

**Edward Williams Holdings Limited and
subsidiary companies**

**Directors' report and consolidated
financial statements**

For the year ended 30 June 1997
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 1997.

Principal activity

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

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 1997.

Future prospects

The directors continue to seek opportunities to strengthen the group balance sheet to the benefit of all shareholders.

Dividends and transfers to reserves

The dividend paid during the year was £89,663 (1996: £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.

Fixed assets

The directors are of the opinion that the aggregate market value of properties at 30 June 1997 was in excess of their book value at that date.

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 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 FB Williams 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 1997		At 30 June 1996	
	Beneficial	Trustee	Beneficial	Trustee
FB Williams	35,194	246,987	35,194	246,987

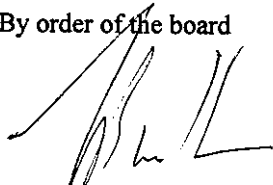
No director is beneficially interested in the share capital of any subsidiary undertaking.

Directors' report *(continued)*

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

A handwritten signature in black ink, appearing to be 'FB Williams', written over a horizontal line.

FB Williams
Chairman

10 November 1997

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 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG

*Chartered Accountants
Registered Auditors*

10 November 1997

Consolidated profit and loss account
for the year ended 30 June 1997

	<i>Note</i>	1997 £	1996 £
Turnover - continuing operations	2	4,071,869	5,314,899
Cost of sales		(3,632,513)	(4,616,993)
Gross profit		439,356	697,906
Other operating expenses		(598,059)	(588,639)
Operating (loss)/profit - continuing operations	3	(158,703)	109,267
Provision against investment		(116,250)	-
Income from other fixed asset investments		50,666	53,241
Other interest receivable and similar income		94,821	92,867
Interest payable and similar charges	5	(3,081)	(5,453)
(Loss)/profit on ordinary activities before taxation	6	(132,547)	249,922
Tax on profit on ordinary activities	8	(46,429)	(42,172)
(Loss)/profit on ordinary activities after taxation		(178,976)	207,750
(Loss)/profit for the financial year	9	(178,976)	207,750
Dividends paid	10	(89,663)	(89,663)
Retained (loss)/profit	20	(268,639)	118,087

A statement of movement 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 1997

	Note	1997	1996
Fixed assets			
Tangible assets	11	1,275,052	1,331,660
Investment property	12	400,000	400,000
Investments	13	962,324	1,070,532
		<hr/>	<hr/>
		2,637,376	2,802,192
Current assets			
Stocks	14	613,581	713,874
Debtors	15	925,986	699,934
Cash at bank and in hand		1,963,556	1,942,347
		<hr/>	<hr/>
Creditors: amounts falling due within one year	16	3,503,123 (1,118,573)	3,356,155 (943,890)
		<hr/>	<hr/>
Net current assets		2,384,550	2,412,265
		<hr/>	<hr/>
Total assets less current liabilities		5,021,926	5,214,457
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	17	(3,823)	(24,715)
Provisions for liabilities and charges	18	(107,000)	(10,000)
		<hr/>	<hr/>
Net assets		4,911,103	5,179,742
		<hr/>	<hr/>
Capital and reserves			
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	3,629,795	3,898,434
		<hr/>	<hr/>
Equity shareholders' funds	21	4,911,103	5,179,742
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 10 November 1997 and were signed on its behalf by:


FB Williams
Chairman

Company balance sheet
as at 30 June 1997

	Note	£	1997 £	£	1996 £
Fixed assets					
Tangible assets	11	1,178,186		1,187,190	
Investment property	12	400,000		400,000	
Investments	13	1,212,327		1,320,536	
			2,790,513		2,907,726
Current assets					
Debtors	15	76,037		133,934	
Cash at bank and in hand		1,258,743		1,357,197	
		1,334,780		1,491,131	
Creditors: amounts falling due within one year	16	(335,334)		(444,891)	
Net current assets			999,446		1,046,240
Provisions for liabilities and charges	18		(12,000)		(10,000)
Net assets			3,777,959		3,943,966
Capital and reserves					
Called up share capital	19		373,595		373,595
Capital redemption reserve	20		27,088		27,088
Profit and loss account	20		3,377,276		3,543,283
Equity shareholders' funds	21		3,777,959		3,943,966

