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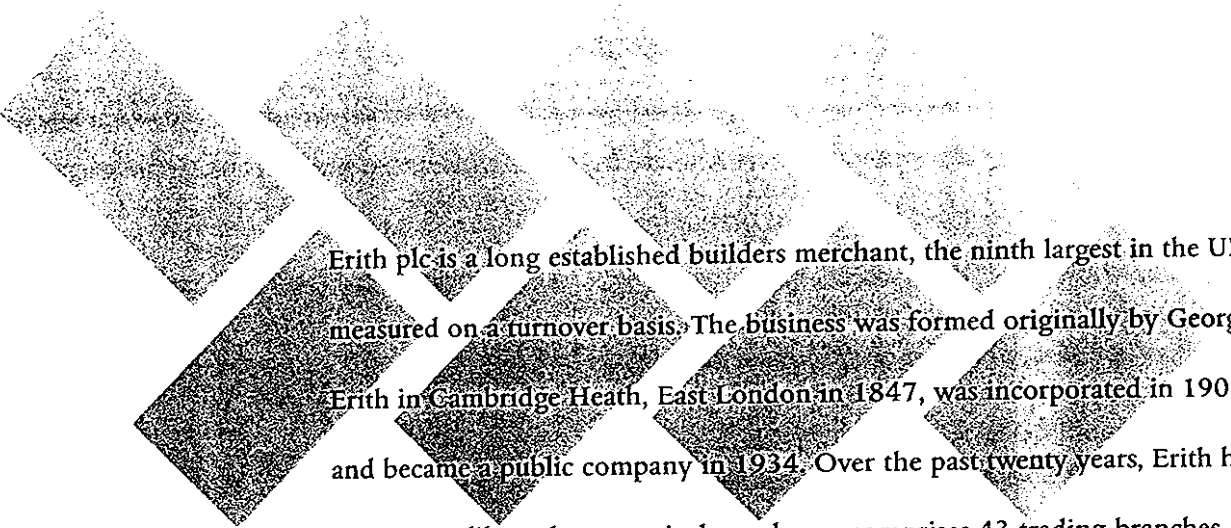


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1994

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Erith plc is a long established builders merchant, the ninth largest in the UK measured on a turnover basis. The business was formed originally by George Erith in Cambridge Heath, East London in 1847, was incorporated in 1903 and became a public company in 1934. Over the past twenty years, Erith has grown steadily and progressively, and now comprises 43 trading branches employing over 750 people with a projected annual turnover for 1995 in excess of £100 million.

The Group buys, stocks, sells and distributes building materials over an area which covers the whole of London and South East England and has recently expanded into the Midlands and East Anglia. Erith has built up a reputation for reliability and quality of service of which it is proud. It intends to remain the preferred supplier to its many customers, who range from private individuals, specialist tradesmen and building contractors, to the largest construction companies in the country. The Group supplies an extensive range of products "from the footings to the fittings" and enjoys excellent relationships with suppliers and customers alike.

Whilst fulfilling the unique role of being a truly independent but major member of the builders merchant industry, the Group still retains links with its heritage. The Erith family remain involved, having two representatives on the Board who are non-executive directors, as well as over sixty members of the family who are shareholders and who take a keen interest in the Group's affairs. Erith intends to continue with a policy of prudent expansion for the long term benefit of its shareholders, customers and employees.

## CHAIRMAN'S STATEMENT

*The stronger trading performance reported when I announced the Interim Results last September was sustained throughout most of the second half of the year.*

Net profit for the full year doubled to £2.5 million after £1.23 million for the first six months. This compared with £1.08 million for the full year in 1993, with the second half contribution of £1.29 million extending a continuing progressive advance in profitability.

Turnover, at £85.2 million was 25% higher than the previous year, though this total includes £4.6 million from new branches acquired during 1994, so that the like for like improvement was 18% better at £80.6 million. This higher volume of business was derived in the main from orders arising from new house building activity which performed strongly from almost the beginning of the year, accelerating in mid-Summer, before falling back towards year end following an increase in bank interest rates at the end of September. This, and the threat of further increases, unsettled the market leading to cutbacks in some building projects as developers elected to wait and assess the impact which this uncertainty would have upon their customers.

Business from the repair and maintenance sector and the domestic consumer market (DIY) failed to match this strong recovery and demand remained generally flat throughout the year from sectors which are traditionally active markets during the recovery phase of the economic cycle.

Cash sales held steady in volume but fell to a lower percentage of total sales against strong trade order flows. Direct to site business edged forward from 31% to 33% of total sales for the same reason. Average gross margins slipped from 29% to just under 28% largely as a result of

higher bulk batch orders, but this also reflected a growing reluctance on the part of customers to accept manufacturers' price increases. This led to an intensification of competition and a squeeze on merchants' margins which has continued into the early months of the current year.

Losses arising from bad debts and associated collection costs fell again to a level representing 1.3% of turnover.

Gross profit was 19% higher than last year, whilst costs, even after writing off expenses and professional charges arising from acquisitional activity, together with the additional costs of operating new branches, increased by only 12%, thereby enabling the Group to more than double net profits before tax.

### Dividend

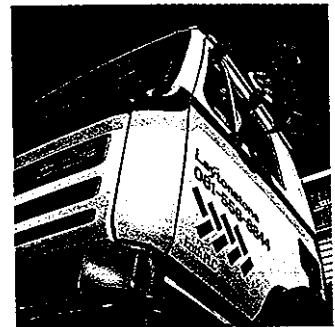
An interim dividend of 0.75p was paid last November and your Directors are

recommending a final payment of 1.50p per share, making a total of 2.25p per share for the year. This is in line with our declared policy of restoring dividends to former levels as soon as possible consistent with profitability and prudent management of cash resources which are also required to rebuild reserves and help provide funds for development.

### Developments

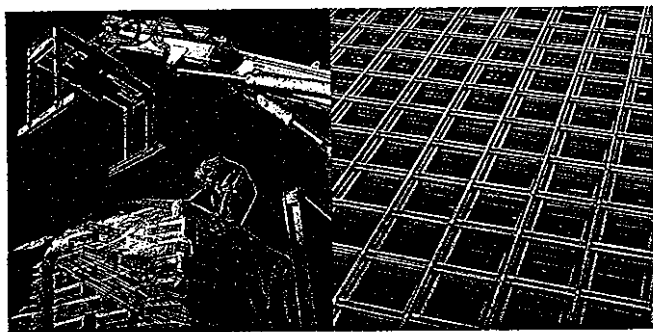
1994 was a year of growth. Improvements were completed at Leytonstone where trading is now concentrated on one site with a new 15,000 square ft. warehouse within which both counter sales and branch administrative work is carried out. This was opened last September and will enhance trading opportunities in future years. Simultaneously, the site vacated at Leytonstone has been developed for residential use, realising a steady profit on sale of the asset as properties are sold. Some further progress has been achieved towards upgrading our vehicle and plant fleet with expenditure of almost £2 million on new vehicles, plant and equipment.

It was a particularly active year for acquisitions. In January we acquired a new site in Dagenham, to be followed shortly afterwards by the purchase of a business in Rugby. Later, in February, five non-trading sites together with some stock and trading assets were purchased from a Receiver. In June a branch at



CHAIRMAN'S STATEMENT

Bedworth, near Coventry, was purchased. In November Erith purchased Bridgnorth (Timber) Limited in Shropshire which was funded by the issue of shares,



some of which remain to be issued where final payment terms are subject to performance during 1995.

Just before Christmas, we contracted to purchase The Builders Direct Supply Company Limited, a builders' merchant operating from six outlets in Norfolk and Suffolk. The initial consideration was in the form of Erith shares. Erith holds the right to issue further shares or pay cash for the balance of the consideration, on or before 31st December 1995. Meanwhile, the vendors have been provided with cash drawdown facilities up to the total agreed value, the financing costs of which will be met by Erith until such time as we elect to exercise the option described.

Further details of these acquisitions are given on pages 25 & 26 of this Report and Accounts.

This programme is in line with our declared corporate plan to expand the business and to develop a broader geographic profile for the Group. These new branches, fifteen in all, contributed modestly to results in 1994 but will make a growing contribution in 1995 and thereafter.

#### Outlook for 1995/6

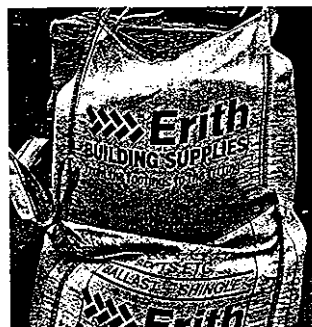
The prospects for 1995 are tantalising. The Group will benefit from the additional trading outlets and the improvements which have been made to existing branches and trading resources. Recent successive hikes in interest rates, however, have unsettled the housing market and a marked absence of buoyancy in the RMI and domestic consumer markets, coupled with political uncertainty, urge for caution in assessing prospects. Sales in January and February from the Group's original 28 branches were 10% ahead of the

corresponding period last year and turnover has been further boosted by just over £2 million additional sales from the acquisitions. This probably equates to a real volume increase on a like-for-like basis, after taking inflation into account, of about 5% within which we have to accommodate the impact of continuing pressure on margins.

I shall be in a position to express a further opinion on the current year at the Annual General Meeting in May.

#### Board of Directors

Mr M J Shannon retired from full time executive duties last May but continues to serve the Company in a part time executive capacity. He will retire as a Director of the Company in September 1995.



I am sure that the shareholders will wish to join me in congratulating Mr Christopher Stewart-Smith upon his having been awarded a CBE in the New Years Honours List.

