcon (No. 155) Limited and I.J.K. Timber Group Limited, the later of which is now a trading branch of Latham's Limited. The date of acquisition was 26 October 2021.

In accordance with the group's accounting policy the carrying value of goodwill is reviewed annually for impairment. The review entails an assessment of the present value of projected return from an asset over a period of 5 years. The pre-tax discount rate used in the group's estimated weighted average cost of capital is currently 6% (2021: 6%). The key assumptions in the impairment review used an annual growth rate in gross margins of 5.5% (2021: 5.5%) with a perpetuity rate of 2% (2021: 2%).

The review performed at the year end did not result in the impairment of goodwill as the estimated recoverable amount exceeded the carrying value. No reasonable change in the assumed growth rates would cause an impairment to the assets. The recoverable amount of the cash generating unit to which the goodwill has been allocated is determined based on value-in-use calculations.

Financial Statements

Notes forming part of the Group Accounts

12. Intangible assets – Group

	Trademark £'000	Customer Lists £'000	Total £'000
Cost:			
At 1 April 2020 and 2021	1	2,016	2,017
Additions on acquisition	-	-	-
At 31 March 2022	1	2,016	2,017
Amortisation			
At 1 April 2020	-	195	195
Charge for the year	-	167	167
At 1 April 2021	-	362	362
Charge for the year	-	168	168
At 31 March 2022	-	530	530
Net book value			
At 31 March 2022	1	1,486	1,487
At 31 March 2021	1	1,654	1,655
At 31 March 2020	1	1,821	1,822

The amortisation charge is included in the income statement under administrative expenses.

The registered trademarks of the company are Woodex®, Buffalo® Board and Bäusen® Flooring.

The Customer lists relates to the purchase of Abbey Wood Agencies Limited. The cost of the customer lists represents the fair value of the assets at the time of the purchase.

The company does not have any intangible assets at 31 March 2022 or 31 March 2021.

Financial Statements

Notes forming part of the Group Accounts

13. Property, plant and equipment

13.1 Group

	Group			
	Freehold property £'000	Short leasehold property improvements £'000	Plant, equipment and vehicles £'000	Total £'000
Cost:				
At 1 April 2020	29,698	615	19,174	49,487
Additions	472	-	1,496	1,968
Disposals	-	-	(174)	(174)
At 1 April 2021	30,170	615	20,496	51,281
Additions	121	2	4,196	4,319
Acquisition (note 29)	-	-	45	45
Disposals	(3)	-	(793)	(796)
At 31 March 2022	30,288	617	23,944	54,849
Depreciation:				
At 1 April 2020	3,800	437	9,298	13,535
Disposals	-	-	(172)	(172)
Charge for the year	501	37	2,038	2,576
At 1 April 2021	4,301	474	11,164	15,939
Disposals	(1)	-	(683)	(684)
Charge for the year	429	38	2,192	2,659
At 31 March 2022	4,729	512	12,673	17,914
Net book value				
At 31 March 2022	25,559	105	11,271	36,935
At 31 March 2021	25,869	141	9,332	35,342
At 31 March 2020	25,898	178	9,876	35,952

Included in freehold property is land with a book value of £8,519,000 (2021: £8,519,000) which is not depreciated.

The depreciation charge is included in the income statement as follows:

	2022 £'000	2021 £'000
Cost of sales	1,678	1,650
Selling and distribution costs	803	789
Administrative expenses	178	137
	2,659	2,576

Financial Statements

Notes forming part of the Group Accounts

13.2 Company

	Plant, equipment and vehicles £'000
Cost:	
At 1 April 2020	374
Additions	-
At 1 April 2021	374
Additions	33
At 31 March 2022	407
Depreciation:	
At 1 April 2020	353
Charge for the year	3
At 1 April 2021	356
Charge for the year	3
At 31 March 2022	359
Net book value	
At 31 March 2022	48
At 31 March 2021	18
At 31 March 2020	21

14. Right of use assets and lease liabilities

The Group has leases for some of its building which are made up of some of our depot locations and showrooms. The vehicles are all car leases.

a) Right of use assets

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the balance sheet.

			2022	2021
	No of right-of use assets leased	Range of remaining lease	Average remaining lease	Average remaining lease
Right-of-use assets				
Building	13	1-53 years	8 years	8 years
Vehicles	93	1-4 years	2 years	2 years

At the balance sheet date, there were no leases with extension options or options to purchase the asset at the end of the lease. The review performed at the year end did not result in the impairment of the right-of-use assets.

Financial Statements

Notes forming part of the Group Accounts

14. Leases (continued)

Additional information on right-of-use asset by class of assets is as follows:

	Group			Company		
	Property £'000	Vehicles £'000	Total £'000	Property £'000	Vehicles £'000	Total £'000
Cost:						
At 1 April 2020	5,161	1,077	6,238	816	29	845
Additions	242	217	459	-	-	-
Disposals	-	(97)	(97)	-	-	-
At 1 April 2021	5,403	1,197	6,600	816	29	845
Additions	1,124	267	1,391	683	50	733
Disposals	(80)	(43)	(123)	-	15	(15)
At 31 March 2022	6,447	1,421	7,868	1,499	64	1,563
Depreciation:						
At 1 April 2020	896	447	1,343	15	18	33
Charge for the year	903	387	1,290	14	7	21
Disposals	-	(97)	(97)	-	-	-
At 1 April 2021	1,799	737	2,536	29	25	54
Charge for the year	916	385	1,301	20	19	39
Disposals	(80)	(43)	(123)	-	(15)	(15)
At 31 March 2022	2,635	1,079	3,714	49	29	78
Balance sheet value						
At 31 March 2022	3,812	342	4,154	1,450	35	1,485
At 31 March 2021	3,604	460	4,064	787	4	791
At 31 March 2020	4,265	630	4,895	801	11	812

