

**Edward Williams Holdings Limited and  
subsidiary companies**

**Directors' report and financial statements**

For the year ended 30 June 1998  
Registered number 98606



## **Directors' report and financial statements**

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 30 June 1998.

### **Principal activity**

The company acts as a holding company for the companies listed in note 13 to the financial statements.

On the 1 August 1997, the Souters Shipyard Limited's business together with certain assets and an equal amount of liabilities were sold to Souters Marine Limited, a company unconnected with Souter Shipyard Limited or its holding company.

### **Results and state of affairs**

The financial statements show the profit of the group for the year and its state of affairs as at 30 June 1998.

### **Post balance sheet events**

On 8 October 1998, the company's interest in the shares of Edward Williams Manufacturing Co Limited was disposed of for a total consideration of £702,000.

### **Dividends and transfers to reserves**

The dividend paid during the year was £Nil (1997: £89,663).

### **Creditor payments policy**

The company does not follow a specific code or standard on payment practice - it is the company's policy to agree the terms of payment with its suppliers in respect of each transaction. The terms of payment are documented in the purchase order and are adhered to as a contractual commitment.

### **Millennium IT Risk**

The directors are aware of the "Year 2000" issue which stems from computer programmes using two rather than four digits to define the applicable year and are now formulating an approach to assess the extent and impact of this problem.

### **Employees**

The group makes every effort to ensure that disabled people receive equal opportunities and are not discriminated against on the grounds of their disability.

The group recognises the benefits of keeping employees informed of the progress of the business and of involving them in its performance.

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

### **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 in the 25p ordinary shares of the company were as follows:

	At 30 June 1998		At 30 June 1997	
	Beneficial	Trustee	Beneficial	Trustee
FB Williams	35,194	246,987	35,194	246,987

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

### **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*

10 December 1998

## **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 group 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 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 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 group and to prevent and detect fraud and other irregularities.



2 Cornwall Street  
Birmingham  
B3 2DL

## **Auditors report to the members of Edward Williams Holdings Limited**

We have audited the financial statements on pages 5 to 22.

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

As described on page 3, 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 as at 30 June 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*LPMB*

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

10 December 1998

## Consolidated profit and loss account for the year ended 30 June 1998

	Note	Continued operations £	Discontinued operations £	1998 Total £	Continued operations £	Discontinued operations £	1997 Total £
Turnover	2	1,783,825	20,768	1,804,593	1,907,959	2,163,910	4,071,869
Cost of sales		(1,430,264)	(12,260)	(1,442,524)	(1,550,648)	(2,081,865)	(3,632,513)
<b>Gross profit</b>		<b>353,561</b>	<b>8,508</b>	<b>362,069</b>	<b>357,311</b>	<b>82,045</b>	<b>439,356</b>
Other operating expenses	3	(469,924)	(45,807)	(515,731)	(472,846)	(125,213)	(598,059)
<b>Operating loss</b>		<b>(116,363)</b>	<b>(37,229)</b>	<b>(153,662)</b>	<b>(115,535)</b>	<b>(43,168)</b>	<b>(158,703)</b>
Profit on sale of assets				106,690			-
Provision against investment				-			(116,250)
Income from other fixed asset investments				31,147			50,666
Other interest receivable and similar income				109,415			94,821
Interest payable and similar charges	5			(3,117)			(3,081)
<b>Profit/(loss) on ordinary activities before taxation</b>	6			<b>90,473</b>			<b>(132,547)</b>
Tax on profit/(loss) on ordinary activities	8			1,976			(46,429)
<b>Profit/(loss) on ordinary activities after taxation and for the financial year</b>	9			<b>92,449</b>			<b>(178,976)</b>
Dividends paid	10			-			(89,663)
<b>Retained profit/(loss)</b>	20			<b>92,449</b>			<b>(268,639)</b>

A statement of movements on reserves is given in note 20.

## Consolidated statement of total recognised gains and losses

There were no recognised gains or losses in either the current or preceding years other than those disclosed in the consolidated profit and loss account.