#### Employees

The results achieved this year mark another step forward in the Group's determination to return profitability to former levels. This improvement

could not have been achieved without sterling support from loyal and valuable staff at all levels. I am sure that shareholders would wish to join me in thanking them for their efforts and the competence with which they have carried out their duties.



Bryan Castledine

Chairman & Chief Executive  
20th March 1995

## OPERATING AND FINANCIAL REVIEW

*1994 was a year of significant expansion for Erith with the addition of 15 new branches – principally in Kent, the Midlands and East Anglia.*

### Summary

The modest improvement in the demand for building materials during 1993 continued into the first half of 1994 but the rate of increase was adversely affected from September 1994 onwards by successive rises in UK interest rates. The impact of these rises has manifested itself in terms of reduced new housing activity and lower customer confidence generally. This trend appears to have carried through into the early months of 1995.

The new branch acquisitions made a small contribution to profits in the year.

### Accounting standards

The 1994 Annual Report has been produced in accordance with FRS 3 and all other applicable accounting standards currently in force. The Group has also adopted FRS 6 and 7 early in respect of the corporate acquisitions made in the year. Directors' share options are disclosed in accordance with UITF 10.

### Review of operating results and shareholder return

Turnover from continuing operations increased by 18% in 1994.

With industry price inflation averaging around 5%, handled trading volumes were therefore up around 13%. The new acquisitions contributed £4.6 million of additional turnover. The most significant acquisition made in the year was that of The Builders Direct Supply Company Limited (BDS) but since this was in late December, it made little contribution to turnover in the year. Its pre-acquisition sales in 1994 were £7.3 million.

Gross profit margins reduced in the year by 1.4% compared to 1993. One reason for this is that direct to site sales (which carry a significantly lower gross margin) as a percentage of total turnover increased. The

year on year increase for these sales was just under 30%. In addition, the sales growth in 1994 has been concentrated in the product areas which have been traditionally the most price competitive (bricks, blocks, etc.). Reflecting this, delivered turnover has also increased significantly faster than collected business and this has also contributed to the reduction in the Group's average margin. Furthermore, manufacturers within the industry have attempted, with varying degrees of success, to increase selling prices, in some cases significantly, in 1994. There is no doubt that against the continuing background of a very competitive building industry, distributors' margins have and will continue to come under pressure. It



should be noted however that Group margins in 1994, with the exception of 1993, are still above those that have been achieved historically. Traditionally, average distributor margins in the industry have reduced as

sales volumes grow. An ongoing programme of rationalisation of the Group's stock profile will assist margins and will improve the performance of the new branch acquisitions.

Operating expenses for continuing operations increased 5.4% in the year, reflecting a 3% salary increment and costs associated with servicing the 13% volume increase. Bad debt and associated costs were

reduced in the year, as a percentage of sales, by 0.5%.

With interest costs being held at similar levels to 1993, profits before tax were more than doubled. Interest cover was over 6 times.

The tax charge at 27% benefits from the utilisation of brought forward trading losses from



OPERATING AND FINANCIAL REVIEW

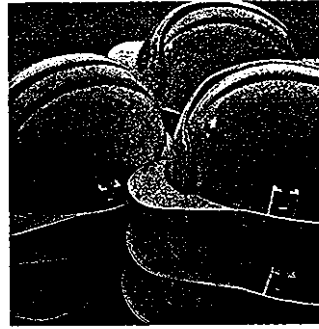
acquired companies and a reduced deferred tax provision requirement.

Earnings per share are up 123% compared with 1993. The 1994 total dividend proposed is increased by 130%. The dividend is covered 1.7 times.

The return on equity capital employed was 9.1% (1993: 4.6%).



that the balance of the consideration should be satisfied in the form of Erith ordinary shares and the accounting treatment prescribed under FRS 7 has been



adopted in the Financial Statements. A financing facility of £1.38 million in favour of the vendors of BDS in respect of the right to receive this deferred consideration has been provided by Erith's Bankers. Erith has

guaranteed this facility and is bearing the interest costs of it. This facility will terminate on payment of the deferred consideration.

Gearing at the end of 1994 was 36%. The rise from 24% in 1993 reflects the additional financing for new branches opened during the year, financing for the vehicle replacement programme, and, in particular, the debt levels assumed upon the acquisition of BDS and Bridgnorth (Timber) Limited (£1.75 million). Additional Bank overdraft facilities have been arranged following these acquisitions and Medium Term Loans have been re-negotiated.

#### Review of financial needs and resources



Cash generated from operating activities (excluding acquisitions) was £3.5 million. £1.3 million was applied as cash consideration for acquisitions and £1.0 million of overdrafts were assumed. Other fixed

asset additions relate, in the main, to the ongoing programme of commercial vehicle replacements which are financed principally through hire purchase facilities.

Construction of the new Leytonstone branch store was completed in 1994 and further improvements to builders store facilities are being undertaken in the year at a number of other outlets.

Stock levels increased by £2.75 million in 1994 of which £0.4million can be attributed to price inflation and £2.35 million to new branches and corporate acquisitions in the year.

Medium term bank loans advanced and repaid incorporate £700k of re-financing relating to the acquisition of BDS and Bridgnorth (Timber) Limited.

Initial consideration for the acquisition of BDS and Bridgnorth (Timber) Limited was in the form of Erith plc ordinary shares. Further consideration in respect of Bridgnorth (Timber) Limited is dependent on the financial performance of the business.

Payment of the principal consideration for the purchase of BDS has been deferred and will be paid at Erith's option in cash or shares on or before 31st December 1995. The current intention of the Board is

Andrew Page  
*Financial Director*  
20th March 1995



## DIRECTORS

### Board of Directors

A B Castledine, ACMA #  
*Chairman and Chief Executive*

R F Erith †\*#  
*Deputy Chairman*

D M Curtis

P A Erith †\*#

A S Page, FCMA

M J Shannon, MIBM MILDm

C D Stewart-Smith, CBE †\*#

† Non-executive

\* Member of Audit Committee

# Member of Remuneration Committee

### Directors

The following biographical notes are provided in respect of the Directors:

**Bryan Castledine** (59) is a member of the Chartered Institute of Management Accountants with background experience in manufacturing industries.

He has had a lifetime of involvement with the building industry, returning to it as a Builders Merchant in 1969.

He joined the Company in 1973, upon the acquisition by Erith plc of the Company of which he was chairman, and continued to serve as finance director and company secretary of several subsidiaries until his appointment to the Board of Erith plc in 1982, taking responsibility for the finance function.

He was appointed Chief Executive in 1989 and Chairman in 1992.

He is a director of Great Central Merchants Limited and is also the Master of the Worshipful Company of Builders Merchants.

**David Curtis** (54) was appointed a Director in 1982, having joined Erith plc in 1973. He has held senior positions in the builders merchants industry since 1964 with both private and public companies. He has a wide experience on all aspects of the industry.

His main areas of responsibility are stocking and pricing policies, strategic purchasing, stock control and security.

He is a member and past President of the Society of Builders Merchants.

**Perdita Erith** (51), who was appointed a non-executive Director in 1977, is an independent consultant who has undertaken projects in a wide range of businesses. She is currently working with the senior management of Fii Group plc, a leading designer and manufacturer of footwear, where she is undertaking a review of the group's property portfolio and of its IT systems and training requirements.

**Robert Erith** (56), who was appointed a non-executive Director in 1977 and Deputy Chairman in 1986, is a consultant to Swiss Bank Corporation, London. He is a non-executive director of several companies, including Capel-Cure Myers Capital Management (Holdings) Limited (Chairman), The Anglia Housing Association Group Limited (Chairman), The Royal London Mutual Insurance Society Limited, Aspinwall & Company Limited, Crest Nicholson plc and Matheson Lloyd's Investment Trust PLC.

**Andrew Page** (37) is a fellow of the Chartered Institute of Management Accountants and was appointed Financial Director on 1st March 1993. Between 1988 and 1993 he was finance director of Acco Europe Limited and Twinlock plc, both subsidiaries of American Brands Inc. having previously worked with Unilever plc.

**Michael Shannon** (60) joined the Group in 1973, after the acquisition of Building Supplies (Royston) Limited where he was joint managing director, becoming a main Board Director of Erith plc in 1982.

He is a member of the Institute of Builders Merchants and the Institute of Logistics & Distribution Management.

**Christopher Stewart-Smith** CBE (54), who was appointed a non-executive Director in 1992, is an independent consultant with wide commercial experience having served on the boards of a number of public companies. He is currently chairman of Healthcall Group plc, a non-executive director of Life Sciences International plc, Vice President of Eurochambres and a Member of the Advisory Board of the Strategic Partnership.

## DIRECTORS' REPORT

The Directors present to members the ninety-second Annual Report, the Financial Statements of the Company and its subsidiaries and the report of the Directors thereon, for the year ended 31st December 1994.

### Principal activities and business review

The principal activity of the Group for the year under review was the sale and distribution of building materials to the building and construction industry.

The Group's business activities and financial performance are reviewed in the Chairman's Statement and the Operating and Financial Review.

### Dividends and transfers from reserves

The Directors have declared or now recommend the following dividends in respect of the year ended 31st December 1994:

	£'000
Interim paid	356
Final proposed	730
	<u>1,086</u>

After payment of the above dividend a retained profit for the year of £756,000 will be transferred to reserves.

### Tangible fixed assets

The movements of tangible fixed assets are shown in note 13.

### Property valuation

It has been the practice of the Group to have its properties regularly revalued by independent professional advisers every five years.

These properties, which are used for trading purposes, are held with a view to long term occupation and use in connection with the Group's business and as such are always valued on an existing use basis. The last professional valuation was carried out on 31st December 1993 by Messrs Healey & Baker.