The depreciation charge is included in the income statement as follows:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cost of sales	916	903	-	-
Selling and distribution costs	309	321	-	-
Administrative expenses	76	66	39	21
	1,301	1,290	39	21

Financial Statements

Notes forming part of the Group Accounts

14. Leases (continued)

b) Lease liabilities

Lease liabilities are presented in the balance sheet as follows:

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Current	1,275	1,123	82	10
Non-current	3,133	3,137	1,430	799
	4,408	4,260	1,512	809

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at 31 March 2022 is as follows:

	Within 1 year	1-2 years	2-5 years	5-10 years	over 10 years	2022	2021
	£'000	£'000	£'000	£'000	£'000	Total £'000	Total £'000
Lease payments	1,403	840	852	1,013	1,452	5,560	5,386
Finance costs	(128)	(90)	(176)	(178)	(580)	(1,152)	(1,126)
Net present values	1,275	750	676	835	872	4,408	4,260

At 31 March 2022 the Group had committed to leases which had not yet commenced. The total future cash outflows for leases that had not yet commenced were as follows:

	2022	2021
	£'000	£'000
Vehicles	341	104

A total of £1,408,000 (2021: £1,394,000) was paid during the year in respect of lease principal and this is reflected in the statement of cash flows within financing activities.

Financial Statements

Notes forming part of the Group Accounts

15. Deferred tax

15.1 Group

The net deferred tax asset/(liability) is made up of the following elements:

	Post-employment benefits £'000	Roll over gains on assets £'000	Other (*) £'000	Inangible assets £'000	Total £'000
As at 1 April 2020 asset	2,258	-	-	-	2,258
As at 1 April 2020 liability	-	(1,762)	(1,224)	(303)	(3,289)
(Charge)/credit to the income statement	(454)	-	(39)	(11)	(504)
Credit to other comprehensive income and equity (restated)	(630)	-	-	-	(630)
At 31 March 2021 asset	1,174	-	-	-	1,174
At 31 March 2021 liability	-	(1,762)	(1,263)	(314)	(3,339)
(Charge)/credit to the income statement	(827)	-	(262)	41	(1,048)
Change in tax rates in income statement	156	(556)	(380)	(99)	(879)
Charge to other comprehensive income and equity	(349)	-	-	-	(349)
Acquisitions	-	-	29	-	29
At 31 March 2022 asset	154	-	-	-	154
At 31 March 2022 liability	-	(2,318)	(1,876)	(372)	(4,566)

* Includes accelerated capital allowances, industrial buildings allowances and trading losses.

The comparative financial information for credit to other comprehensive income and equity has been restated (see note 20.2).

15.2 Company

The deferred tax asset is made up as follows:

	Post-employment benefits £'000	Accelerated capital allowances £'000	Total £'000
As at 1 April 2020	12	(27)	(15)
Charge to the income statement	27	5	32
Credit to other comprehensive income and equity	6	-	6
At 31 March 2021	45	(22)	23
Credit to the income statement	31	-	31
Credit to other comprehensive income and equity	75	-	75
At 31 March 2022	151	(22)	129

Deferred tax has been calculated using rates that are expected to apply when the asset or liability is expected to be realised or settled, based on rates that were substantively enacted at the balance sheet date.

Financial Statements

Notes forming part of the Group Accounts

16. Inventories	2022	2021
	£'000	£'000
Finished goods and goods for resale	75,237	49,376
Less: provisions for slow moving and obsolete stock	(1,007)	(1,114)
	74,230	48,262

The inventories impairment charge for the year ended 31 March 2022 was £603,000 (2021: £812,000). Impairment charges reversed during the year were £710,000 (2021: £517,000). The reversal of inventories arises from sales in the year of the slow moving and obsolete stock previously provided for.

Inventories are pledged as securities against bank overdrafts (see note 19).

The company did not have any inventories at either 31 March 2022 or 31 March 2021.

17. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade receivables	63,295	44,645	14	3
Other receivables:				
Other receivables	2,912	1,658	3	-
Amounts owed by subsidiaries	-	-	1,550	631
Tax receivable	-	182	1,717	3,331
Prepayments	2,125	1,518	44	27
	5,037	3,358	3,314	3,989
	68,332	48,003	3,328	3,992

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

The group has recognised an impairment against specifically identified expected credit losses ("ECLs") at year end of £305,000 (2021: £161,000). In line with the Group's historical experience, and after consideration of current credit exposures, the Group does not expect to incur any material ECL's above those specifically identified and so has not recognised any non-specific ECL's in the current year (2021: £nil).

At 31 March 2022, £62,063,000 (2021: £44,215,000) of trade and other receivables were denominated in sterling, £3,723,000 (2021: £2,003,000) were denominated in Euros and £421,000 (2021: £85,000) were denominated in US dollars. The Company balances are all denominated in sterling.

Based on the balance sheet value of trade and other receivables, as shown above, a 10% change in the currency exchange rate would lead to an increase or decrease in income and equity of £414,000 (2021: £209,000).

Amounts owed by subsidiaries are interest free and repayable on demand.

Financial Statements

Notes forming part of the Group Accounts

18. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade payables	34,758	23,461	46	39
Other taxation and social security	7,937	6,376	857	571
Amounts owed to subsidiaries	-	-	-	1
Other payables	3,909	2,308	706	425
Accruals and deferred income	4,272	2,616	186	157
	50,876	34,761	1,795	1,193

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 34 days (2021: 35 days). The directors consider that the carrying amount of trade payables approximates to their fair value.