These financial statements were approved by the board of directors on 12 November 1997 and were signed on its behalf by:


FB Williams
Chairman

Consolidated cash flow statement

for the year ended 30 June 1997

	<i>Note</i>	1997 £	1996 £
Reconciliation of operating (loss)/profit to net cash inflow from operating activities			
Operating (loss)/profit		(158,703)	109,267
Depreciation charges and provisions for diminution in value of investments		86,246	91,765
Decrease in stocks		100,293	59,448
(Increase)/decrease in debtors		(233,705)	458,735
Increase in creditors		227,751	45,743
Profit on sale of fixed assets		(14,872)	(43,169)
Increase in provisions		95,000	-
Net cash inflow from operating activities		<u>102,010</u>	<u>721,429</u>
Cash flow statement			
Net cash inflow from operating activities		102,010	721,429
Returns on investments and servicing of finance	26i	139,743	139,442
Taxation paid		(23,543)	(189,651)
Capital expenditure and financial investment	26i	(22,808)	(171,564)
Equity dividends paid		(89,663)	(89,663)
		<u>105,739</u>	<u>409,993</u>
Financing	26i	(20,847)	(10,264)
Increase in cash		<u>84,892</u>	<u>399,729</u>
Reconciliation of net cash flow to movement in net funds	26ii		
Increase in cash in the period		84,892	399,729
Cash outflow from decrease in debt; lease financing		20,847	10,264
Change in net fund resulting from cash flows		<u>105,739</u>	<u>409,993</u>
New finance lease		-	(16,134)
Change in net funds		<u>105,739</u>	<u>393,859</u>
Net funds at beginning of year		<u>1,823,732</u>	<u>1,429,873</u>
Net funds at end of year		<u>1,929,471</u>	<u>1,823,732</u>

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:

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) Profit on contracts

Profit on contracts is brought into account by reference to the sales invoices rendered in the financial year.

(f) 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.

(g) Pensions

The defined benefit pension schemes operated by the group were wound up in 1996 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)

1 Accounting policies (continued)

(h) 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.

(i) 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.

2 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:

	1997 £	1996 £
UK	3,961,414	4,947,255
Europe	73,221	771
Other	37,234	366,873
	<hr/> 4,071,869 <hr/>	<hr/> 5,314,889 <hr/>

3 Operating (loss)/profit

	1997 £	1996 £
Turnover	4,071,869	5,314,899
Cost of sales	(3,632,513)	(4,616,993)
Gross profit	<hr/> 439,356 <hr/>	<hr/> 697,906 <hr/>
Net operating expenses:		
Distribution costs	(84,344)	(96,345)
Administration expenses	(605,859)	(618,721)
Other operating income	92,144	126,427
	<hr/> (598,059) <hr/>	<hr/> (588,639) <hr/>
Operating (loss)/profit	<hr/> (158,703) <hr/>	<hr/> 109,267 <hr/>

Notes (continued)

4 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	
	1997	1996
Production	80	92
Selling and distribution	1	1
Management and administration	26	31
	<hr/>	<hr/>
	107	124
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	1,606,766	1,882,057
Social security	154,009	229,734
Other pension costs	13,690	(435)
	<hr/>	<hr/>
	1,774,465	2,111,356
	<hr/>	<hr/>

5 Interest payable and similar charges

	1997	1996
	£	£
On bank loans, overdrafts and other loans repayable within five years	-	407
Hire purchase and finance lease interest	3,081	5,028
Other	-	18
	<hr/>	<hr/>
	3,081	5,453
	<hr/>	<hr/>

6 Profit on ordinary activities before taxation

	1997	1996
	£	£
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging/(crediting)</i>		
Depreciation of tangible fixed assets	80,932	107,255
Diminution in value of investments	5,314	(15,490)
Auditors' remuneration and expenses:		
Audit (including £9,500 (1996: £9,250) for parent company)	33,700	32,645
Other services	1,000	5,050
Profit on disposal of tangible fixed assets and investments	7,573	294
Operating lease rentals in respect of:		
Plant and machinery	1,841	1,711
Rents receivable	(80,230)	(80,230)
	<hr/>	<hr/>

Notes (continued)

7 Emoluments of directors

	1997 £	1996 £
Aggregate directors' remuneration		
Emoluments	138,445	135,450
	<u> </u>	<u> </u>