### Disabled persons

It is the policy of the Group that, within the limitations of its trading activities, disabled persons are employed on equal terms. When employees become disabled every effort is made to continue employment with re-training for alternative work, if necessary. Opportunities for career development are available to disabled persons.

### Employee involvement

Within the limitations of commercial confidentiality and security, it is the policy of the Group to take the views of employees into account in making decisions and wherever possible to encourage involvement of employees in the Group's performance by means of share option schemes and productivity awards.

### Share option schemes

#### Executive share option scheme 1983

In accordance with the executive share option scheme approved at an extraordinary general meeting held on 2nd

November 1983, options have been granted in respect of ordinary shares of 25p each as shown in the table below.

Except in certain specified circumstances no option is exercisable earlier than 3 years nor later than 10 years from the date of its grant.

#### Executive share option scheme 1994

In accordance with the executive share option scheme approved at the Annual General Meeting held on 18th May 1994, options have been granted in respect of ordinary shares of 25p each as shown in the table below.

Except in certain specified circumstances, no option is exercisable earlier than 3 years, nor later than 10 years from the date of its grant, and then only if specific performance criteria laid down by the Remuneration Committee have been met.

Date granted	Options remaining at 31.12.94	Options exercised during year	Price exercisable (per share)	
1983 Scheme				
27.10.86	214,000	202,000	53.5p	Not earlier than 27.10.89 Not later than 27.10.96
12.10.88	573,000	—	93p	Not earlier than 12.10.91 Not later than 12.10.98
01.11.90	299,000	92,000	50p	Not earlier than 01.11.93 Not later than 01.11.2000
12.10.92	8,000	—	25p	Not earlier than 12.10.95 Not later than 12.10.2002
1994 Scheme				
25.10.94	566,000	—	65p	Not earlier than 25.10.97 Not later than 25.10.2004

#### Sharesave option scheme 1983

In accordance with the sharesave option scheme approved at an extraordinary general meeting held on 2nd November 1983, options have been offered to all employees with more than two years service and have been granted in respect of ordinary shares of 25p each as shown in the table below. Over 20% of the company's employees have taken advantage of this scheme.

Option holders must enter into a 5 year Save-As-You-Earn ("SAYE") contract with a building society which at the maturity of the contract, with the bonus, may be applied in exercising their options. Except in certain circumstances, no option is exercisable earlier than 5 years from the date of its grant. The scheme closed on 1st November 1993.

Date granted	Options remaining at 31.12.94	Options exercised during year	Price exercisable (per share)	
1983 Scheme				
06.11.89	293,185	11,142	54p	Not earlier than 01.02.95
14.11.91	246,278	—	56p	Not earlier than 27.01.97
06.10.92	495,000	3,312	25p	Not earlier than 27.12.97

#### Sharesave option scheme 1994

This scheme was approved at the Annual General Meeting held on 18th May 1994. No options have yet been offered on this scheme although a grant of options is intended in April 1995. Options will be offered to all employees with



# DIRECTORS' REPORT

more than 2 years service and will be granted in respect of ordinary shares of 25p each.

Option holders must enter into a 5 year Save-As-You-Earn ("SAYE") contract with an authorised holder which at maturity of the contract, with bonus, may be applied in exercising their options. Except in certain circumstances no option is exercisable earlier than 5 years from the date of its grant.

## Directors

The names of the persons who are Directors of the Company are shown on page 6.

Mr A S Page and Mr R F Erith retire by rotation in accordance with Article 89 of the Company's Articles of Association and, being eligible, offer themselves for re-election. Mr A S Page has a service contract with an unexpired term of three years. Mr R F Erith has no service contract.

## Directors' interests

The interests of the Directors in the share capital of the company (including family and trustee interests) at the date indicated, according to the register of such interests required to be kept to comply with Section 325 of the Companies Act 1985 were:

	Ordinary shares of 25p each		
	20.03.95	31.12.94	31.12.93
<b>Beneficial interests</b>			
A B Castledine	869,351	856,018	822,018
R F Erith	679,000	679,000	679,000
D M Curtis	780,702	780,702	762,767
P A Erith	487,500	487,500	487,500
A S Page	10,000	3,000	3,000
M J Shannon	880,533	867,200	793,200
C D Stewart-Smith	33,757	33,757	33,757
<b>Non-beneficial interest as trustee</b>			
R F Erith	212,988	212,988	212,988

No Director had any beneficial interest in the share capital of any subsidiary company.

Note 31 sets out details of Directors' interests in contracts.

The following table summarises the share options of Directors in accordance with UITF 10:

	Number of options at 01.01.94	Granted during the year	Exercised during the year	Number of options at 31.12.94	Exercise price	Market price at date of exercise	Cost of options	Date from which exercisable	Expiry date
<b>A B Castledine</b>									
	24000		24000	0	37.5p	69p	£1	31.10.87	31.10.94
	50000		10000	40000	53.5p	69p	£1	27.10.89	27.10.96
	60000			60000	93p		£1	12.10.91	12.10.98
	42000			42000	50p		£1	01.11.93	01.11.2000
	13333			13333	54p		£1	01.02.95	01.08.95
	20089			20089	56p		£1	27.01.97	27.07.97
		60000		60000	65p		Nil	25.10.97	25.10.2004
	<b>209422</b>	<b>60000</b>	<b>34000</b>	<b>235422</b>					
<b>D M Curtis</b>									
	24000		24000	0	37.5p	65p	£1	31.10.87	31.10.94
	50000			50000	53.5p		£1	27.10.89	27.10.96
	60000			60000	93p		£1	12.10.91	12.10.98
	42000			42000	50p		£1	01.11.93	01.11.2000
	13333			13333	54p		£1	01.02.95	01.08.95
	20089			20089	56p		£1	27.01.97	27.07.97
		50000		50000	65p		Nil	25.10.97	25.10.2004
	<b>209422</b>	<b>50000</b>	<b>24000</b>	<b>235422</b>					
<b>A S Page</b>									
		50000		50000	65p		Nil	25.10.97	25.10.2004
<b>M J Shannon</b>									
	24000		24000	0	37.5p	69p	£1	31.10.87	31.10.94
	50000		50000	0	53.5p	69p	£1	27.10.89	27.10.96
	60000			60000	93p		£1	12.10.91	12.10.98
	42000			42000	50p		£1	01.11.93	01.11.2000
	13333			13333	54p		£1	01.02.95	01.08.95
	20089			20089	56p		£1	27.01.97	27.07.97
	<b>209422</b>	<b>0</b>	<b>74000</b>	<b>135422</b>					

Other than as shown above, no other Director has share option entitlements.

The price of Erith plc ordinary shares during 1994 was:

– high 80p

– low 58p

The share price at 31st December 1994 was 60p.

DIRECTORS' REPORT

### Issued share capital and substantial interests therein

	20.03.95	31.12.94
Ordinary shares in issue	48,444,317	48,346,988

The following holdings are considered by the Directors to be notifiable as being material interests of 3% or more of the issued share capital of the Company:

	20.03.95		31.12.94	
	Ordinary shares	%	Ordinary shares	%
Non-beneficial funds held by Nutraco				
Nominees Limited	5,826,100	12.03	5,826,100	12.05
Framlington Investment Trust Services	2,500,000	5.16	2,500,000	5.17
Imperial Investments Limited (held on behalf of Imperial Group Pension Trust Limited & Imperial Group Investments Limited)	3,316,000	6.84	3,316,000	6.86
Mrs Lindsey Ockwell	2,464,479	5.08	2,464,479	5.10
Equitable Life Assurance Soc. Limited	2,035,193	4.20	2,035,193	4.21
Britannic Assurance plc	1,586,460	3.27	1,586,460	3.28

### Close company

As far as the Directors are aware the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to this Company. There has been no change in this respect since the end of the financial year.

### Going concern

Guidance for Directors has been issued in response to the recommendations of the Cadbury Committee that Directors should state in their Report and Accounts that the business is a going concern. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Accounts.

### Charitable and political donations

Charitable contributions amounted to £1,114. No political donations were made.

### Directors' and officers' insurance

The Company has purchased and maintains insurance to cover its Directors and officers against liabilities in relation to their duties to the Company.

### Corporate governance

Following the issue on 1st December 1992 of the Code of Best Practice of the Cadbury Committee on the financial aspects of corporate governance, the Board carried out a full review of the Company's compliance during 1993.

As a result of this review, the Directors took the opportunity, during 1993, to formalise Board and Board Committee scopes of authority, procedures and terms of reference such that, during 1994, Erith plc has been in full compliance with the code apart from contractual arrangements for non-executive Directors where details of non-compliance are outlined above and the provisions relating to the reporting by Directors on internal control

where guidance recently published is being carefully studied by the Directors, but is not yet applicable. A schedule of matters reserved for the Board as a whole and a procedure for Directors to take independent professional advice was formally ratified by the Board in November 1993. Mr R F Erith and Miss P A Erith continue to chair the Company's Audit and Remuneration Committees respectively.

Contractual arrangements with the present non-executive Directors do not provide for termination after a specific period as recommended by the Cadbury Committee. However, the current non-executive Directors, in common with the rest of the Board, retire by rotation in accordance with the Articles of Association of the Company.

Our auditors, Coopers & Lybrand, have reported to the Company that the Directors' comments on going concern are not inconsistent with the information of which they are aware from their audit work on the financial statements and that the above statement appropriately reflects the Company's compliance with the other paragraphs of the Code specified by the London Stock Exchange for their review. They have not carried out the additional work necessary to, and do not, express any opinion of the effectiveness of the Company's corporate governance procedures or the ability of the Group to continue in operational existence.