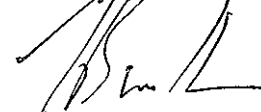
## Note of consolidated historical cost profits and losses

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

**Consolidated balance sheet**  
 as at 30 June 1998

	Note	1998 £	1997 £
<b>Fixed assets</b>			
Tangible assets	11	1,168,877	1,275,052
Investment property	12	400,000	400,000
Investments	13	1,030,753	962,324
		<u>2,599,630</u>	<u>2,637,376</u>
<b>Current assets</b>			
Stocks	14	430,254	613,581
Debtors	15	303,033	925,986
Cash at bank and in hand		1,986,740	1,963,556
		<u>2,720,027</u>	<u>3,503,123</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(307,820)</u>	<u>(1,118,573)</u>
<b>Net current assets</b>		<u>2,412,207</u>	<u>2,384,550</u>
<b>Total assets less current liabilities</b>		<u>5,011,837</u>	<u>5,021,926</u>
<b>Creditors: amounts falling due after more than one year</b>	17	(585)	(3,823)
<b>Provisions for liabilities and charges</b>	18	(7,700)	(107,000)
		<u>5,003,552</u>	<u>4,911,103</u>
<b>Net assets</b>		<u>5,003,552</u>	<u>4,911,103</u>
<b>Capital and reserves</b>			
Called up share capital	19	373,595	373,595
Revaluation reserve	20	573,243	573,243
Capital reserve	20	307,382	307,382
Capital redemption reserve	20	27,088	27,088
Profit and loss account	20	3,722,244	3,629,795
<b>Equity shareholders' funds</b>	21	<u>5,003,552</u>	<u>4,911,103</u>

These financial statements were approved by the board of directors on 10 December 1998 and were signed on its behalf by



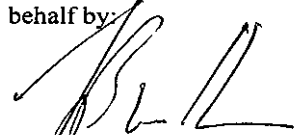
**FB Williams**  
 Chairman



**Company balance sheet**  
*as at 30 June 1998*

	Note	1998 £	£	1997 £	£
<b>Fixed assets</b>					
Tangible assets	11	1,146,634		1,178,186	
Investment property	12	400,000		400,000	
Investments	13	1,265,754		1,212,327	
			<b>2,812,388</b>		<b>2,790,513</b>
<b>Current assets</b>					
Debtors	15	59,945		76,037	
Cash at bank and in hand		1,817,347		1,258,743	
		<b>1,877,292</b>		<b>1,334,780</b>	
<b>Creditors: amounts falling due within one year</b>	16	<b>(654,792)</b>		<b>(335,334)</b>	
<b>Net current assets</b>			<b>1,222,500</b>		<b>999,446</b>
<b>Provisions for liabilities and charges</b>	18		<b>(7,700)</b>		<b>(12,000)</b>
<b>Net assets</b>			<b>4,027,188</b>		<b>3,777,959</b>
<b>Capital and reserves</b>					
Called up share capital	19	373,595		373,595	
Capital redemption reserve	20	27,088		27,088	
Profit and loss account	20	3,626,505		3,377,276	
<b>Equity shareholders' funds</b>	21	<b>4,027,188</b>		<b>3,777,959</b>	

These financial statements were approved by the board of directors on 10 December 1998 and were signed on its behalf by:



**FB Williams**  
*Chairman*

**Consolidated cash flow statement**  
*for the year ended 30 June 1998*

	<i>Note</i>	1998 £	1997 £
<b>Reconciliation of operating loss to net cash inflow from operating activities</b>			
Operating loss		(153,662)	(158,703)
Depreciation charges and provisions for diminution in value of investments		69,626	86,246
(Increase)/decrease in stocks		(40,758)	100,293
Decrease/(increase) in debtors		600,639	(233,705)
(Decrease)/increase in creditors		(470,284)	227,751
Profit on sale of fixed assets		-	(14,872)
Increase in provisions		-	95,000
<b>Net cash inflow from operating activities</b>		<b>5,561</b>	<b>102,010</b>
<b>Cash flow statement</b>			
Net cash inflow from operating activities		5,561	102,010
<b>Returns on investments and servicing of finance</b>	24i	132,172	139,743
<b>Taxation recovered/(paid)</b>		7,703	(23,543)
<b>Capital expenditure and financial investment</b>	24i	(91,990)	(22,808)
<b>Equity dividends paid</b>		-	(89,663)
		<b>53,446</b>	<b>105,739</b>
<b>Financing</b>	24i	(10,625)	(20,847)
<b>Increase in cash</b>		<b>42,821</b>	<b>84,892</b>
<b>Reconciliation of net cash flow to movement in net funds</b>	24ii		
Increase in cash in the year		42,821	84,892
Cash outflow from decrease in debt: lease financing		10,625	20,847
<b>Change in net funds resulting from cash flows</b>		<b>53,446</b>	<b>105,739</b>
<b>Net funds at beginning of year</b>		<b>1,929,471</b>	<b>1,823,732</b>
<b>Net funds at end of year</b>		<b>1,982,917</b>	<b>1,929,471</b>

## **Notes**

*(forming part of the financial statements)*

### **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.

#### **Basis of consolidation**

The consolidated financial statements incorporate those of the parent and subsidiary undertakings. The financial statements are all made up to 30 June each year.