At 31 March 2022, £33,851,000 (2021: £23,392,000) of trade and other payables were denominated in sterling, £2,593,000 (2021: £1,553,000) in US dollars, £2,133,000 (2021: £762,000) in Euros and £90,000 (2021: £62,000) in Canadian dollars. The company balances are all denominated in sterling.

Based on the balance sheet value of trade and other payables, as shown above, a 10% change in the currency exchange rate would lead to an increase or decrease in income and equity of £482,000 (2021: £238,000).

19. Interest bearing loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Current liabilities				
Bank overdraft	-	-	936	1,807
	-	-	936	1,807
Non-current liabilities				
Cumulative preference shares of £1 each (note 22)	592	592	592	592
Total	592	592	592	592

The loans and borrowings were all denominated in sterling.

The group would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows.

The cumulative preference shares are held on an ongoing basis and pay dividends at 8% per annum.

Financial Statements

Notes forming part of the Group Accounts

20. Retirement and other benefit obligation

	Group	
	2022	Restated 2021
	£'000	£'000
Retirement benefit obligations (note 20.2)	(6,993)	2,561
IFRIC 14 adjustment	5,874	3,372
Net defined benefit (surplus)/liability after IFRIC 14 adjustment	(1,119)	5,933

The company has the legal right to benefit from any surplus on the winding up of the scheme. The IAS19 valuation at 31 March 2022 showed the scheme had an accounting surplus of £6,993,000. Under IFRIC 14, we are required to consider how much of this surplus plus future committed deficit recovery contributions at the reporting date will be recovered through a reduction of future contributions, or by refund of the surplus. A restriction of 35% has been applied in respect of the authorised surplus payments charge that would be withheld by the scheme on a repayment of a surplus. We have restated the comparative period to similarly account for this. (See note 20.2 for further details).

The annual funding update on an actuarial basis shows that at 31 March 2022, the scheme has a £3,680,000 deficit (2021: £9,000,000 deficit) and we are on target to eliminate the actuarial deficit by the next triennial valuation on 31 March 2024, where the deficit recovery contributions will be reassessed. The IFRIC 14 adjustment is therefore a technical accounting adjustment and unlikely to occur in practice.

20.1. Group pension schemes

James Latham plc operates a group contributory defined benefit pension scheme. The scheme is a funded scheme. Benefits are provided based on earnings in the last twelve months before retirement, plus average bonuses received over the last three years. The assets of the scheme are held separately from those of the company. 31% of the assets are invested in equities, with 22% under passive management by Blackrock and 9% in a Multi-Asset Credit fund managed by Wellington. 59% are held in bonds and gilts, with 18% in a Buy and Maintain Fund managed by Mercers, 8% in an Absolute Return Fund managed by Wellington and 33% in an Index Linked fund managed by Blackrock, with the remaining 8% in a HLV Property Fund managed by Aviva and 2% in cash.

The group contributory defined benefit pension scheme is closed to new entrants, and a defined contribution group scheme has been established for the pension provision of all other employees, including those contributing through auto enrolment.

The pension charge for the year for all schemes was £2,031,000 (2021: £2,015,000). Of the charge, £405,000 (2021: £366,000) is included in cost of sales, £924,000 (2021: £948,000) is included in selling and distribution costs, and £702,000 (2021: £701,000) is included in administrative expenses in the income statement.

Contributions are determined by a qualified actuary on a basis of triennial valuations using the projected unit funding method. The most recent available valuation was at 31 March 2020. 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 in the 31 March 2020 valuation that the investment return would be 4.1% per annum pre-retirement and 2.5% per annum post-retirement, that the salary increases would average 3.4% 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. Pensions accruing between 1 January 1991 and 28 February 1999 are required to increase at the greater of: (a) 4%, and (b) 3% on the GMP and 5% on the excess over the GMP. Pensions accruing after 1 March 1999 increase at Limited Price Indexation which has been assumed to average 2.4% in the future. Limited Price Indexation was replaced by the Consumer Price Index (CPI) for payrises occurring after 1 January 2014.

Financial Statements

Notes forming part of the Group Accounts

20.2. Group defined benefit pension scheme

The group operates a defined benefit pension scheme. The current practice of increasing pensions in line with inflation is included in the measurement of the defined benefit obligation.

The defined benefit obligation of £68,534,000 (2021: £71,364,000) includes £18,516,000 (2021: £18,179,000) in relation to active members, £14,275,000 (2021: £15,042,000) in relation to deferred members and £35,743,000 (2021: £38,143,000) in relation to members in retirement.

The retirement benefit asset/(liability) recognised in the balance sheet is the present value of the defined benefit obligations, less the fair value of the scheme assets, adjusted for the impact of IFRIC 14. Actuarial gains and losses are immediately recognised in the statement of other comprehensive income.