### Dividends

The interim dividend was declared at the rate of 0.75p per share (1993: 0.35p) (exclusive of the associated tax credit) and was paid on 4th November 1994.

Your Board proposes that a final dividend be declared at the rate of 1.50p per share (1993: 0.65p). If the proposed dividend is approved, warrants will be despatched on 5th May 1995 for payment on 9th May 1995 to those shareholders on the register at the close of business on 13th April 1995. The payment will be equivalent, together with the related tax credit, to a gross dividend of 1.87p making a gross total for the year of 2.81p per share (1993: 1.26p).

### Capital gains tax

In order to calculate capital gains tax liability, the market value of the Company's shares is set out in the table below:

	31.03.82	06.04.65
Ordinary shares of 25p	£0.765	£1.0625
Adjusted for capitalisation issues of 27 October 1972, 2 June 1980, 6 June 1983, 2 December 1987 and 16 May 1991	£0.23659	£0.14322

For indexation purposes the Retail Price Index at 31st March 1982 was 313.4 which, following the resetting of the base to 100 at 31st January 1987, is adjusted to 79.4.

### Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

*A McManus FCA*  
By order of the Board  
A McManus FCA  
Secretary  
20th March 1995



## STATEMENT OF DIRECTORS' RESPONSIBILITIES AND REPORT OF THE AUDITORS.

### Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- ♦ select suitable accounting policies and then apply them consistently.
- ♦ make judgements and estimates that are reasonable and prudent.
- ♦ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Report of the auditors to the members of Erith plc

We have audited the financial statements on pages 11 to 28.

**Respective responsibilities of Directors and Auditors**  
As outlined opposite, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### Basis of opinion

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

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

#### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31st December 1994 and of the profit, total recognised gains and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, likely belonging to a representative of Coopers and Lybrand.

Coopers and Lybrand  
Chartered Accountants and Registered Auditors  
Cambridge  
29th March 1995



**CONSOLIDATED PROFIT AND LOSS ACCOUNT.**  
For the year ended 31st December 1994.

**CONSOLIDATED PROFIT  
AND LOSS ACCOUNT**

	NOTES	1994 £'000	1993 £'000
Turnover			
Continuing operations	2	80,635	68,345
Acquisitions		4,583	—
		<u>85,218</u>	<u>68,345</u>
Cost of sales	3	61,485	48,407
Gross profit		<u>23,733</u>	<u>19,938</u>
Other operating expenses	3	<u>20,759</u>	<u>18,408</u>
Operating profit			
Continuing operations		2,909	1,530
Acquisitions		65	—
		<u>2,974</u>	<u>1,530</u>
Investment income	6	24	32
Interest payable and similar charges	7	(478)	(474)
Profit on ordinary activities before taxation	8	<u>2,520</u>	<u>1,088</u>
Taxation	9	<u>(678)</u>	<u>(263)</u>
Profit on ordinary activities after taxation	10	<u>1,842</u>	<u>825</u>
Dividends	11	<u>1,086</u>	<u>473</u>
Retained profit for the year	23	<u>756</u>	<u>352</u>
Earnings per ordinary share	12	<u>3.88p</u>	<u>1.74p</u>
Earnings per ordinary share (IIMR)	12	<u>3.87p</u>	<u>1.89p</u>



STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES AND NOTE OF HISTORICAL COST PROFITS AND LOSSES.  
For the year ended 31st December 1994.

STATEMENT OF TOTAL  
RECOGNISED GAINS  
AND LOSSES

	1994 £'000	1993 £'000
Profit for the financial year	1,842	825
Unrealised deficit on revaluation of properties	(121)	(2,750)
Realised deficit on revaluation of properties	(19)	—
Total gains/(losses) recognised since last annual report	1,702	(1,925)

NOTE OF HISTORICAL COST  
PROFITS AND LOSSES

	1994 £'000	1993 £'000
Reported profit on ordinary activities before taxation	2,520	1,088
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(34)	22
Realisation of property revaluation gains of previous years	—	72
Historical cost profit on ordinary activities before taxation	2,486	1,182
Historical cost profit for the year retained after taxation and dividends	722	446



**BALANCE SHEETS.**  
At 31st December 1994.

BALANCE SHEETS			Group		Company	
	NOTES	1994 £'000	1993 £'000	1994 £'000	1993 £'000	
Fixed assets						
Tangible assets	13	17,299	13,687	17,036	13,424	
Investments	14	3	1	2,247	637	
		<u>17,302</u>	<u>13,688</u>	<u>19,283</u>	<u>14,061</u>	
Current assets						
Stocks	15	10,764	8,003	10,764	8,003	
Debtors: due within one year	16	18,305	13,516	18,305	13,516	
due after more than one year	16	1,259	1,238	1,259	1,238	
Cash at bank and in hand	27	39	11	39	11	
		<u>30,367</u>	<u>22,768</u>	<u>30,367</u>	<u>22,768</u>	
Creditors: amounts falling due within one year	17	<u>22,958</u>	<u>15,370</u>	<u>24,862</u>	<u>15,665</u>	
Net current assets		<u>7,409</u>	<u>7,398</u>	<u>5,505</u>	<u>7,103</u>	
Total assets less current liabilities		<u>24,711</u>	<u>21,086</u>	<u>24,788</u>	<u>21,164</u>	
Creditors: amounts falling due after more than one year	18	3,861	2,481	3,861	2,481	
Provisions for liabilities and charges	19	528	603	528	603	
		<u>4,389</u>	<u>3,084</u>	<u>4,389</u>	<u>3,084</u>	
Net assets		<u>20,322</u>	<u>18,002</u>	<u>20,399</u>	<u>18,080</u>	
Capital and reserves						
Called-up share capital	21	12,087	11,823	12,087	11,823	
Unissued share capital	21	617	—	617	—	
Share premium account	23	3,777	3,678	3,777	3,678	
Merger reserve	23	724	—	535	—	
Capital reserve	23	—	—	66	—	
Revaluation reserve	23	944	1,084	944	1,084	
Profit and loss account	23	2,173	1,417	2,373	1,495	
Shareholders' funds		<u>20,322</u>	<u>18,002</u>	<u>20,399</u>	<u>18,080</u>	

The Financial Statements on pages 11 to 28 were approved by the Board of Directors on 20th March 1995 and were signed on its behalf by:

A B Castledine  
Director

A S Page  
Director



CONSOLIDATED CASH FLOW STATEMENT.  
For the year ended 31st December 1994.

CONSOLIDATED CASH  
FLOW STATEMENT

	NOTES	1994 £'000	1993 £'000
Net cash inflow from operating activities	25	3,502	2,670
Returns on investments and servicing of finance			
Interest received		32	14
Interest paid		(465)	(433)
Interest paid on finance leases and hire purchase contracts		(62)	(52)
Dividends paid		(663)	(166)
Net cash outflow from returns on investments and servicing of finance		(1,158)	(637)
Taxation			
UK Corporation tax (paid)/recovered (including advance corporation tax)		(379)	588
Tax (paid)/recovered		(379)	588
Investing activities			
Purchase of tangible fixed assets		(1,078)	(647)
Acquisitions (net of cash/cash equivalents acquired)	28	(2,321)	—
Proceeds of disposal of tangible fixed assets		99	201
Net cash outflow from investing activities		(3,300)	(446)
Net cash (outflow)/inflow before financing		(1,335)	2,175
Financing			
Proceeds from issue of ordinary share capital		207	—
Medium term bank loan repayments		(1,411)	(527)
Medium term loans advanced		1,944	—
Repayment of principal under finance leases and hire purchase contracts		(424)	(188)
Net cash inflow/(outflow) from financing	26	316	(715)
(Decrease)/increase in cash and cash equivalents	27	(1,019)	1,460



NOTES TO THE FINANCIAL STATEMENTS.  
For the year ended 31st December 1994.

**1 PRINCIPAL ACCOUNTING  
POLICIES**

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

**Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

**Basis of consolidation**

The consolidated financial statements include the Company and its subsidiary undertakings. The results of subsidiaries sold or acquired during the year are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the Group has gained control of the subsidiary are charged to the post acquisition profit and loss account.

**Goodwill**

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of subsidiaries is written off immediately against reserves. Other purchased goodwill is eliminated by amortisation through the profit and loss account over its useful economic life. Any discount arising on acquisition is taken to a non-distributable consolidation reserve.

**Tangible fixed assets and other intangible fixed assets**

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Full valuations of freehold and long leasehold properties are made by independent professionally qualified valuers every five years and in the intervening years these valuations are reviewed by the Directors with the assistance of independent professional advice as required.

Depreciation is provided on freehold buildings on a straight line basis and on long leasehold properties in equal instalments over the remaining useful life of the property. Leasehold properties with less than 50 years unexpired are being carried in the balance sheet at 1988 valuations and, with adjustment for any subsequent additions, are being depreciated in equal instalments over the unexpired period of the lease.

All other assets are depreciated on a reducing balance basis with the exception of computer equipment which is also depreciated on a straight line basis. The principal annual rates used for this purpose are:

	%
Freehold buildings	2
Plant and equipment	15 or 33 $\frac{1}{3}$
Motor vehicles	33 $\frac{1}{3}$
Fixtures and fittings	10 or 33 $\frac{1}{3}$
Computer equipment	20

**Finance leases, operating leases and hire purchase contracts**

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements, which transfer to the Group substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under hire purchase contracts are depreciated on the same accounting basis as equivalent owned leases.

**Stocks**

Stocks comprise goods for resale and are stated at the lower of cost and net realisable value.