A separate profit and loss account, dealing with the results of the company only, has not been presented under the exemption provided in section 230(4) of the Companies Act 1985.

Any goodwill arising on consolidation is written off immediately against reserves.

#### **Depreciation and amortisation**

Subject to retaining a nominal value, 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%

No depreciation or amortisation is charged in respect of leasehold investment properties in accordance with Statement of Standard Accounting Practice No. 19. This treatment 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.

#### **Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value. Work in progress is valued at cost, plus direct production overheads, less progress payments received.

#### **Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rate ruling on the balance sheet date.

#### **Pensions**

The defined benefit pension schemes operated by the group were wound up in 1997 and personal pension plans have been established for all scheme members. Contributions paid into individuals' personal pension plans are charged to the profit and loss account on an accruals basis.

## Notes (continued)

### Accounting policies (continued)

#### Deferred 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.

#### Leasing and hire purchase

Where plant and machinery is acquired under finance lease or hire purchase arrangements which give rights approximating to ownership, the fair value of such assets is included in tangible assets. Depreciation is provided at the rates set out in 1(c). The capital element of the future obligation to the finance companies is treated as a liability and the interest element is charged to the profit and loss account over the period of the finance lease or hire purchase agreement.

Operating lease rental costs are charged to the profit and loss account as incurred.

#### Turnover

Turnover represents amounts invoiced by the group in respect of goods and services provided during the year, less returns and allowances, excluding value added tax.

Turnover is analysed between the following markets:

	1998 £	1997 £
UK	1,804,593	3,961,414
Europe	-	73,221
Other	-	37,234
	<u>1,804,593</u>	<u>4,071,869</u>

#### Operating expenses

	Continued operations £	Discontinued operations £	1998 £	Continued operations £	Discontinued operations £	1997 £
Distribution costs	80,274	-	80,274	84,344	-	84,344
Administration expenses	486,154	45,807	531,961	480,646	125,213	605,859
Other operating income	(96,504)	-	(96,504)	(92,144)	-	(92,144)
	<u>469,924</u>	<u>45,807</u>	<u>515,731</u>	<u>472,846</u>	<u>125,213</u>	<u>598,059</u>

## Notes (continued)

### Staff numbers and costs

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

	Number of employees	
	1998	1997
Production	28	80
Selling and distribution	2	1
Management and administration	9	26
	<u>39</u>	<u>107</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	506,710	1,606,766
Social security	46,411	154,009
Other pension costs	14,390	13,690
	<u>567,511</u>	<u>1,774,465</u>

### Interest payable and similar charges

	1998 £	1997 £
Hire purchase and finance lease interest	3,117	3,081

### Profit on ordinary activities before taxation

	1998 £	1997 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging/(crediting)</i>		
Depreciation of tangible fixed assets	52,262	80,932
(Increase)/diminution in value of investments	(6,636)	5,314
Auditors' remuneration and expenses:		
Audit (including £9,500 (1997: £9,500) for parent company)	29,185	33,700
Other services	7,950	1,000
Profit on disposal of tangible fixed assets and investments	106,863	7,573
Operating lease rentals in respect of:		
Plant and machinery	1,816	1,841
Rents receivable	(96,504)	(80,230)

**Notes (continued)**

**Emoluments of directors**

	1998 £	1997 £
<b>Aggregate directors' remuneration</b>		
Emoluments	138,445	138,445

**Tax on profit/(loss) on ordinary activities**

	1998 £	1997 £
United Kingdom corporation tax at 31% (1997: 33%)	5,750	40,603
Tax attributable to franked investment income	5,273	2,663
Deferred tax	(4,300)	2,000
Adjustment from previous year	(8,699)	1,163
	(1,976)	46,429

**Profit for the financial year**

Of the group profit for the financial year amounting to £92,499 (1997: loss £178,976), a profit of £249,229 (1997 loss of: £76,344) has been dealt with in the financial statements of the holding company.