	2022 £'000	Restated 2021 £'000
Change in benefit obligation		
Benefit obligation at beginning of year	71,364	69,995
Service cost	596	583
Past service cost	-	142
Interest cost	1,480	1,641
Actuarial (gain)/loss	(2,483)	2,272
Benefits paid	(2,425)	(3,243)
Premiums paid	2	(26)
Benefit obligation at end of year	68,534	71,364
Analysis of defined benefit obligation		
Schemes that are wholly or partly funded	68,534	71,364
Change in scheme assets		
Fair value of scheme assets at beginning of year	68,803	58,183
Interest income	1,462	1,399
Return on plan assets (excluding interest income)	3,644	8,989
Employer contributions (incl. employer direct benefit payments)	4,041	3,501
Benefits paid from plan	(2,425)	(3,243)
Expenses paid	2	(26)
Fair value of scheme assets at end of year	75,527	68,803
Amounts recognised in the balance sheet		
Present value of funded obligations	68,534	71,364
Fair value of scheme assets	75,527	68,803
Net defined benefit (surplus)/liability before IFRIC 14 adjustment	(6,993)	2,561
IFRIC 14 adjustment	5,874	3,372
Net defined benefit (surplus)/liability after IFRIC 14 adjustment	(1,119)	5,933

Financial Statements

Notes forming part of the Group Accounts

20.2. Group defined benefit pension scheme (continued)

	2022 £'000	Restated 2021 £'000
Components of pension expense		
Current service cost	596	583
Past service cost	-	142
Interest cost	1,480	1,641
Income on plan assets	(1,462)	(1,399)
Total pension expense recognised in the income statement	614	967
Actuarial gain immediately recognised	(6,127)	(6,717)
IFRIC 14 adjustment	2,502	3,372
Total recognised in the statement of other Comprehensive income	(3,625)	(3,345)
Cumulative amount of actuarial loss immediately recognised	9,397	13,022

	2022	2021
Plan assets		
The asset allocations at the year end were as follows:		
Equities	21.8%	52.5%
Bonds	50.6%	37.8%
Property	8.3%	8.3%
Diversified Credit Fund	17.4%	-
Other	1.9%	1.5%
	100.0%	100.0%

	2022 £'000	2021 £'000
Amounts included in the fair value of assets for		
Equity instruments	16,495	36,088
Bond instruments	38,189	25,982
Property occupied	6,277	5,687
Diversified Credit Fund	13,116	-
Other assets used	1,450	1,046
	75,527	68,803

Financial Statements

Notes forming part of the Group Accounts

20.2. Group defined benefit pension scheme (continued)

Prior year adjustment

The 31 March 2021 defined benefit deficit has been restated to take account of the requirement in IFRIC 14 to consider the present value of benefits available in the form of future reduced contributions and/or refunds, taking into account the deficit recovery plan the Group was committed to at 31 March 2021, which was overlooked in the prior period.

There is no change to profits or cash flows as reported for the year ended 31 March 2021 resulting from this correction and no impact at 31 March 2020.

The prior year adjustment does not impact any previous years figures other than the year ended 31 March 2021. The impact of the prior year adjustment can be seen as follows:

	2021 (originally presented)	Adjustment	2021 (restated)
Statement of changes in equity			
Retained earnings at 1 April 2020	99,433	-	99,433
Profit for the year	14,982	-	14,982
Actuarial gain on defined benefit pension scheme	6,717	(3,372)	3,345
Deferred tax related to components of other comprehensive income	(1,276)	640	(636)
Foreign translation charge	(58)	-	(58)
Total comprehensive income for the year	5,383	(2,732)	2,651
Total transactions with owners (extract)	(3,116)	-	(3,116)
Retained earnings at 31 March 2021	116,682	(2,732)	113,950

	2021 (originally presented)	Adjustment	2021 (restated)
Balance Sheet			
Deferred tax asset	534	640	1,174
Retirement and other benefit obligation	(2,561)	(3,372)	(5,933)
Other balance sheet assets and liabilities	123,843	-	123,843
Net assets	121,816	(2,732)	119,084
Retained earnings	116,682	(2,732)	113,950
Share capital and other reserves	5,134	-	5,134
Total equity attributable to equity shareholders of the parent company	121,816	(2,732)	119,084

Financial Statements

Notes forming part of the Group Accounts

20.2. Group defined benefit pension scheme (continued)

	2022	2021
Weighted average assumptions used to determine benefit obligations:		
Discount rate	2.70%	2.10%
Rate of compensation increase	4.40%	3.80%
Inflation (RPI)	3.80%	3.30%
Inflation (CPI)	3.40%	2.80%
Rate of pension increases (CPI capped at 5%)	3.30%	2.70%
Weighted average life expectancy for mortality tables used to determine benefit obligations:		
Male member age 65 (current life expectancy)	22.3	22.5
Female member age 65 (current life expectancy)	24.5	24.6
Male member age 45 (life expectancy at age 65)	23.6	23.8
Female member age 45 (life expectancy at age 65)	25.7	25.8
Weighted average assumptions used to determine pension expense:		
Discount rate	2.70%	2.10%
Rate of compensation increase	4.40%	3.80%

Sensitivity analysis of the key assumptions

The main exposure of the defined benefit obligations relate to the volatility in the carrying value of the assets and liabilities. The valuation of the scheme's assets is dependant on the volatility of market conditions. The valuation of the scheme's liabilities is dependant on the assumptions used. The sensitivity of the valuation of the liability to changes in the assumptions is shown in the table below:

	Impact on deficit (Decrease)/increase £'000
Discount rate increases by 0.25%	(2,467)
Inflation rate increases by 0.25%	1,713
Life expectancy increases by one year	3,084

History of plan assets and defined benefit obligation

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Present value of defined benefit obligation	68,534	71,364	69,995	69,819	66,439
Fair value of plan assets	75,527	68,803	58,183	61,105	58,057
Net (asset)/liability before impact of IFRIC 14	(6,993)	2,561	11,812	8,714	8,382

Contributions

The group expects to contribute £3,669,000 to the pension scheme for the year ending 31 March 2023.