NOTES TO THE FINANCIAL STATEMENTS.  
For the year ended 31st December 1994.

1 PRINCIPAL ACCOUNTING  
POLICIES  
(continued)

Turnover

Turnover, which excludes value added tax, sales between Group Companies and trade discounts, represents the invoiced value of goods including haulage charges.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise. Provision is made for Advance Corporation Tax on dividends proposed but not paid by the end of the accounting year. Advance Corporation Tax is carried forward to the extent that it is expected to be recovered against future profits.

Pension costs

The Company operates a defined benefit pension scheme which constitutes the major scheme in the Group. The funds are valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the Company benefits from the employees' services. The effects of variation from regular cost are spread over the expected average remaining service lives of members of the scheme.

Where the Group operates a defined contribution scheme, contributions are charged to the profit and loss account in the period in which they become payable.

2 TURNOVER

Turnover derives from one class of business and arises entirely in the United Kingdom.

3 COST OF SALES AND  
OTHER OPERATING  
EXPENSES

	1994			1993
	Continuing operations £'000	Acquisitions £'000	Total £'000	Continuing operations £'000
Cost of sales	58,402	3,083	61,485	48,407
Other operating expenses				
Distribution costs	10,251	815	11,066	9,619
Administration costs	9,092	620	9,712	8,734
Other operating income	(19)	—	(19)	—
Provision for permanent diminuation in property value	—	—	—	55
	19,324	1,435	20,759	18,408

4 DIRECTORS'  
EMOLUMENTS

The remuneration paid to the Directors of Erith plc was:

	1994 £'000	1993 £'000
Fees	10	15
Other emoluments (including pension contributions and benefits in kind)	433	484
Sums paid to third parties	15	—
Pension payment to a Director	32	—
	490	499

Fees and other emoluments (excluding pension contributions) include amounts paid to the Executive Chairman and highest paid Director:

	1994 £'000	1993 £'000
Fees	—	—
Other emoluments	158	129
	158	129



NOTES TO THE FINANCIAL STATEMENTS.  
For the year ended 31st December 1994.

4 DIRECTORS' EMOLUMENTS  
(continued)

The number of Directors (including the Chairman and the highest paid Director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1994 Number	1993 Number
£5,001 – £10,000	—	2
£10,001 – £15,000	2	1
£15,001 – £20,000	1	—
£45,001 – £50,000	1	—
£50,001 – £55,000	—	1
£80,001 – £85,000	1	—
£90,001 – £95,000	—	1
£95,001 – £100,000	—	2
£115,001 – £120,000	1	—
£125,001 – £130,000	—	1
£155,001 – £160,000	1	—

The total emoluments of four Directors contains an aggregate bonus allowance of £93,553, of which £32,661 relates to the Chairman (1993: £15,079). The bonus for three Directors is calculated based on a percentage of the Group's profit before taxation. The bonus for one Director is calculated as a percentage of salary, based on the Group profit before taxation achieved.

5 EMPLOYEE INFORMATION

The average weekly number of persons (including Executive Directors) employed by the Group during the year was:

	1994 Number	1993 Number
Sales and distribution staff	511	466
Administrative staff	215	201
	<u>726</u>	<u>667</u>

	1994 £'000	1993 £'000
Staff costs (for the above persons)		
Wages and salaries	10,121	8,742
Social security costs	955	812
Other pension costs (see note 20)	238	210
	<u>11,314</u>	<u>9,764</u>

6 INVESTMENT INCOME

	1994 £'000	1993 £'000
Other interest receivable and similar income	<u>24</u>	<u>32</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	1994 £'000	1993 £'000
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	199	215
Repayable within 5 years, by instalments	96	90
Repayable wholly or partly in more than 5 years	120	117
	<u>415</u>	<u>422</u>
On finance leases and hire purchase contracts	63	52
	<u>478</u>	<u>474</u>



NOTES TO THE FINANCIAL STATEMENTS.  
For the year ended 31st December 1994.

8 PROFIT ON ORDINARY  
ACTIVITIES BEFORE  
TAXATION

	1994 £'000	1993 £'000
Profit on ordinary activities before taxation is stated after crediting:		
Rent receivable (net of outgoings)	51	27
And after charging:		
(Profit)/loss on disposal of fixed assets	(4)	15
Depreciation charge for the year:		
Tangible owned fixed assets	577	623
Tangible fixed assets held under finance leases and hire purchase arrangements	466	197
Auditors' remuneration		
audit fees (company £56,000; 1993 £54,000)	58	54
non-audit fees	53	48
Hire of plant and machinery – operating leases	456	428
Property rentals and hire of other assets	974	944

9 TAXATION

	1994 £'000	1993 £'000
United Kingdom corporation tax at 33% (1993: 33%):		
Current	791	351
Deferred	(75)	(68)
Over provision in respect of prior years:		
Current	(38)	(7)
Deferred	—	(13)
	678	263

10 PROFIT FOR THE  
FINANCIAL YEAR

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit dealt with in the financial statements of the holding company for the year ended 31st December 1994 was £1,964,000 (1993 £880,000).

11 DIVIDENDS

	1994 £'000	1993 £'000
Interim paid of 0.75p per share (1993: 0.35p per share)	356	166
Final proposed of 1.50p per share (1993: 0.65p per share)	730	307
	1,086	473

12 EARNINGS PER  
ORDINARY SHARE

The calculation of earnings per share on the net basis is based on the profit on ordinary activities after taxation namely, £1,842,000 (1993: £825,000) and on 47,493,880 (1993: 47,291,338) ordinary shares, being the weighted average number of ordinary shares in issue and ranking for dividend during the year.

No material dilution of earnings per share would arise if all outstanding share options were exercised.

The alternative earnings per share shown is based on the definition published by the Institute of Investment Management and Research, the differences between this and the headline figure being the exclusion of the profit on sale of fixed assets (£4,000) (1993: loss £15,000) and the write down in property value (1994: Nil) (1993: £55,000) from the profit figure used.



NOTES TO THE FINANCIAL STATEMENTS.  
For the year ended 31st December 1994.

13 TANGIBLE FIXED ASSETS

GROUP	Freehold properties £'000	Long leasehold properties £'000	Short leasehold properties £'000	Plant equipment & vehicles £'000	Total £'000
Cost or valuation					
At 1st January 1994	7,804	2,710	939	8,022	19,475
Additions	658	159	447	1,984	3,248
Subsidiary acquisitions	1,338	—	6	400	1,744
Disposals	—	—	—	(846)	(846)
Transfers	(113)	—	20	(9)	(102)
Revaluation	(140)	—	—	—	(140)
At 31st December 1994	<u>9,547</u>	<u>2,869</u>	<u>1,412</u>	<u>9,551</u>	<u>23,379</u>
Depreciation					
At 1st January 1994	—	—	192	5,596	5,788
Charge for year	76	30	57	880	1,043
Eliminated in respect of disposals	—	—	—	(751)	(751)
At 31st December 1994	<u>76</u>	<u>30</u>	<u>249</u>	<u>5,725</u>	<u>6,080</u>
Net book value					
At 31st December 1994	<u>9,471</u>	<u>2,839</u>	<u>1,163</u>	<u>3,826</u>	<u>17,299</u>
Net book value					
At 31st December 1993	<u>7,804</u>	<u>2,710</u>	<u>747</u>	<u>2,426</u>	<u>13,687</u>
Cost or valuation at 31st December 1994 is represented by:					
Valuation at 31st December 1988	—	—	939	—	939
Valuation at 31st December 1993	7,551	2,710	—	—	10,261
Cost	<u>1,996</u>	<u>159</u>	<u>473</u>	<u>9,551</u>	<u>12,179</u>
	<u>9,547</u>	<u>2,869</u>	<u>1,412</u>	<u>9,551</u>	<u>23,379</u>

Two Group properties are held for development or resale at a Directors' valuation of £300,000 which has been arrived at after taking independent advice.

The net book value of tangible fixed assets includes an amount of £1,480,096 (1993: £704,582) in respect of assets held under finance leases and hire purchase contracts.

The freehold and leasehold properties held at 31st December 1993 were valued at that date by Messrs. Healey & Baker, surveyors and valuers, on the basis of open market value for the existing use.



NOTES TO THE FINANCIAL STATEMENTS.  
For the year ended 31st December 1994.

13 TANGIBLE FIXED ASSETS  
(continued)

COMPANY	Freehold properties £'000	Long leasehold properties £'000	Short leasehold properties £'000	Plant equipment & vehicles £'000	Total £'000
Cost or valuation					
At 1st January 1994	7,541	2,710	939	8,022	19,212
Additions	658	159	447	1,984	3,248
Subsidiary acquisitions	1,338	—	6	400	1,744
Disposals	—	—	—	(846)	(846)
Transfers	(113)	—	20	(9)	(102)
Revaluation	(140)	—	—	—	(140)
At 31st December 1994	9,284	2,869	1,412	9,551	23,116
Depreciation					
At 1st January 1994	—	—	192	5,596	5,788
Charge for year	76	30	57	880	1,043
Eliminated in respect of disposals	—	—	—	(751)	(751)
At 31st December 1994	76	30	249	5,725	6,080
Net book value					
At 31st December 1994	9,208	2,839	1,163	3,826	17,036
Net book value					
At 31st December 1993	7,541	2,710	747	2,426	13,424
Cost or valuation at 31st December 1994 is represented by:					
Valuation at 31st December 1988	—	—	939	—	939
Valuation at 31st December 1993	7,288	2,710	—	—	9,998
Cost	1,996	159	473	9,551	12,179
	9,284	2,869	1,412	9,551	23,116



NOTES TO THE FINANCIAL STATEMENTS.  
For the year ended 31st December 1994.