**Dividends paid**

	1998	1997
Final	-	89,663

**Notes (continued)**

**1 Tangible fixed assets**

**(a) The group**

	Freehold land and buildings £	Plant and machinery £	Total £
<b>Cost or valuation</b>			
At beginning of year	1,288,183	963,375	2,251,558
Additions	-	6,197	6,197
Disposals	-	(488,272)	(488,272)
<b>At end of year</b>	<b>1,288,183</b>	<b>481,300</b>	<b>1,769,483</b>
<b>Depreciation</b>			
At beginning of year	164,776	811,730	976,506
Charge for the year	9,417	42,845	52,262
Disposals	-	(428,162)	(428,162)
<b>At end of year</b>	<b>174,193</b>	<b>426,413</b>	<b>600,606</b>
<b>Net book value</b>			
At 30 June 1998	1,113,990	54,887	1,168,877
At 30 June 1997	1,123,407	151,645	1,275,052

Freehold land amounting to £817,324 (1997: £817,324) has not been depreciated.

The net book value of land and buildings, determined according to the historical cost accounting rules, is £869,490 (1997: £874,445).

Included in plant and machinery above are assets held under finance leases and hire purchase agreements. These amount to £7,096 net book value at the year end (1997: £19,817) after depreciation charged of £9,711 for the year (1997: £8,713).

The land and buildings were revalued in 1984.

## Notes (continued)

### Tangible fixed assets (continued)

#### (b) The company

	Freehold land and buildings £	Plant and machinery £	Total £
<b>Cost</b>			
At beginning of year	1,288,183	167,690	1,455,873
Additions	-	-	-
Disposals	-	-	-
<b>At end of year</b>	<b>1,288,183</b>	<b>167,690</b>	<b>1,455,873</b>
<b>Depreciation and amortisation</b>			
At beginning of year	164,776	112,911	277,687
Charge for the year	9,417	22,135	31,552
Disposals	-	-	-
<b>At end of year</b>	<b>174,193</b>	<b>135,046</b>	<b>309,239</b>
<b>Net book value</b>			
At 30 June 1998	1,113,990	32,644	1,146,634
At 30 June 1997	1,123,407	54,779	1,178,186

The gross book value of tangible fixed assets on which depreciation has been provided amounts to £638,549 (1997: £638,549).

#### Investment property

	Group and Company £
Leasehold land and buildings at valuation:	
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)

### Investments

	Loans to related undertakings £	Shares in related undertakings £	Listed investments £	Total £
<b>Group</b>				
<i>Cost or valuation</i>				
At beginning of year	116,250	10,000	988,499	1,114,749
Additions	24,000	-	805,969	829,969
Disposals	-	-	(744,176)	(744,176)
<b>At end of year</b>	<b>140,250</b>	<b>10,000</b>	<b>1,050,292</b>	<b>1,200,542</b>
<i>Provisions</i>				
At beginning of year	116,250	10,000	26,175	152,425
Movement during the year	24,000	-	(6,636)	17,364
<b>At end of year</b>	<b>140,250</b>	<b>10,000</b>	<b>19,539</b>	<b>169,789</b>
<i>Net book value</i>				
At 30 June 1998	-	-	1,030,753	1,030,753
At 30 June 1997	-	-	962,324	962,324
	<b>Investment in group undertakings £</b>	<b>Investment in related undertakings £</b>	<b>Listed investments £</b>	<b>Total £</b>
<b>Company</b>				
<i>Cost</i>				
At beginning of year	228,512	10,000	988,499	1,227,011
Additions	-	-	805,969	805,969
Disposals	(228,509)	-	(744,176)	(972,685)
	3	10,000	1,050,292	1,060,295
Loan to subsidiary undertaking (1997: £249,998)	234,998	-	-	234,998
Loan to related undertaking (1997: £116,250)	-	140,250	-	140,250
<b>At end of year</b>	<b>235,001</b>	<b>150,250</b>	<b>1,050,292</b>	<b>1,435,543</b>
<i>Provisions</i>				
At beginning of year	228,507	126,250	26,175	380,932
Movement during the year	(228,507)	24,000	(6,636)	(211,143)
<b>At end of year</b>	<b>-</b>	<b>150,250</b>	<b>19,539</b>	<b>169,789</b>
<i>Net book value</i>				
At 30 June 1998	235,001	-	1,030,753	1,265,754
At 30 June 1997	250,003	-	962,324	1,212,327

## Notes (continued)

### Investments (continued)

#### Listed investments

At 30 June 1998, investments with a cost of £1,050,292 (1997: £988,499) were listed on The Stock Exchange. The market value of these listed investments at 30 June 1998 was £1,171,672 (1997: £1,114,196).