20.3. Defined contribution pension payments

The group operates a defined contribution scheme managed by Aviva. The group has agreed to match contributions by eligible employees up to a maximum of 7.5%.

Pension contributions paid to the defined contribution scheme for the year totalled £1,392,000 (2021: £1,280,000).

Financial Statements

Notes forming part of the Group Accounts

21. Other payables (non-current liabilities)

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Other payables	-	21	-	-
	-	21	-	-

22. Share capital

	2022, 2021 and 2020			
	Authorised		Issued	
	Number	£'000	Number	£'000
Ordinary shares of 25 pence each	28,000,000	7,000	20,160,000	5,040

	Authorised		Issued	
	Number	£'000	Number	£'000
8% Cumulative Preference Shares of £1 each				
At 1 April 2020	1,500,000	1,500	987,000	987
Cancelled during the year	-	-	(395,000)	(395)
At 31 March 2021 and 2022	1,500,000	1,500	592,000	592

During the year ended 31 March 2020, the Company cancelled 395,000 Cumulative preference shares, leaving a balance of 592,000 shares.

	2022	2021
	£'000	£'000
Share Capital		
Ordinary share capital	5,040	5,040
	5,040	5,040

The Preference shares are included in non-current liabilities (as interest bearing loans and borrowings). See note 19.

The Cumulative Preference shares carry the right to receive an 8% dividend in priority to all other shares and the right of a return on assets in priority to all other shares. They do not carry the right to further participate in profits or assets, nor to vote at a General Meeting unless the resolution directly or adversely varies any of their rights or privileges.

There were no movements in the Ordinary share capital of the company in either the year ended 31 March 2022 or 2021.

Financial Statements

Notes forming part of the Group Accounts

23. Share-based payment

Equity-settled share option schemes

Details of the share options outstanding during the year are as follows:

	2022		2021	
	Number of share options	Weighted average exercise price (£)	Number of share options	Weighted average exercise price (£)
Outstanding at beginning of year	252,978	7.45	273,314	7.18
Granted during the year	16,280	10.12	17,226	9.25
Forfeited during the year	(5,277)	7.42	(20,677)	7.17
Exercised during the year	(17,910)	6.62	(16,885)	5.30
Outstanding at the end of the year	246,071	7.68	252,978	7.45

The weighted average share price for options exercised during the year was £12.22 (2021: £9.04).

Details of the options outstanding at 31 March 2022 are shown below. 3,742 (2021: 6,000) of these options were exercisable at the year end. No options expired during the periods covered by the above table.

	2022			2021	
	CSOP	SAYE	DBP	CSOP	SAYE
Range of exercise prices	£3.96-£12.60	£7.27	£9.05	£1.65-£9.65	£7.27
Number of shares	76,652	166,219	3,200	81,093	171,885
Weighted average expected remaining life (years)	3.0	0.9	2.0	3.0	1.9

The Black-Scholes option model is used to calculate the fair value of the options and the amount to be expensed. No performance conditions apply to any of the share option schemes.

The inputs into the Black-Scholes model, expressed as weighted averages for options granted during the year are as follows:

	2022			2021	
	CSOP	SAYE	DBP	CSOP	SAYE
Share price at grant date	£12.60	-	£9.05	£9.25	-
Option exercise price	£12.60	-	-	£9.25	-
Expected volatility	35.0%	-	£40.80	64.4%	-
Option life	5 years	-	3 years	5 years	-
Risk free interest rate	0.74%	-	£0.80	0.20%	-
Fair value	£4.00	-	-	£4.91	-

Expected volatility was determined by calculating the historical volatility of the group's share price over the previous 3 years. The option life is based on options being exercised in accordance with usual patterns. Options are forfeited if the employee leaves the group before options vest. For the CSOP scheme, the options can be exercised up to 5 years after the vesting date, and with the SAYE scheme, this period is 6 months. The risk free interest rate is based on 10 year UK Government Bonds.

The group recognised total expenses of £169,000 (2021: £156,000) related to equity settled share-based payment transactions in the year.

Share Incentive Plan

The Company also runs an approved Share Incentive Plan in which eligible employees can buy Partnership Shares at mid-market price on the date of the grant. The shares are held in the employee benefits trust for a 5-year period. The number of shares held in trust of this plan at 31 March 2022 was 161,958 (2021: 155,241).

Financial Statements

Notes forming part of the Group Accounts

24. Own shares

	Ordinary shares £'000
At 1 April 2020	
Cost	619
Transfer to employees	(148)
At 31 March 2021	471
Transfer of treasury shares	630
Transfer to employees	(228)
At 31 March 2022	873

The investment in own shares represents 32,197 25p Ordinary shares (2021: 10,222 25p Ordinary shares) held on behalf of the James Latham plc Employee Benefits Trust, a discretionary trust. This represents 0.16% (2021: 0.03%) of the issued share capital. The maximum number of shares held during the year was 42,449 (0.21%). Dividends have been waived and all income and expenditure of the trust has been dealt with through the group's income statement. None of these shares have been allocated to employees.

At 31 March 2022 209,200 (2021: 259,200) 25p Ordinary shares were held by the company as Treasury Shares. These shares are held with a view to being used for employee share schemes. During the year 50,000 shares were issued to the James Latham Employee Benefits Trust.