13 TANGIBLE FIXED ASSETS  
(continued)

If freehold and leasehold properties had not been revalued they would have been included at the following amounts:

	1994 £'000	1993 £'000
Group		
Cost	12,711	10,196
Aggregate depreciation based on cost	1,598	1,323
Net book value	11,113	8,873

Depreciation has not been charged on freehold land, which is stated at its revalued amount of £4,676,287 (1993: £4,233,287).

	1994 £'000	1993 £'000
Company		
Cost	12,411	9,896
Aggregate depreciation based on cost	1,598	1,323
Net book value	10,813	8,573

Depreciation has not been charged on freehold land, which is stated at its revalued amount of £4,373,287 (1993: £3,933,287).

14 FIXED ASSET  
INVESTMENTS

	Group	Interests in Group undertakings £'000	Company	Total £'000
	Other investments £'000		Other investments £'000	
Cost or valuation:				
At 1st January 1994	1	636	1	637
Additions	2	1,608	2	1,610
At 31st December 1994	3	2,244	3	2,247

The investments in Group undertakings can be summarised as follows:

Name of undertaking	Nature of business	Description of shares held	Proportion of nominal value of issued shares held
C G Tebbutt Ltd	Builders merchant	Ordinary shares of £1 each	100%
Builders Direct Supply Company Limited	Builders merchant	"A" Ordinary shares of £1 each "B" Ordinary shares of £1 each	100%
Bridgnorth (Timber) Limited	Builders merchant	Cumulative preference shares of £1 each	100%
Norman Road Management Company Limited	Property management	Ordinary shares of £1 each	91%

All of the above are incorporated in and traded in England and Wales.

The Builders Direct Supply Company Limited has a statutory period end as at 30th June 1995. Its previous financial year ended on 31st December 1993.

Norman Road Management Company Limited has a statutory period end which has been extended to 31st December 1995.

The results of all Group undertakings shown above have been consolidated using acquisition accounting.

The consideration in respect of the acquisition of Bridgnorth (Timber) Limited and of The Builders Direct Supply Company Limited was satisfied by the issue of Erith plc ordinary shares and by cash as disclosed in note 22.



NOTES TO THE FINANCIAL STATEMENTS.  
For the year ended 31st December 1994.

14 FIXED ASSET  
INVESTMENTS  
(continued)

Statutory share premium relief under Section 131 of the Companies Act 1985 has been taken in both cases.

Both of these acquired companies have transferred their assets to Erith plc as at 31st December 1994 and will become non-trading companies thereafter.

The subsidiary, C G Tebbutt Limited, incorporated in England and Wales, did not trade during the year.

Other investments can be summarised as follows:

Name of undertaking	Nature of business	Description of shares held	Proportion of nominal value of issued shares held
Kitchens Complete Limited	Kitchen retailing	Ordinary shares of £1 each	50%

15 STOCKS

	Group & Company 1994 £'000	1993 £'000
Goods for resale	10,764	8,003

16 DEBTORS

	Group & Company 1994 £'000	1993 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	14,108	11,065
Other debtors	2,172	1,522
Assets for sale	709	—
Prepayments and accrued income	1,093	843
Corporation tax recoverable	3	8
ACT recoverable	183	78
Amounts owed by related party	37	—
	<u>18,305</u>	<u>13,516</u>
<b>Amounts falling due after one year:</b>		
Prepayments	1,259	1,238

Prepayments falling due after one year relate to the surplus of pension fund assets over the actuarial value of past service liabilities (note 20).

17 CREDITORS: AMOUNTS  
FALLING DUE WITHIN  
ONE YEAR

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Bank overdrafts (unsecured)	2,039	992	2,039	992
Bank loans	895	496	895	496
Obligations under finance leases and hire purchase contracts	589	304	589	304
Trade creditors	16,056	11,530	16,056	11,530
Advance corporation tax	272	125	272	125
Corporation tax	624	297	624	297
Other taxation and social security	706	878	706	878
Accruals and deferred income	1,047	441	1,047	441
Dividends payable	730	307	730	307
Amounts owed to subsidiaries	—	—	1,904	295
	<u>22,958</u>	<u>15,370</u>	<u>24,862</u>	<u>15,665</u>



NOTES TO THE FINANCIAL STATEMENTS.  
For the year ended 31st December 1994.

18 CREDITORS: AMOUNTS  
FALLING DUE AFTER ONE  
YEAR

	Group & Company	
	1994	1993
	£'000	£'000
Bank loans	2,963	2,084
Obligations under finance leases and hire purchase contracts	898	397
	<u>3,861</u>	<u>2,481</u>

	Group & Company	
	1994	1993
	£'000	£'000
Bank loans		
Bank loans are repayable as follows:		
In one year or less	895	496
Between one and two years	569	402
Between two and five years	1,460	1,155
In five years or more	934	527
	<u>3,858</u>	<u>2,580</u>
Repayable by instalments wholly or partly in more than five years	<u>934</u>	<u>527</u>

With the exception of two loans, which bear interest at 2% above bank base rate and are due for repayment in the year, the bank loans bear interest at 1.25% above bank base rate, with a minimum rate of 5.125%.

The medium term loans were advanced to purchase certain freehold and leasehold properties and are secured on these properties.

Finance leases

The net finance lease obligations to which the group and the company are committed under finance leases and hire purchase contracts are shown below.

	Group & Company	
	1994	1993
	£'000	£'000
In one year or less	589	304
Between one and two years	455	266
Between two and five years	443	131
	<u>1,487</u>	<u>701</u>

Subsequent to year end, the Group has committed to finance lease obligations of £156,595.

19 PROVISIONS FOR  
LIABILITIES AND  
CHARGES - DEFERRED  
TAXATION

Group and Company

Deferred taxation at 33% (1993: 33%):

	Accelerated capital allowances £'000	Pension fund prepayment (see note 20) £'000	Total £'000
At 1st January 1994	130	473	603
Transferred to profit and loss account	(60)	(15)	(75)
At 31st December 1994	<u>70</u>	<u>458</u>	<u>528</u>

The full potential liability for deferred taxation is as follows:

	1994 £'000	1993 £'000
Accelerated capital allowances	376	276
Pension fund prepayment	458	473
	<u>834</u>	<u>749</u>





NOTES TO THE FINANCIAL STATEMENTS.  
For the year ended 31st December 1994.

19 PROVISIONS FOR  
LIABILITIES AND  
CHARGES - DEFERRED  
TAXATION  
(continued)

It is estimated that corporation tax of £243,989 (1993: £269,970) would be payable if the Group's freehold and leasehold properties were to be sold at the valuation at which they are included in the financial statements.

20 PENSION AND SIMILAR  
OBLIGATIONS

The Company operates a defined benefit pension scheme, the assets of which are held in a separate trustee administered fund.

The pension cost relating to the scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The most recent actuarial valuation was prepared at 6th April 1993 and showed that the market value of the scheme's assets was £9.2 million and that the actuarial value of the assets was sufficient to cover 109% of the benefits which had accrued to members, after allowing for future increases in earnings. The principal actuarial assumptions used were that investment returns would be 8.5% per annum, that salary increases would average 6% per annum and that present and future pensions would increase at the rate of 4% per annum.

The original actuarially calculated pension scheme surplus of £1,609,000 was included in the balance sheet in the year ended 31st December 1989 under the transitional provisions of SSAP 24. An estimate of the financial position of the pension scheme at 1st January 1994 has been made by the actuary. This revealed a reduction in the surplus, which is being charged to the profit and loss account over the expected remaining service lives of employees. The regular pension cost for the year is a net charge to profit of £204,000 (1993: £163,000).

Following the 1993 valuation, the actuary recommended that no contributions from the Company are required until the next formal actuarial valuation which is due in April 1996. However, the Company has decided to recommence contributions and has paid a contribution of £164,000 into the scheme in November 1994.

In addition to the above, costs associated with providing disability insurance under the terms of the Erith pension scheme amounted to £59,000 (1993: £47,000).

A defined contribution scheme is operated in respect of the ex-employees of The Builders Direct Supply Company Limited (BDS). The assets of this scheme are also held in a separate trustee administered fund.

The pension cost for the year in respect of the BDS scheme is calculated as the company contributions that would have been paid to the scheme had those contributions not been paid in October 1992. This amounted to £38,000 (1993: £38,000).

21 CALLED UP SHARE  
CAPITAL

	1994 £'000	1993 £'000
Authorised		
60,000,000 (1993: 60,000,000) ordinary shares of 25p each	15,000	15,000
Allotted, called up and fully paid		
48,346,988 (1993: 47,291,338) ordinary shares of 25p each	12,087	11,823
Unissued share capital		
2,466,667 ordinary shares of 25p each	617	—

Details of the Company's share issues to acquire The Builders Direct Supply Company Limited and Bridgnorth (Timber) Limited are set out in note 22.

432,454 additional ordinary shares have been allotted as a result of share options exercised in the year. Total consideration, including premium, received by the Company was £207,414.

The unissued share capital relates to deferred consideration or further consideration in respect of the Company acquisitions outlined in note 22.

The current intention of the Board is that this consideration will be satisfied in the form of shares and the accounting treatment required under FRS 7 has therefore been adopted.



NOTES TO THE FINANCIAL STATEMENTS.  
For the year ended 31st December 1994.

22 ACQUISITIONS

On the 28th January 1994, the Company purchased the freehold premises at Station Approach, Dagenham, Essex for the sum of £265,000 cash.