8 Tax on profit on ordinary activities

	1997 £	1996 £
United Kingdom corporation tax at 33% (1996: 33%)	40,603	40,949
Tax attributable to franked investment income	2,663	1,223
Deferred tax charge	2,000	-
Underprovision from previous year	1,163	-
	<u> </u>	<u> </u>
	46,429	42,172
	<u> </u>	<u> </u>

9 Profit for the financial year

Of the group loss for the financial year amounting to £178,976 (1996: profit £207,750), a loss of £76,344 (1996 profit of: £59,748) has been dealt with in the financial statements of the holding company.

10 Dividends paid

	1997	1996
Final	89,663	89,663
	<u> </u>	<u> </u>

Notes (continued)

11 Tangible fixed assets

(a) The group

	Freehold land and buildings £	Plant and machinery £	Total £
<i>Cost or valuation</i>			
At beginning of year	1,288,183	968,780	2,256,963
Additions	-	48,328	48,328
Disposals	-	(53,733)	(53,733)
At end of year	1,288,183	963,375	2,251,558
<i>Depreciation</i>			
At beginning of year	155,359	769,944	925,303
Charge for the year	9,417	71,515	80,932
Disposals	-	(29,729)	(29,729)
At end of year	164,776	811,730	976,506
<i>Net book value</i>			
At 30 June 1997	1,123,407	151,645	1,275,052
At 30 June 1996	1,132,824	198,836	1,331,660

The gross book value of tangible fixed assets on which depreciation has been provided amounts to £1,434,234 (1996: £1,439,640).

The net book value of land and buildings, determined according to the historical cost accounting rules, is £874,445 (1996: £879,400).

Included in plant and machinery above are assets held under finance leases and hire purchase agreements. These amount to £19,817 net book value at the year end (1996: £28,530) after depreciation charged of £8,713 for the year (1996: £10,840).

The land and buildings were revalued in 1984.

Notes (continued)

11 Tangible fixed assets (continued)

(b) The company

	Freehold land and buildings £	Plant and machinery £	Total £
<i>Cost</i>			
At beginning of year	1,288,183	166,283	1,454,466
Additions	-	43,690	43,690
Disposals	-	(42,283)	(42,283)
At end of year	1,288,183	167,690	1,455,873
<i>Depreciation and amortisation</i>			
At beginning of year	155,359	111,917	267,276
Charge for the year	9,417	22,135	31,552
Disposals	-	(21,141)	(21,141)
At end of year	164,776	112,911	277,687
<i>Net book value</i>			
At 30 June 1997	1,123,407	54,779	1,178,186
At 30 June 1996	1,132,824	54,366	1,187,190

The gross book value of tangible fixed assets on which depreciation has been provided amounts to £638,549 (1996: £637,142).

12 Investment property

	Group and Company £
Leasehold land and buildings at valuation:	
At beginning and end of year	400,000

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

Notes (continued)

13 Investments

Group	Loans to related undertakings £	Shares in related undertakings £	Listed investments £	Total £
Cost or valuation				
At beginning of year	89,250	10,000	1,002,143	1,101,393
Additions	27,000	-	53,300	80,300
Disposals	-	-	(66,944)	(66,944)
At end of year	116,250	10,000	988,499	1,114,749
Provisions				
At beginning of year	-	10,000	20,861	30,861
Movement during the year	116,250	-	5,314	121,564
At end of year	116,250	10,000	26,175	152,425
Net book value				
At 30 June 1997	-	-	962,324	962,324
At 30 June 1996	89,250	-	981,282	1,070,532
	Investment in group undertakings £	Investment in related undertakings £	Listed investments £	Total £
Company				
Cost				
At beginning of year	228,513	10,000	1,002,143	1,240,656
Additions	-	-	53,300	53,300
Disposals	(1)	-	(66,944)	(66,945)
	228,512	10,000	988,499	1,227,011
Loan to subsidiary undertaking (1996: £249,998)	249,998	-	-	249,998
Loan to related undertaking (1996: £89,250)	-	116,250	-	116,250
At end of year	478,510	126,250	988,499	1,593,259
Provisions				
At beginning of year	228,507	10,000	20,861	259,368
Movement during the year	-	116,250	5,314	121,564
At end of year	228,507	126,250	26,175	380,932
Net book value				
At 30 June 1997	250,003	-	962,324	1,212,327
At 30 June 1996	250,004	89,250	981,282	1,320,536

Notes (continued)

13 Investments (continued)

Listed investments

At 30 June 1997, investments with a cost of £988,499 (1996: £1,002,143) were listed on The Stock Exchange. The market value of these listed investments at 30 June 1997 was £1,114,196 (1996: £1,083,341).

