

**Edward Williams Holdings Limited**

**Directors' report and financial  
statements**

Registered number 98606

For the year ended 30 June 2000



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2000.

### Principal activity

The company acts as an investment company holding property and listed investments.

### Business review

On 13 April 1999, 214,205 ordinary shares of 25p each were repurchased by the company. These shares were repurchased in anticipation of the group re-organisation which happened on 15 July 1999 and were cancelled immediately after purchase. On 15 July 1999, the remaining share capital was purchased by Brian Williams Holdings Limited.

The results for the year are shown on page 5 of the financial statements.

### Dividends and transfers to reserves

The dividend paid during the year was £2,221,195 (1999: £44,831). Dividends proposed as at year end are £44,679 (1999: £Nil).

### Investments

On 30 September 1999, the company's investment in Heat-Win Limited was disposed of. Prior to the disposal, the company held shares with a cost of £10,000 and had made loans of £176,550 to Heat-Win Limited. Upon disposal, a new loan agreement was entered into in the sum £184,050. This loan was secured by a legal charge over all Heat-Win patents.

Also on 30 September 1999, Mr FB Williams and Mr RT Stokes resigned as directors of Heat-Win Limited.

### Directors and directors' interests

The directors of the company who served during the year were as follows:

FB Williams (chairman)  
 RT Stokes

The director retiring by rotation is RT Stokes who, being eligible, offers himself for re-election.

The interests of the directors and connected persons in the 25p ordinary shares of the company were as follows:

	At 30 June 2000		At 30 June 1999	
	Beneficial	Trustee	Beneficial	Trustee
FB Williams	-	-	35,194	246,987

The interests of the directors in the shares of Brian Williams Holdings Limited are disclosed in the financial statements of that company.

No director is beneficially interested in the share capital of any subsidiary undertaking.

## **Directors' report** *(continued)*

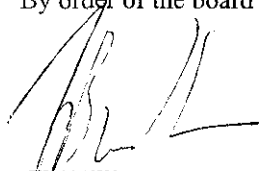
### **Directors and directors' interests** *(continued)*

According to the register of directors' interests, no director had any right to subscribe for shares or debentures of the company or of any group undertaking at any time during the financial year.

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company, is to be proposed at the forthcoming annual general meeting.

By order of the board



**FB Williams**  
Chairman

Foundry Lane  
Smethwick  
Warley  
West Midlands  
B66 2LQ

1 February 2001

## **Statement of directors' responsibilities**

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



2 Cornwall Street  
Birmingham  
B3 2DL

## **Report of the auditors to the members of Edward Williams Holdings Limited**

We have audited the financial statements on pages 5 to 13.

### ***Respective responsibilities of the directors and auditors***

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### ***Basis of audit opinion***

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 as at 30 June 2000 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

1 February 2001

## Profit and loss account

for the year ended 30 June 2000

	Note	2000 £	1999 £
Administrative expenses (including exceptional bad debt credit of £88,400 (1999: provision of £806,000))		(108,956)	(1,031,571)
Other operating income		122,077	147,080
<b>Operating profit/(loss)</b>		<b>13,121</b>	<b>(884,491)</b>
Profit on sale of tangible fixed assets		32,904	-
Profit on sale of investments		48,756	690,999
Income from fixed asset investments		40,180	128,392
Bank interest receivable		82,821	163,178
Amounts written off investments		(28,778)	(31,146)
Exceptional waiver of amounts due to fellow subsidiaries		-	564,929
<b>Profit on ordinary activities before taxation</b>	4	<b>189,004</b>	<b>631,861</b>
Taxation on profit on ordinary activities	5	13,991	(67,991)
<b>Profit on ordinary activities after taxation</b>		<b>202,995</b>	<b>563,870</b>
Dividends paid and proposed	6	(2,265,874)	(44,831)
<b>(Loss)/profit for the financial year</b>		<b>(2,062,879)</b>	<b>519,039</b>

A statement of movements on reserves is given in note 14.

In both the current and preceding years, there was no material difference between the result reported in the profit and loss account and the result on an unmodified historical cost basis.

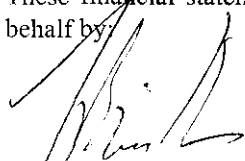
All operating results for the current and preceding years relate to continuing activities.