With effect from 1st February 1994, the Company acquired certain trading assets of Clifton Building Supplies Limited for £48,000 cash and entered into short lease arrangements for the use of the premises at Railway Terrace, Rugby on 28th February 1994.

On 9th February 1994, the Company purchased, for cash, from a Receiver, certain assets including stock, freehold and long leasehold sites at Newdigate, Burgh Heath and Walthamstow for a cash sum of £495,000. In addition, short leases were entered into during February and March 1994 for sites at Sevenoaks and Edenbridge.

With effect from 1st June 1994, the Company acquired certain assets, including stock and freehold and leasehold premises from Elliott (Sales) Limited trading in Bedworth, Warwickshire, for £305,000 cash.

On 25th November 1994, the Company acquired the entire share capital of Bridgnorth (Timber) Limited. The purchase consideration was £375,000 of which £100,000 is contingent upon the disposal of specified assets and the future financial performance of the business. The initial purchase consideration of £275,000 was satisfied by the issue of 458,335 Erith plc Ordinary Shares of 25p each, having a value of 60p each. The contingent purchase consideration will also be funded by the issue of Erith Ordinary Shares.

On 20th December 1994, the Company acquired the entire share capital of The Builders Direct Supply Company Limited (BDS). The total purchase consideration was £1,490,000 and the initial payment consideration was satisfied by the issue of 164,861 Erith plc Ordinary Shares of 25p each, having a value of 60p each. Payment of the remainder of the consideration (approximately £1,381,000) is deferred and, at Erith's discretion, will comprise either cash or Erith Ordinary Shares, to be paid on or before 31st December 1995. The Board's current intention is that this deferred consideration will be satisfied by the issue of Erith plc ordinary shares. The vendors of BDS have been provided with a financing facility equal to the deferred consideration by Erith's Bankers. Erith has guaranteed this facility and is bearing the interest costs of it. This facility will terminate upon payment of the deferred consideration.

Details of the assets, and liabilities acquired through these acquisitions, were as follows:

	The Builders Direct Supply Co. Ltd £'000	Bridgnorth (Timber) Limited £'000	Asset acquisitions £'000	Total £'000
Fixed asset investments	1	—	—	1
Tangible fixed assets	1,265	349	923	2,537
Stocks	892	310	244	1,446
Debtors	1,606	200	1	1,807
Cash/(overdraft)	(807)	(200)	—	(1,007)
Creditors	(1,476)	(614)	(5)	(2,095)
Book value of net assets acquired	1,481	45	1,163	2,689
Fair value adjustment	65	58	—	123
Net assets acquired	1,546	103	1,163	2,812
Total consideration (including estimated deferred consideration and costs)	1,567	439	1,163	3,169
Goodwill	21	336	—	357
The consideration for these acquisitions was satisfied by:				
Shares allotted	99	275	—	374
Shares to be allotted	1,381	100	—	1,481
Cash	87	64	1,163	1,314
	1,567	439	1,163	3,169



NOTES TO THE FINANCIAL STATEMENTS.  
For the year ended 31st December 1994.

22 ACQUISITIONS  
(continued)

The fair value adjustments detailed overleaf relate to the differences between the market value of fixed assets acquired and their carrying value in the books of The Builders Direct Supply Company Limited and Bridgnorth (Timber) Limited, at the date of acquisition.

The treatment of goodwill generated on these acquisitions is detailed in note 23.

The summarised profit and loss accounts of the corporate acquisitions made in the year to the date of acquisition were as follows:

	The Builders Direct Supply Co. Ltd £'000 (11.5 months)	Bridgnorth (Timber) Limited £'000 (4.5 months)
Turnover	7,283	389
Profit/(loss) before tax	43	(43)
Profit/(loss) after tax	43	(30)
Loss before tax for the previous financial year (12 months)	(240)	(59)

23 SHARE PREMIUM  
ACCOUNT AND RESERVES

Group	Share premium account £'000	Revaluation reserve £'000	Merger reserve £'000	Profit and loss account £'000	
At 1st January 1994	3,678	1,084	—	1,417	
Share premium on new shares issued	99	—	—	—	
Transfers to current assets	—	(140)	—	—	
Arising on acquisitions in the year	—	—	1,081	—	
Goodwill written off	—	—	(357)	—	
Retained profit for the year	—	—	—	756	
At 31st December 1994	3,777	944	724	2,173	

Company	Share premium account £'000	Revaluation reserve £'000	Merger reserve £'000	Profit and loss account £'000	Capital reserve £'000
At 1st January 1994	3,678	1,084	—	1,495	—
Share premium on new shares issued	99	—	—	—	—
Transfers to current assets	—	(140)	—	—	—
Arising on acquisitions in the year	—	—	1,081	—	66
Goodwill written off	—	—	(546)	—	—
Retained profit for the year	—	—	—	878	—
At 31st December 1994	3,777	944	535	2,373	66

As permitted by s. 131 of the Companies Act 1985 the premium arising on the ordinary shares issued in connection with the acquisitions of Bridgnorth (Timber) Limited and The Builders Direct Supply Company Limited was credited to a merger reserve against which the goodwill arising on these acquisitions was written off.

No provision has been made for the additional United Kingdom taxation that would accrue if the land and buildings were disposed of at their revalued amounts. The potential liability to such taxation is disclosed in note 19.

Included in the profit and loss account reserve is £767,000 (1993: £959,000) relating to the pension fund surplus, details of which are set out in note 20.



NOTES TO THE FINANCIAL STATEMENTS.  
For the year ended 31st December 1994.

24 RECONCILIATION OF  
MOVEMENTS IN  
SHAREHOLDERS' FUNDS

	1994 £'000	1993 £'000
Profit for the financial year	1,842	825
Dividends paid/payable	(1,086)	(473)
Impact of 1993 property revaluation	—	(2,750)
Transfers to current assets from revaluation reserve	(140)	—
New shares – issued	363	—
– unissued	617	—
Merger reserve created on acquisitions	1,081	—
Goodwill written off	(357)	—
Opening shareholders' funds	18,002	20,400
Closing shareholders' funds	20,322	18,002

25 RECONCILIATION OF  
OPERATING PROFIT TO  
NET CASH INFLOW FROM  
OPERATING ACTIVITIES

	1994 £'000	1993 £'000
Operating profit	2,974	1,530
Provision for permanent diminution in property value	—	55
Depreciation charges	1,043	820
(Profit)/loss on disposal of tangible fixed assets	(4)	15
Increase in stocks	(1,316)	(1,246)
Increase in debtors	(2,747)	(1,271)
Increase in creditors	3,552	2,767
Net cash inflow from operating activities	3,502	2,670

26 ANALYSIS OF CHANGES  
IN FINANCING DURING  
THE YEAR

	Issued share capital (including premium) £'000	Medium term bank loans £'000	Finance leases and hire purchase contracts £'000
Balance at 1st January 1994	15,501	2,580	701
Cash inflows/(outflows) from financing	207	533	(424)
Shares issued for non-cash consideration	156	—	—
Assumed through acquisition	—	745	33
Inception of finance lease contracts	—	—	1,177
Balance at 31st December 1994	15,864	3,858	1,487

27 ANALYSIS OF THE  
BALANCE OF CASH  
AS SHOWN IN THE  
BALANCE SHEET

	1994 £'000	1993 £'000	1994 Change in year £'000
Cash at bank and in hand	39	11	28
Bank overdrafts	(2,039)	(992)	(1,047)
	(2,000)	(981)	(1,019)



NOTES TO THE FINANCIAL STATEMENTS.  
For the year ended 31st December 1994.

28 ANALYSIS OF THE NET OUTFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF ACQUISITIONS IN THE YEAR		1994 £'000	1993 £'000
Cash consideration		(1,314)	—
Overdrafts assumed on acquisition		(1,007)	—
Net outflow of cash and cash equivalents in respect of acquisitions in the year		(2,321)	—

29 CAPITAL COMMITMENTS	The Group had approved, but not contracted, capital commitments of £89,000 as at 31st December 1994 (1993: £265,000).
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30 FINANCIAL COMMITMENTS	At 31st December 1994 the Group had annual commitments under non-cancellable operating leases as follows:
-----------------------------	---

	1994		1993	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	—	68	—	13
Expiring between two and five years inclusive	69	470	34	284
Expiring in over five years	1,076	13	1,013	—
	<u>1,145</u>	<u>551</u>	<u>1,047</u>	<u>297</u>

31 DIRECTORS' INTERESTS IN CONTRACTS	Mr A B Castledine owns the freehold of three properties at Royston, Hertfordshire which are each leased to the Company on a full repairing and insurance basis and which are subject to coterminus five yearly rent reviews. The terms of the leases of the three properties expire on 27th September 2008.
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The total rent payable by the Company in respect of the three properties amounts to £96,600 per annum (1993: £96,600).

No other Director has any beneficial interest in any material contract to which the Company or any subsidiary was party during the financial year.