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:

Trading companies

Activities

Edward Williams Manufacturing Company Limited

Cold heading and driers

Souter Shipyard Limited

Building and repair of ships and other marine craft

Heat Win Limited (40%)

Development of heat retaining equipment

Non-trading companies

Associated British Machine Tool Makers (Holdings) Limited

ABMTM Limited

Associated British Tool Makers (Pakistan) Limited

Associated British Marine Limited

Associated British Machine Tool Makers (India) Limited

Souter Copland Composites Limited

14 Stocks and work in progress

	Group	
	1997	1996
	£	£
Raw materials and consumables	88,941	128,689
Work in progress	1,303,067	992,197
Finished goods and goods for resale	292,395	281,751
	<hr/>	<hr/>
	1,684,403	1,402,637
Payments on account	(1,070,822)	(688,763)
	<hr/>	<hr/>
	613,581	713,874
	<hr/>	<hr/>

Notes (continued)

15 Debtors

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Trade debtors	851,197	600,602	-	-
Amounts owed by group undertakings	-	-	57,494	77,615
Other debtors	27,759	21,910	10,401	4,546
Prepayments and accrued income	39,118	61,857	230	20,890
Taxation recoverable	7,912	15,565	7,912	30,883
	<u>925,986</u>	<u>699,934</u>	<u>76,037</u>	<u>133,934</u>

16 Creditors: amounts falling due within one year

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Bank loans and overdrafts	19,637	83,320	-	-
Payments received on account	231,918	130,320	-	-
Trade creditors	492,354	375,985	-	106
Amounts owed to group undertaking	-	-	245,537	346,148
Other creditors including taxation and social security	104,381	122,583	17,654	26,492
Accruals and deferred income	270,283	231,682	72,143	72,145
	<u>1,118,573</u>	<u>943,890</u>	<u>335,334</u>	<u>444,891</u>

Other creditors including taxation and social security comprises:

	£	£	£	£
Advance corporation tax	10,948	-	10,948	-
Corporation tax	22,573	22,951	1,466	21,851
Other taxes	-	24,598	-	-
Social security	43,841	50,134	5,240	4,641
	<u>77,362</u>	<u>97,683</u>	<u>17,654</u>	<u>26,492</u>
Obligations under finance leases and hire purchase agreements	10,625	10,580	-	-
Other creditors	16,394	14,320	-	-
	<u>104,381</u>	<u>122,583</u>	<u>17,654</u>	<u>26,492</u>

Notes (continued)

17 Creditors: amounts falling due after more than one year

	Group	
	1997	1996
	£	£
Obligations under finance leases and hire purchase agreements (all falling due within five years)	3,823	24,715
	<u> </u>	<u> </u>

18 Provisions for liabilities and charges

	Deferred tax	Other provisions	Total
	£	£	£
Group			
At beginning of year	10,000	-	10,000
Profit and loss account	2,000	95,000	97,000
	<u> </u>	<u> </u>	<u> </u>
At end of year	12,000	95,000	107,000
	<u> </u>	<u> </u>	<u> </u>
			Deferred tax
			£
Company			
At beginning of year			10,000
Profit and loss account			2,000
			<u> </u>
At end of year			12,000
			<u> </u>

Other provisions comprise provisions for redundancies and refurbishment costs.