25. Cash generated from operations

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Profit before tax	57,952	18,598	(4,297)	(3,415)
Adjustment for finance income and expense	213	442	47	20
Depreciation and amortisation	4,128	4,033	42	25
Loss/(Profit) on disposal of property, plant and equipment	50	(6)	-	-
Increase in inventories	(23,990)	(3,974)	-	-
Increase in receivables	(18,034)	(878)	1,443	(12)
Increase/(decrease) in payables	13,940	5,779	810	(12)
Retirement benefits	(3,445)	(2,776)	-	-
Share-based payments non cash amounts	169	156	169	156
Cash generated from operations	30,983	21,374	(1,786)	(3,238)

Financial Statements

Notes forming part of the Group Accounts

25. Cash generated from operations (continued)

Movement in net funds/(debt)	Cash and cash equivalents £'000	Leases £'000	Preference shares £'000	Total £'000
At 1 April 2020	16,950	(5,035)	(592)	11,323
Additions in the year	-	(459)	-	(459)
Cash flow	11,668	1,394	-	13,062
Discount unwind on lease liabilities	-	(160)	-	(160)
At 31 March 2021	28,618	(4,260)	(592)	23,766
Additions in the year	-	(1,391)	-	(1,391)
Cash flow	8,412	1,408	-	9,820
Discount unwind on lease liabilities	-	(165)	-	(165)
At 31 March 2022	37,030	(4,408)	(592)	32,030

26. Related party transactions

26.1 Group

The group has a related party relationship with its subsidiaries and with its directors. Transactions between group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The remuneration of the key management of the group, who are the Company's directors, is set out below.

	2022 £'000	2021 £'000
Salaries and other short-term employee benefits	1,319	1,052
Social security costs	147	125
Pension costs	221	146
Share-based payments	21	11
	1,708	1,334

There are 4 (2021: 4) directors to whom retirement benefits are accruing under defined benefit schemes, and 4 (2021: 4) directors that exercised share options during the year.

Emoluments for the highest paid director totalled £341,000 (2021: £261,000). The highest paid director exercised 636 CSOP share options during the year at a gain of £3,361. The highest paid director had an accrued defined benefit pension of £71,000 (2021: £64,000) at the balance sheet date. Contributions to the highest paid director in respect of which money purchase benefits may be payable totalled £54,000 (2021: £35,000).

The remuneration of the key management of the group, who are the company's directors is set out above and shown in the Directors' Remuneration Report on pages 30 to 33. The gain made by directors who exercised share options during the year was £11,000 (2021: £12,000).

The company undertakes the following transactions with the active subsidiary companies:

- Receiving an annual management charge to cover services provided of £2,897,000 (2021: £2,559,000).
- Corporation tax for the Parent and Subsidiary is paid through the parent company and recharged to the subsidiary. The timing of the repayment will affect the balances outstanding.

Details of balances outstanding with subsidiary companies are shown in Notes 17 and 18.

Other than the payment of remuneration, there have been no related party transactions with the directors.

Financial Statements

Notes forming part of the Group Accounts

27. Capital commitments

At 31 March 2022, there were capital commitments contracted for but not provided in the accounts of £2,415,000 (2021: £2,077,000).

28. Financial instruments

The group and company's activities expose the group to a number of risks including market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. These risks are managed through an effective risk management programme. Further details are set out in the Financial Review on pages 22 to 25.

Maturity analysis

The table below analyses the financial liabilities on a contractual gross undiscounted cash flow basis into maturity groupings based on period outstanding at the balance sheet date up to the contractual maturity date.

GROUP	Less than 6 months £'000	Between 6 months and 1 year £'000	Between 1 and 5 years £'000	More than 5 years £'000	Total £'000
2022					
Trade payables	34,758	-	-	-	34,758
Accruals	4,272	-	-	-	4,272
Other payables	3,909	-	-	-	3,909
Lease liabilities	702	701	1,692	2,465	5,560
Total	43,641	701	1,692	2,465	48,499
2021					
Trade payables	23,461	-	-	-	23,461
Accruals	2,616	-	-	-	2,616
Other payables	2,308	-	21	-	2,329
Lease liabilities	623	623	2,069	2,071	5,386
Total	29,008	623	2,090	2,071	33,792

COMPANY	Less than 6 months £'000	Between 6 months and 1 year £'000	Between 1 and 5 years £'000	More than 5 years £'000	Total £'000
2022					
Trade payables	46	-	-	-	46
Accruals	186	-	-	-	186
Amounts owed to Subsidiaries	-	-	-	-	-
Other payables	706	-	-	-	706
Lease liabilities	66	65	482	1,781	2,394
Bank overdraft	936	-	-	-	936
Total	1,940	65	482	1,781	4,268
2021					
Trade payables	39	-	-	-	39
Accruals	157	-	-	-	157
Amounts owed to Subsidiaries	1	-	-	-	1
Other payables	425	-	-	-	425
Lease liabilities	19	15	121	1,488	1,643
Bank overdraft	1,807	-	-	-	1,807
Total	2,448	15	121	1,488	4,072

Financial Statements

Notes forming part of the Group Accounts

28. Financial instruments (continued)

Foreign currency risk

Approximately 43% of the group's purchases are denominated in foreign currencies, principally the US dollar and the Euro. Forward contracts are used where we have agreed exchange rates with our customers and we also use other currency derivatives to help manage our short term exposure on a weakening sterling from time to time. However, no more than 30 percent of the currency requirements will be covered by forward contracts or other currency derivatives.

Whilst purchases in foreign currencies are a significant figure, fluctuations in currency exchange rates do not have a major impact on the results. As the group trades mainly in the UK, the market price of our products tends to fluctuate in line with spot prices.

Included in group cash and cash equivalents at 31 March 2022 was £620,000 in US Dollars (2021: \$7,000), £634,000 in Euros (2021: £244,000) and £92,000 in Canadian dollars (2021: £29) at variable interest rates.