# TEN YEAR RECORD

## TEN YEAR RECORD

	1994 £'000	1993 £'000	1992 £'000	1991 £'000	1990 £'000	1989 £'000	1988 £'000	1987 £'000	1986 £'000	1985 £'000
Turnover	85,218	68,345	66,288	67,464	77,652	86,392	85,773	71,449	59,331	51,168
Profit/(loss) before taxation	2,520	1,088	(557)	24	2,243	2,998	5,475	4,430	2,938	1,737
Taxation – charge/(credit)	678	263	(168)	(15)	645	1,054	1,887	1,560	799	369
Dividends	1,086	473	166	932	1,635	1,628	1,621	1,162	832	636
Retained profit/(deficit) for the year	756	352	(555)	(893)	(37)	316	1,967	1,708	1,307	947
Assets employed including revaluations attributable to shareholders	20,323	18,002	20,400	20,955	18,428	18,632	17,018	12,588	10,856	9,533
Net asset value per share	40.00p	38.07p	43.14p	44.31p	44.07p	44.69p	41.19p	32.48p	28.06p	24.72p
Earnings/(loss) per share after taxation	3.88p	1.74p	(0.82p)	0.09p	3.83p	4.67p	9.17p	7.41p	5.53p	3.55p
Dividends per share	2.25p	1.00p	0.35p	2.00p	3.90p	3.90p	3.90p	3.00p	2.15p	1.65p
Effective gross dividend including tax credit	2.81p	1.26p	0.47p	2.67p	5.20p	5.20p	5.20p	4.04p	2.97p	2.34p

The profit and loss account for 1994 and for prior years has been stated in accordance with Financial Reporting Standard No. 3.

Net asset value per share in 1994 is adjusted for unissued share capital as at 31st December 1994.





## LIST OF BRANCHES

Branch	Address	Telephone	Fax
1 Acton	2a High Street, Acton, W3 6LJ	0181 992 3206	0181 993 1639
2 Amersham	Quill Hall Lane, Raans Road, Amersham, Bucks HP6 6LL	01494 727 740	01494 727 069
3 Bedworth	91 Leicester Road, Bedworth, Warwickshire CV12 8AH	01203 314 906	01203 643 242
4 Bletchley	Tavistock Street, Milton Keynes MK2 2PJ	01908 375 711	01908 270 386
5 Bow	455 Wick Lane, Bow E3 2TB	0181 980 1894	0181 981 8554
6 Bridgnorth	Hollybush Road, Bridgnorth, Shropshire WV16 4AX	01746 766 301	01746 767 057
7 Burgh Heath	Brighton Road, Burgh Heath, Tadworth KT20 6AA	01737 355 713	01737 373 945
8 Canterbury	Broad Oak Road, Canterbury, Kent CT2 7PX	01227 762 999	01227 452 763
9 Cricklewood	Depot Approach, Cricklewood Broadway NW2 3DY	0181 450 9111	0181 208 0002
10 Croxley Green	Watford Road, Croxley Green, Herts WD3 1SA	01923 252 222	01923 817 684
11 Dagenham	Shafter Road, off Rainham Rd South, Dagenham RM10 8AB	0181 595 8793	0181 593 5945
12 Dereham	Greens Road, Dereham, Norfolk NR20 3TG	01362 692 166	01362 698 046
13 Diss	Stanley Road, Fairgreen, Diss, Norfolk IP22 3BG	01379 643 374	01379 641 510
14 Docklands	Royal Docks, Tay Wharf, Thames Road, Silvertown E16 2ET	0171 474 2020	0171 511 1488
	Docklands Joinery Centre, Royal Docks, Tay Wharf, Thames Road, Silvertown E16 2ET	0171 473 3651	0171 473 3651
15 Eastcote	Field End Road, Eastcote, Middlesex HA5 1RY	0181 866 5737	0181 866 6542
16 Edenbridge	Town Station, Goods Yard, Station Approach, Edenbridge, Kent TN8 5LP	01732 866 409	01732 866 471
17 Greenwich	Phoenix Wharf, Norman Road, Greenwich SE10 9QX	0181 858 1172	0181 305 2408
18 Huntingdon	Glebe Road, off St Peters Road, Huntingdon PE18 7DX	01480 451 462	01480 451 463
19 Kings Lynn	Acer Road, Saddlebow Ind Est., Kings Lynn, Norfolk PE34 3HN	01553 771 058	01553 764 189
20 Letchworth	Arden Press Way, Letchworth, Herts SG6 1HX	01462 678 441	01462 675 870
21 Leytonstone	Joseph Ray Road, off Leytonstone High Road, Leytonstone E11 4RA	0181 556 8844	0181 558 4839
22 Lowestoft	South Elmham Terrace, Victoria Road, Oulton Broad, Lowestoft, Suffolk NR33 9NH	01502 573 377	01502 516 866
23 Luton	96 Kingsway, Luton, Beds LU1 1TT	01582 205 10	01582 402 889
24 Maidenhead	Smithfield Road, Woodlands Park, Maidenhead SL6 3NP	01628 824 627	01628 826 964
25 Newdigate	The Village Street, Newdigate, Surrey RH5 5WW	01306 631 575	01306 631 727
26 Norwich	Mason Road, Mile Cross Lane, Norwich, Norfolk NR6 6RR	01603 410 411	01603 789 031
27 Portsmouth	Knowsley Road, Cosham, Portsmouth, Hants PO6 2PG	01705 210 270	01705 219 251
28 Radlett	Radlett Bagging Plant, Harper Lane, Radlett, Herts WD7 7HX	01923 852 670	01923 857 164
29 Ramsgate	Cecilia Road, Ramsgate, Kent CT11 7DZ	01843 597 171	01843 584 596
30 Rochford	109 Rectory Road, Rochford, Essex SS4 1UP	01702 546 511	01702 540 744
31 Royston	Orchard Road, Royston, Herts SG8 5HA	01763 241 561	01763 247 759
32 Rugby	Railway Terrace, Rugby, Warwickshire CV21 3HT	01788 579 252	01788 540 236
33 Sevenoaks	Tubs Hill Station, Sevenoaks, Kent TN13 3BH	01732 451 262	01732 741 238
34 Shepherds Bush	158 Percy Road, Shepherds Bush W12 9QL	0181 749 1066	0181 740 1245
35 Sittingbourne	Crown Quay Lane, Sittingbourne, Kent ME10 3HX	01795 424 300	01795 428 706
36 Slade Green	Slade Green Road, Erith, Kent DA8 2HX	01322 349 111	01322 333 356
37 Southampton	174 Millbrook Road East, Southampton, Hants SO15 1AZ	01703 227 303	01703 221 203
38 Staines	Gresham Road, Staines, Middlesex TW18 2BE	01784 451 244	01784 463 257
39 Surbiton	4a Howard Road, Surbiton, Surrey KT5 8SA	0181 399 6477	0181 390 8420
40 Tooting	14 London Road, Tooting SW17 9HW	0181 640 5211	0181 648 8046
41 Walthamstow	London Board Centre, 215 Blackhorse Road, Walthamstow E17 6NG	0181 520 4401	0181 521 7128
42 Watford	Watford Business Park, Caxton Way, Watford WD1 8RT	01923 226 466	01923 816 101
43 Whittlesey	256 Station Road, Whittlesey, Peterborough PE7 2HA	01733 208 356	01733 350 661
44 Wymondham	Bridge Estate, Silfield Road, Wymondham, Norfolk NR18 9AU	01953 606 391	01953 607 430





## NOTICE OF MEETING

### NOTICE OF MEETING

Notice is hereby given that the ninety-second Annual General Meeting of this Company will be held at the Institute of Chartered Accountants in England and Wales, Chartered Accountants' Hall, Moorgate Place, London, EC2P 2BJ on Thursday 4th May 1995 at 12.00 noon for the following purposes:

#### Ordinary Business

1. To receive, approve and adopt the Financial Statements of the Company and the Report of the Directors and Auditors for the year ended 31st December 1994.
2. To declare a final dividend.
3. To re-elect the following directors:
  - (a) Mr R F Erith
  - (b) Mr A S Page
4. To reappoint Messrs Coopers & Lybrand as auditors to the Company and to authorise the Directors to fix their remuneration.

32 Bridge Street  
Hitchin  
Hertfordshire, SG5 2DF  
11th April 1995

By order of the Board  
A McManus, FCA  
Secretary

#### Notes:

1. A member entitled to attend and vote at the above Meeting may appoint a proxy to attend and on a poll, vote instead of him and that proxy need not also be a member of the Company. A form of proxy is enclosed for members unable to be present.
2. The undermentioned documents will be available for inspection at the registered office of the Company during normal business hours any weekday from the date of this Notice until the date of the Annual General Meeting and from 11.30 a.m. on Thursday 4th May 1995 at the venue of the Annual General Meeting until the conclusion of the Meeting:
  - (a) The Register of Directors' interests in accordance with Section 325 of the Companies Act 1985.
  - (b) Copies of contracts of service between the Company and its executive Directors not expiring or determinable without compensation within one year.
  - (c) A copy of the rules of the 1983 & 1994 Erith Executive Share Option Schemes.
  - (d) Copies of the lease of Royston Unit No 5 and of the deeds of variation of the leases of Royston Unit Nos. 1 and 2.
3. Members are requested to notify any change of address to the Company's Registrars, Lloyds Bank Registrars, The Causeway, Worthing, West Sussex, BN12 6DA.

## ADVISERS

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### Secretary and registered office

A McManus FCA  
32 Bridge Street  
Hitchin  
Hertfordshire SG5 2DF

Registered number  
76676

### Registrars

Lloyds Bank Registrars  
The Causeway  
Worthing  
West Sussex BN12 6DA

### Registered Auditors

Coopers & Lybrand  
Mount Pleasant House  
Huntingdon Road  
Cambridge CB3 0BL

### Solicitors

Herbert Smith  
Exchange House  
Primrose Street  
London EC2A 2HS

### Bankers

National Westminster Bank plc  
81 High Street  
Bedford MK40 1NH

### Barclays Bank plc

5/6 High Street  
Hitchin  
Hertfordshire SG5 1BJ

### Stockbrokers

Charterhouse Tilney  
1 Paternoster Row  
London EC4M 7DH

### Henderson Crosthwaite Limited

32 St Mary at Hill  
London EC3P 3AJ

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