#### Shares in group and related undertakings

The shares at cost represent 100%, unless otherwise stated, of the issued £1 ordinary shares of the following companies which are incorporated in Great Britain:

Edward Williams Manufacturing Company Limited

Souter Shipyard Limited

Heat Win Limited (40%)

#### Activities

Cold heading and driers

Building and repair of ships and other marine craft

Development of heat retaining equipment

#### Stocks and work in progress

	1998	Group 1997
	£	£
Raw materials and consumables	217,204	187,527
Work in progress	28,431	1,303,067
Finished goods and goods for resale	184,619	193,809
	<hr/>	<hr/>
	430,254	1,684,403
Payments on account	-	(1,070,822)
	<hr/>	<hr/>
	430,254	613,581
	<hr/>	<hr/>

## Notes (continued)

### Debtors

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Trade debtors	283,473	851,197	-	-
Amounts owed by group undertakings	-	-	35,568	57,494
Other debtors	9,261	27,759	7,911	10,401
Prepayments and accrued income	10,299	39,118	230	230
Taxation recoverable	-	7,912	16,236	7,912
	<u>303,033</u>	<u>925,986</u>	<u>59,945</u>	<u>76,037</u>

### Creditors: amounts falling due within one year

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Bank loans and overdrafts	-	19,637	-	-
Payments received on account	-	231,918	-	-
Trade creditors	163,671	492,354	-	-
Amounts owed to group undertaking	-	-	578,919	245,537
Other creditors including taxation and social security	50,559	104,381	5,080	17,654
Accruals and deferred income	93,590	270,283	70,793	72,143
	<u>307,820</u>	<u>1,118,573</u>	<u>654,792</u>	<u>335,334</u>

### Other creditors including taxation and social security comprises:

	£	£	£	£
Advance corporation tax	-	10,948	-	10,948
Corporation tax	4,063	22,573	-	1,466
Other taxes	9,420	-	-	-
Social security	17,703	43,841	5,080	5,240
	<u>31,186</u>	<u>77,362</u>	<u>5,080</u>	<u>17,654</u>
Obligations under finance leases and hire purchase agreements	3,238	10,625	-	-
Other creditors	16,135	16,394	-	-
	<u>50,559</u>	<u>104,381</u>	<u>5,080</u>	<u>17,654</u>

## Notes (continued)

### Creditors: amounts falling due after more than one year

	Group	
	1998	1997
	£	£
Obligations under finance leases and hire purchase agreements (all falling due within five years)	585	3,823
	<u>585</u>	<u>3,823</u>

### Provisions for liabilities and charges

	Deferred tax	Other provisions	Total
	£	£	£
<b>Group</b>			
At beginning of year	12,000	95,000	107,000
Profit and loss account	(4,300)	-	(4,300)
Disposal of business	-	(95,000)	(95,000)
	<u>7,700</u>	<u>-</u>	<u>7,700</u>
<b>At end of year</b>	<u>7,700</u>	<u>-</u>	<u>7,700</u>
			Deferred tax
			£
<b>Company</b>			
At beginning of year			12,000
Profit and loss account			(4,300)
			<u>7,700</u>
<b>At end of year</b>			<u>7,700</u>

Other provisions comprise provisions for redundancies and refurbishment costs.