## Balance sheet

as at 30 June 2000

	Note	2000	1999
		£	£
<b>Fixed assets</b>			
Tangible assets	7	473,155	487,639
Investment property	8	400,000	400,000
Investments	9	513,275	1,061,007
		<hr/>	<hr/>
		1,386,430	1,948,646
<b>Current assets</b>			
Debtors	10	94,126	60,278
Cash at bank and in hand		386,264	1,978,896
		<hr/>	<hr/>
		480,390	2,039,174
<b>Creditors: amounts falling due within one year</b>	11	(57,508)	(115,629)
		<hr/>	<hr/>
<b>Net current assets</b>		422,882	1,923,545
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		1,809,312	3,872,191
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	13	320,044	320,044
Capital redemption reserve	14	80,639	80,639
Profit and loss account	14	1,408,629	3,471,508
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	15	1,809,312	3,872,191
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 1 February 2001 and were signed on its behalf by:



**FB Williams**  
Chairman

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements:

#### *Basis of preparation*

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention, modified to include the revaluation of freehold land and buildings and the inclusion of investment properties at open market value.

The company is exempt by virtue of S248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

#### *Fixed assets and depreciation*

The annual rates of depreciation applied to cost or valuation less estimated residual value on a straight line basis are as follows:

Freehold buildings	-	2%
Plant and machinery	-	10% to 100%

#### *Investment properties*

In accordance with Statement of Standard Accounting Practice No 19 "Accounting for investment properties":

- (i) Investment properties are revalued annually at open market values with Guidance Notes on the valuation of assets issued by the Royal Institute of Chartered Surveyors. All surpluses and deficits arising are taken directly to revaluation reserve except that any permanent diminution in the value of an investment property is taken to profit and loss account for the year; and
- (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment, as regards certain of the company's investment properties, may be a departure from the requirements of the Companies Act 1985 concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is, therefore, necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

#### *Taxation*

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

## Notes (continued)

### 2 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2000	1999
Management and administration	2	2

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	118,500	118,500
Social security	14,457	12,238
	<u>138,773</u>	<u>130,738</u>

### 3 Remuneration of directors

	2000 £	1999 £
Emoluments	<u>118,500</u>	<u>118,500</u>

### 4 Profit on ordinary activities before taxation

	2000 £	1999 £
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*Profit on ordinary activities before taxation is stated*

*after charging/(crediting)*

Depreciation of tangible fixed assets	20,782	29,234
Diminution in value of listed investments	21,278	(5,154)
Auditors' remuneration and expenses:		
Audit	11,163	10,500
Other services	6,815	16,300
Rents receivable	<u>(122,077)</u>	<u>(147,080)</u>

### 5 Tax charge/(credit) on profit on ordinary activities

	2000 £	1999 £
United Kingdom corporation tax at 30% (1999: 30%)	-	61,091
Deferred tax	-	(7,700)
Adjustment from previous year	<u>(13,991)</u>	<u>-</u>
	<u>(13,991)</u>	<u>53,391</u>

## Notes (continued)

### 6 Dividends

	2000 £	1999 £
Final dividend paid on equity shares	2,221,195	44,831
Final dividends proposed on equity shares	44,679	-
	<u>2,265,874</u>	<u>44,831</u>

### 7 Tangible fixed assets

	Freehold land and buildings £	Plant and Machinery £	Total £
<b>Cost</b>			
At beginning of year	623,183	167,690	790,873
Additions	-	9,395	9,395
Disposals	(3,097)	-	(3,097)
	<u>620,086</u>	<u>177,085</u>	<u>797,171</u>
<b>At end of year</b>	<u>620,086</u>	<u>177,085</u>	<u>797,171</u>
<b>Depreciation and amortisation</b>			
At beginning of year	146,466	156,768	303,234
Charge for the year	7,512	13,270	20,782
Disposals	-	-	-
	<u>153,978</u>	<u>170,038</u>	<u>324,016</u>
<b>At end of year</b>	<u>153,978</u>	<u>170,038</u>	<u>324,016</u>
<b>Net book value</b>			
At 30 June 2000	<u>466,108</u>	<u>7,047</u>	<u>473,155</u>
At 30 June 1999	<u>476,717</u>	<u>10,922</u>	<u>487,639</u>

The gross book value of tangible fixed assets on which depreciation has been provided amounts to £552,688 (1999: £543,293).

### 8 Investment property

	£
<b>Leasehold land and buildings at valuation:</b>	
At beginning and end of year	400,000

The investment property was valued by the directors at open market value on 30 June 1989.