Based on the balance sheet value of cash and cash equivalents, as shown above, a 10% change in the currency exchange rate would lead to an increase or decrease in income and equity of £135,000 (2021: £25,000).

There is no foreign currency held in the company accounts.

Interest rate risk

The interest rate exposure arises mainly from its interest bearing deposits. Deposits held at floating rates expose the entity to cash flow risk whilst deposits held at fixed rate expose the entity to fair value risk.

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments was:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fixed rate instruments				
Cumulative preference shares of £1 each	592	592	592	592
Variable rate instruments				
Cash and cash equivalents	37,030	28,618	204	168
Bank overdraft	-	-	936	1,807

Interest rate risk is limited to the cash and cash equivalents, bank overdraft and bank loans.

Based on the balance sheet value of cash and cash equivalents, bank overdraft and bank loans, as shown above, a 1% change in interest base rates would lead to an increase or decrease in income and equity of £370,000 (2021: £286,000) in the group and an increase or decrease in income and equity of £7,000 (2021: £20,000) in the company.

Financial Statements

Notes forming part of the Group Accounts

28. Financial instruments (continued)

Credit risk exposure

Credit risk arises on our trade receivables and cash and cash equivalents. Credit exposure is managed on a group basis taking into account economic conditions and availability of credit insurance, and appropriate credit limits are set for each customer taking into account credit reports received from outside agencies, and previous credit history. Credit insurance is taken out to cover approved individual debtors with balances over £40,000. Where limits are required above £40,000 that cannot be backed by insurance, a sub-committee of the board will review reports on the customer, and agree additional limits if appropriate. Bad debts are a minimal figure of sales this year and prior year, compared with our target of 0.4%. Under IFRS 9, the Group now reviews the amount of credit loss associated with its trade receivables based on forward looking estimates that take into account current and forecast credit conditions as opposed to relying on past historical default rates. Also under IFRS 9 the Group has applied the Simplified Approach applying a provision matrix based on number of days past due to measure lifetime expected credit losses and after taking into account customer sectors with different credit risk profiles and current and forecast trading conditions. Bad debts are provided for debts overdue by more than 120 days, or if we have received official paperwork. Debtors are written off when we have either received official paperwork that the customer is no longer trading or have exhausted all avenues of recovery. The carrying amount of financial assets recorded in the accounts, which is net of impairment losses, represents the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

Financial assets measured at amortised cost

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade receivables	63,295	44,645	14	3
Other receivables	2,912	1,658	3	-
Amounts owed by subsidiaries	-	-	1,550	631
Cash and cash equivalents	37,030	28,618	204	168
Total	103,237	74,921	1,771	802

Liquidity risk

The group closely monitors its cash position to ensure that it has sufficient funds to meet the obligations of the group as they fall due. Short term bank deposits are executed only with organisations with a long term rating of at least A- from the major rating agencies.

The following table shows the financial liabilities measured at amortised cost:

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade payables	34,758	23,461	46	39
Other payables	3,909	2,329	706	425
Amounts owed to subsidiaries	-	-	-	1
Accruals	4,272	2,616	186	157
Bank overdraft	-	-	936	1,807
Total	42,939	28,406	1,874	2,429

Financial Statements

Notes forming part of the Group Accounts

28. Financial instruments (continued)

Capital management

The group manages its capital risk by ensuring that its capital, which represents share capital, retained earnings, investments in own shares and cash, is sufficient to support the ongoing needs of the business, and is organised to try and minimise the cost of capital over the medium term. The group's current strategy is to maintain sufficient cash balances to satisfy ongoing needs.

Finance income

An analysis of finance income is set out in note 5 to the consolidated accounts.

Finance costs

An analysis of finance costs is set out in note 6 to the consolidated accounts.

29. Business Combinations

On 21 October 2021 the Group acquired 100% of the issued share capital of Sarcon (No. 155) Limited, a company incorporated in Northern Ireland whose trading subsidiary's principle activity is the distribution of timber and panel products. The acquisition will allow the company to increase its offering to the market in Northern and Southern Ireland.

The fair values are as follows:	2022 £'000
Property, plant and equipment	65
Inventories	1,978
Trade and other receivables	2,477
Cash	2,262
Trade and other payables	(2,447)
Deferred tax liability	29
Net assets acquired	4,364
Goodwill	500
Consideration	<u>4,864</u>

The consideration was satisfied by a cash payment of £4,500,000 during the year, with a balance of £364,000 to be made upon final completion accounts. It is expected that the gross contractual amounts receivable above are expected to be received in full.

	2022 £'000
Cash consideration paid for acquisition	4,500
Less cash acquired	<u>(2,262)</u>
Acquisition of businesses net of cash and cash equivalents acquired	<u>2,238</u>

There were acquisition costs of £57,000, these cost have been included in operating activities in the cash flow statement.

Trade and other receivables above includes £2,206,000 in respect of trade receivables, there was no loss allowance recognised on acquisition.

Since the acquisition date, IJK Timber Group Limited (the trading subsidiary of Sarcon No. 155 Limited) has contributed £4,847,000 to group revenues and £525,000 to group profit. If the acquisition had occurred on 1 April 2021, group revenue would have been £391,583,000 and group profit would have been £46,546,000.

Notice of Annual General Meeting

Notice is hereby given that the one hundred and twenty third Annual General Meeting of the Company will be held at Unit 1 Swallow Park, Finway Road, Hemel Hempstead, Herts, HP2 7QU on Wednesday 31st August 2022 at 12.30pm. Resolutions 1 to 7 inclusive will be proposed as ordinary resolutions, and resolutions 8 and 9 will be proposed as special resolutions.