The full potential liability for deferred taxation calculated at 30% (1997: 31%) is set out below:

#### Group and company

	1998		1997	
	Full potential liability	Amount unprovided	Full potential liability	Amount unprovided
	£	£	£	£
Accelerated capital allowances and other timing differences	7,700	-	12,000	-
	<u>7,700</u>	<u>-</u>	<u>12,000</u>	<u>-</u>

## Notes (continued)

### Called up share capital

	1998 £	1997 £
<b>Authorised:</b>		
1,680,000 ordinary shares of 25p each	420,000	420,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid:</b>		
1,494,382 ordinary shares of 25p each	373,595	373,595
	<u>          </u>	<u>          </u>

### Reserves

#### (a) Revaluation reserve

	Investment properties £	Others £	Total £
<b>Group</b>			
At beginning and end of year	350,129	223,114	573,243
	<u>          </u>	<u>          </u>	<u>          </u>

#### (b) Capital reserve

	Group £
At beginning and end of year	307,382
	<u>          </u>

#### (c) Capital redemption reserve

	Group and company £
At beginning and end of year	27,088
	<u>          </u>

#### (d) Profit and loss account

	Group £	Company £
At beginning of year	3,629,795	3,377,276
Retained profit for the financial year	92,449	249,229
	<u>          </u>	<u>          </u>
At end of year	3,722,244	3,626,505
	<u>          </u>	<u>          </u>

## Notes (continued)

### Reconciliation of movements in shareholders' funds

	Group		Company	
	1998 £	1997 £	1998 £	1997 £
At beginning of year	4,911,103	5,179,742	3,777,959	3,943,966
Retained profit/(loss) for the year after taxation	92,449	(268,639)	249,229	(166,007)
At end of year	<u>5,003,522</u>	<u>4,911,103</u>	<u>4,027,188</u>	<u>3,777,959</u>

### Lease commitments

The group's annual commitments in respect of operating leases are as follows:

	1998		1997	
	Land and buildings £	Plant and machinery £	Land and buildings £	Plant and machinery £
Lease expires:				
Between one and five years	-	1,625	-	2,710
Over five years	-	191	-	1,188
	<u>-</u>	<u>1,816</u>	<u>-</u>	<u>3,898</u>

The obligation of the group under finance leases is as follows:

	1998 £	1997 £
Within one year	3,238	10,625
Between one and five years	585	3,823
	<u>3,823</u>	<u>14,448</u>

## Notes (continued)

### 3 Pension schemes

The defined benefit pension schemes operated by the group were wound up during 1997. Personal pension plans have been established for all scheme members with transfer values from the schemes calculated by the scheme actuaries prior to being paid into each individual's personal pension plans.

### 4 Notes to the consolidated cash flow statement

#### Gross cash flows

	1998 £	1997 £
<b>Returns on investments and servicing of finance</b>		
Interest received	109,415	94,821
Finance lease interest paid	(3,117)	(3,081)
Income from fixed asset investments	25,874	48,003
	<u>132,172</u>	<u>139,743</u>

#### Capital expenditure and financial investments

Payments to acquire tangible fixed assets and listed investments	(812,166)	(73,127)
Receipts from sales of tangible fixed assets and listed investments	744,176	77,319
Increase in loans to investment	(24,000)	(27,000)
	<u>(91,990)</u>	<u>(22,808)</u>

#### Financing

Capital element of finance lease rental payments	(10,625)	(20,847)
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#### Analysis of changes in net funds

	At beginning of year £	Cash flows £	At end of year £
Cash in hand, at bank	1,963,556	23,184	1,986,740
Overdrafts	(19,637)	19,637	-
	<u>1,943,919</u>	<u>42,821</u>	<u>1,986,740</u>
Finance leases	(14,448)	10,625	(3,823)
Total	<u>1,929,471</u>	<u>53,446</u>	<u>1,982,917</u>

**Notes (continued)**

**4 Notes to the consolidated cash flow statement (continued)**

**ii) Disposal of business**

Net assets disposed of:	£
Fixed assets	166,800
Stock	224,085
Debtors	14,401
	<hr/>
Trade creditors	405,286
Other liabilities	(162,665)
	(242,622)
	<hr/>
	-
	<hr/>

The business sold during the year contributed £16,879 to the group's net operating cash flows, received £7,193 in respect of net returns on investments, and paid £197 in respect of capital expenditure.

**Post balance sheet event**

On 8 October 1998, the company's interest in the shares of Edward Williams Manufacturing Co Limited was disposed of for a total consideration of £702,000.

**Related party transactions**

During the year Edward Williams Holdings Limited undertook the following transactions and held the following balances with Heat Win Limited, a company in which Edward Williams Holdings Limited holds a 40% interest.

	1998 £	1997 £
<b>Transactions</b>		
Paid to Heat Win Limited as consultancy	25,057	9,359
	<hr/>	<hr/>
<b>Balance</b>		
Debtor	140,250	116,250
Provision	(140,250)	(116,250)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>