## Notes (continued)

### 9 Investments

	Investment in group undertakings	Investment in related undertakings		Listed investments	Total
		Shares	Loans		
	£	£	£	£	£
<b>Cost</b>					
At beginning of year	1	10,000	176,550	1,075,392	1,261,943
Additions	-	-	7,500	87,499	94,999
Disposals	-	(10,000)	-	(616,802)	(626,802)
Transfer to other debtors	-	-	(184,050)	-	(184,050)
At end of year	1	-	-	546,089	546,090
<b>Provisions</b>					
At beginning of year	-	10,000	176,550	14,386	200,936
Movement during the year	-	-	7,500	21,278	28,778
Disposals	-	(10,000)	-	(2,849)	(12,849)
Transfer to other debtors	-	-	(184,050)	-	(184,050)
At end of year	-	-	-	32,815	32,815
<b>Net book value</b>					
At 30 June 2000	1	-	-	513,274	513,275
At 30 June 1999	1	-	-	1,061,006	1,061,007

Upon disposal of the shares in related undertakings a new loan agreement was entered into in the sum of £184,050. This loan was secured by a legal charge over all Heat-Win patents. Upon the resignation of Mr FB Williams and Mr RT Stokes as directors of Heat Win Limited, this entity ceased to be a related undertaking of the company. The outstanding loan and provision have therefore been transferred to other debtors.

#### Listed investments

At 30 June 2000, investments with a cost of £546,090 (1999: £1,070,392) were listed on The Stock Exchange. The market value of these listed investments at 30 June 2000 was £701,411 (1999: £1,225,172).

#### Shares in group undertakings

Company	Country of registration	Principal activity	Class and % of shares held
Souter Shipyard Limited	England	Building and repair of ships and other marine craft	100% ordinary

## Notes (continued)

### 10 Debtors

	2000 £	1999 £
Trade debtors	52,592	50,176
Other debtors	36,000	-
Prepayments and accrued income	-	460
Taxation recoverable	5,534	9,642
	<hr/>	<hr/>
	94,126	60,278
	<hr/>	<hr/>

### 11 Creditors: amounts falling due within one year

	2000 £	1999 £
Trade creditors	-	13,990
Other creditors including taxation and social security	4,829	89,639
Accruals and deferred income	8,000	12,000
Dividends payable	44,679	-
	<hr/>	<hr/>
	57,508	115,629
	<hr/>	<hr/>

Other creditors including taxation and social security comprises:

	£	£
Corporation tax	-	59,455
Other taxes	-	24,586
Social security	4,829	5,598
	<hr/>	<hr/>
	4,829	89,639
	<hr/>	<hr/>

### 12 Provisions for liabilities and charges

	Deferred tax £
At beginning of year	-
Profit and loss account	-
	<hr/>
At end of year	-
	<hr/>

## Notes (continued)

### 12 Provisions for liabilities and charges (continued)

The full potential liability for deferred taxation calculated at 20% (1999: 30%) is set out below:

	2000		1999	
	Full potential liability	Amount unprovided	Full potential liability	Amount unprovided
	£	£	£	£
Accelerated capital allowances and other timing differences	-	-	-	-

### 13 Called up share capital

	2000 £	1999 £
<i>Authorised:</i>		
1,680,000 ordinary shares of 25p each	420,000	420,000
<i>Allotted, called up and fully paid:</i>		
1,280,177 ordinary shares of 25p each	320,044	320,044

### 14 Reserves

#### (a) Capital redemption reserve

	£
At beginning and end of year	80,639

#### (b) Profit and loss account

	Company £
At beginning of year	3,471,508
Retained loss for the financial year	(2,062,879)
At end of year	1,408,629

### 15 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
At beginning of year	3,872,191	4,027,188
(Loss)/profit retained for the year	(2,062,879)	519,039
Repurchase of own shares (see below)	-	(674,036)
At end of year	1,809,312	3,872,191

On 13 April 1999, 214,205 ordinary shares of 25p each were repurchased by the company for £3.10 each. In addition £10,000 was incurred in connection with the purchase making a total cost of £674,036.

## Notes (continued)

### 16 Pensions

The pension scheme operated by the company is of the defined benefit type, the assets of which are held in a trustee administered fund separate from those of the company.

At the date of the latest actuarial valuation, 30 September 1991, the market value of the assets was £3.0 million which was significantly in excess of the amount required to cover the benefits that had accrued to members after allowing for expected future increases in earnings.

Since 1997, personal pension plans have been established for all scheme members, with transfer values from the scheme being calculated by the scheme actuaries prior to being paid to each individual's personal pension plans.

An actuarial valuation is expected to be completed in the near future.

### 17 Related party transactions

During the year, Edward Williams Holdings Limited undertook the following transactions and held the following balances with Heat Win Limited. At the start of the year, Edward Williams Holdings Limited held a 40% interest in the share capital of this company. This interest was disposed of during the year in exchange for a new loan.

	2000 £	1999 £
<b>Transactions</b>		
Paid to Heat Win Limited as consultancy	-	13,214
	<hr/>	<hr/>
<b>Balance</b>		
Debtor	184,050	176,550
Provision	(184,040)	(176,550)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

### 18 Ultimate controlling party

The company is a wholly owned subsidiary undertaking of Brian Williams Holdings Limited, incorporated in Great Britain.

This company is controlled by FB Williams, who is a director of Edward Williams Holdings Limited.