Ordinary business

1. To receive and adopt the Directors' Report and Accounts for the year ended 31 March 2022 together with the Independent Auditor's report thereon.
2. To declare the final dividend recommended by the directors on the ordinary shares of the Company.
3. To re-elect Fabian French as a director, who retires by rotation.
4. To re-elect Paula Kerrigan as a director, who retires by rotation.
5. To re-elect Nick Latham as a director, who retires by rotation.
6. To re-appoint RSM UK Audit LLP, Chartered Accountants, as auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the Company, at a remuneration to be determined by the directors.

Other business

7. Directors authority to allot shares: To consider, and if thought fit, pass the following resolution: "THAT in substitution for all existing authorities, to the extent unused, the directors be and they are generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot equity securities up to an aggregate nominal amount of £1,680,000 provided that this authority shall expire at the earlier of the conclusion of the Company's next Annual General Meeting or 15 months from the date of the passing of this resolution and that the Company may before such expiry make offers or agreements which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offers or agreements notwithstanding that the authority conferred has expired. The expression 'equity securities' and 'allotment' shall bear the same meanings respectively given to the same in section 560 Companies Act 2006."

8. Disapplication of pre-emption rights: To consider, and if thought fit, pass the following resolution: "THAT subject to the passing of the previous Resolution 7, pursuant to section 571 of the Companies Act 2006, section 561 of the Companies Act 2006 shall not apply to any allotment or agreement to allot equity securities pursuant to the authority conferred by Resolution 8:

(a) this power shall be limited to:

- (i) the allotment of equity securities in connection with or subject to an offer or invitation, open for acceptance for a period fixed by the Directors, to the holders of Ordinary Shares on the register on a fixed record date in proportion (as nearly as maybe) to their respective holdings or in accordance with the rights attached thereto (including equity securities which, in connection with such offer or invitation, are the subject of such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with the fractional entitlements which would otherwise arise or with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory or otherwise how so ever); and

- (ii) other than pursuant to paragraph (a)(i) of this Resolution, the allotments of equity securities for cash up to an aggregate nominal amount of £252,000; and

- (b) this power shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company or 15 months from the date after passing of this Resolution except that the Directors may allot equity securities under this power after that date to satisfy an offer or agreement made before this power expired."

Notice of Annual General Meeting

9. Authority of the Company to purchase its own shares:
To consider and, if thought fit, pass the following resolution: "THAT the Company be and is generally and unconditionally authorised to make one or more market purchases (within the meaning of section 693 (4) of the Companies Act 2006) of its Ordinary Shares of 25p each provided that:

- (a) the maximum aggregate number of Ordinary Shares which may be purchased is 2,016,000 (representing 10% of the issued share capital of the Company);
- (b) the price at which Ordinary Shares may be purchased shall not be more than 105% of the average of the closing middle market price for the Ordinary Shares as derived from the AIM section of the London Stock Exchange Daily Official List for the five business days preceding the date of purchase and shall not be less than 25p per Ordinary Share (in both cases exclusive of expenses); and
- (c) this power shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company or 15 months from the date of the passing of this resolution."

By Order of the Board
D.A. Dunmow
Company Secretary



Registered Office: Unit 3, Swallow Park, Finway Road,
Hemel Hempstead, Hertfordshire HP2 7QU

12 July 2022

Notes:

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, speak and vote on his/her behalf. A proxy need not be a member of the Company.

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

A proxy form is enclosed. To be valid, it must be lodged with the Company's Registrars at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not later than 48 hours before the fixed time for the Meeting.

Copies of directors' contracts of service, the register of interests of directors, the Company's memorandum of association and the articles of association 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.

In accordance with Regulation 41 of the Uncertified Securities Regulations 2001, only those members eligible to vote and entered on the Company's register of members as at 12.30pm on Monday 29th August 2022 are entitled to attend and vote at the meeting; or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the adjourned meeting.

At 28th June 2022, the Company's issued share capital consisted of 20,160,000 shares of which 209,200 shares are held in Treasury. Each share not held in Treasury carries one vote. The total number of voting rights are therefore 19,950,800.

Notice of Annual General Meeting

Share dealing service for shareholders

We operate an internet share dealing service with our registrar, Computershare Investor Services PLC, at www.computershare.com/dealing/uk which provides shareholders with a simple way to sell or purchase shares (subject to availability) on the London Stock Exchange. Real time trading is available during market hours (08.00 to 16.30 Monday to Friday excluding bank holidays). In addition you can place a sale instruction outside of market hours. The commission is 1.4% subject to a minimum of £40. Before you can sell your shares online, you will need to become a member of Computershare's Investor Centre and register for the Registry Share Dealing Sales Service. A postal service is also available. No stamp duty is currently payable on share transfers. Detailed terms and conditions are available at www.computershare.com/dealing/uk

This is not a recommendation to buy, sell or hold shares in James Latham plc. If you are unsure of what action to take contact a financial adviser authorised under the Financial Conduct and Markets Act 2000. Please note that share values may go down as well as up, which may result in you receiving less than you originally invested.

In so far as this statement constitutes a financial promotion for the share dealing service provided by Computershare Investor Services it has been approved by Computershare Investor Services PLC for the purpose of Section 21(2) (b) of the Financial Conduct and Markets Act 2000 only. Computershare Investor Services PLC is regulated by the Financial Conduct Authority.

Where this has been received in a country where the provision of such a service would be contrary to local laws or regulations, this should be treated as information only.