The full potential liability for deferred taxation calculated at 31% (1996: 33%) is set out below:

Group and company

	1997		1996	
	Full	Amount	Full	Amount
	potential	unprovided	potential	unprovided
	liability		liability	
	£	£	£	£
Accelerated capital allowances and other timing differences	12,000	-	10,000	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes (continued)

19 Called up share capital

	1997 £	1996 £
Authorised:		
1,680,000 ordinary shares of 25p each	420,000	420,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid:		
1,494,382 ordinary shares of 25p each	373,595	373,595
	<u> </u>	<u> </u>

20 Reserves

(a) Revaluation reserve

	Investment properties £	Others £	Total £
Group			
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	3,898,434	3,543,283
Retained loss for the financial year	(268,639)	(166,007)
	<u> </u>	<u> </u>
At end of year	3,629,795	3,377,276
	<u> </u>	<u> </u>

Notes (continued)

21 Reconciliation of movements in shareholders' funds

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
At beginning of year	5,179,742	5,061,655	3,943,966	3,973,881
Retained (loss)/profit for the year after taxation	(268,639)	118,087	(166,007)	(29,915)
At end of year	<u>4,911,103</u>	<u>5,179,742</u>	<u>3,777,959</u>	<u>3,943,966</u>

22 Guarantees

Group

	1997	1996
	£	£
Guarantees jointly given in respect of the financing arrangements of certain export contracts	-	44,671

23 Capital commitments

There were no capital commitments at 30 June 1997 (1996: £Nil).

24 Lease commitments

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

	1997		1996	
	Land and buildings	Plant and machinery	Land and buildings	Plant and machinery
	£	£	£	£
Lease expires:				
Within one year	-	-	-	582
Between one and five years	-	2,710	-	1,002
Over five years	-	1,188	-	1,522
	<u>-</u>	<u>3,898</u>	<u>-</u>	<u>3,106</u>

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

	1997	1996
	£	£
Within one year	10,625	10,580
Between one and five years	3,823	24,715
	<u>14,448</u>	<u>35,295</u>

Notes (continued)

25 Pension schemes

The defined benefit pension schemes operated by the group were wound up during 1996. 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.

26 Notes to the consolidated cash flow statement

(i) Gross cash flows

	1997 £	1996 £
Returns on investments and servicing of finance		
Interest received	94,821	92,867
Interest paid	-	(415)
Finance lease interest paid	(3,081)	(5,028)
Income from fixed asset investments	48,003	52,018
	<u>139,743</u>	<u>139,442</u>
Capital expenditure and financial investments		
Payments to acquire tangible fixed assets and listed investments	(73,127)	(816,690)
Receipts from sales of tangible fixed assets and listed investments	77,319	645,126
Increase in loans to investment	(27,000)	-
	<u>(22,808)</u>	<u>(171,564)</u>
Financing		
Capital element of finance lease rental payments	(20,847)	(10,264)

(ii) Analysis of changes in net debt

	At beginning of year £	Cash flows £	At end of year £
Cash in hand, at bank	1,942,347	21,209	1,963,556
Overdrafts	(83,320)	63,683	(19,637)
	<u>1,859,027</u>	<u>84,892</u>	<u>1,943,919</u>
Finance leases	(35,295)	20,847	(14,448)
Total	<u>1,823,732</u>	<u>105,739</u>	<u>1,929,471</u>

Notes (continued)

27 Related party transactions

During the year Edward Williams Holdings Limited undertook the following transactions and held the following balances at 30 June 1997 with Heat Win Limited, a company in which Edward Williams Holdings Limited holds a 40% interest.

	£
Transactions	
Paid to Heat Win Limited as consultancy	9,359
	<hr/>
Balance at 30 June 1997	
Debtor	116,250
Provision	(116,250)
	<hr/>
	-
	<hr/>

Edward Williams Holdings Limited
Profit and loss account
for the year ended 30 June 1997

	1997 £	1996 £
Turnover	-	-
Cost of sales	-	-
Gross profit	-	-
Administrative expenses	(400,020)	(272,264)
Other operating income and income from fixed asset investments	211,943	206,227
Operating loss	(188,077)	(66,037)
Income from other fixed asset investments	50,666	53,241
Amounts written off investments	(5,314)	15,490
Other interest receivable and similar income	69,758	77,654
(Loss)/profit on ordinary activities before taxation	(72,967)	80,348
Taxation on profit on ordinary activities	(3,377)	(20,600)
(Loss)/profit on ordinary activities after taxation	(76,344)	59,748
Dividends paid	(89,663)	(89,663)
Loss for the financial year	(166,007)	(29,915)

This profit and loss account was approved by the board of directors on 10 November 1997 and signed on its behalf by:


FB Williams
Chairman