



AMDEGA LIMITED

Report and Financial Statements

2 August 1997

**Deloitte & Touche
Gainsborough House
34-40 Grey Street
Newcastle upon Tyne
NE1 6AE**





REPORT AND FINANCIAL STATEMENTS 1997

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Auditors' report	5
Profit and loss account	6
Statement of total recognised gains and losses	7
Balance sheet	8
Cash flow statement	9
Notes to the accounts	10

REPORT AND FINANCIAL STATEMENTS 1997

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C M Taylor
C J Redfern
P J Moran

SECRETARY

Dickinson Dees

REGISTERED OFFICE

Cross House
Westgate Road
Newcastle upon Tyne
NE99 1SB

BANKERS

National Westminster Bank plc
PO Box 87
Colmore Centre
103 Colmore Row
Birmingham
West Midlands
B3 3NS

Midland Bank plc
1 St Peters Street
Derby
East Midlands
DE1 2AE

BankBoston, N.A.
100 Federal Street
Boston
Massachusetts
02110

SOLICITORS

Dickinson Dees
Cross House
Westgate Road
Newcastle upon Tyne
NE99 1SB

AUDITORS

Deloitte & Touche
Chartered Accountants
Gainsborough House
34-40 Grey Street
Newcastle upon Tyne
NE1 6AE

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the seven months ended 2 August 1997.

PRINCIPAL ACTIVITY

The company's principal activity is the manufacture and sale of conservatories.

REVIEW OF BUSINESS

Significant improvements in operating margins have been achieved during 1997 which, together with tight control of overhead costs, have stabilised the business and provided a platform for future growth and profitability.

On 15 August 1997 the entire share capital of Amdega Limited was acquired by Crossco (263) Limited.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend for the period (1996 : £nil). The profit for the period of £6,000 has been transferred to reserves (1996 : loss of £944,000 withdrawn from reserves).

FUTURE PROSPECTS

The business is now well placed to profitably exploit the more favourable market conditions that are apparent for the coming year.

DIRECTORS AND THEIR INTERESTS

The present membership of the board is set out on page 1.

Since 1 January 1997 the following changes have taken place:

T A Ruddie	(Resigned 20 June 1997)
M T Davies	(Resigned 15 August 1997)
M J Edwards	(Resigned 15 August 1997)
D P Goddard	(Resigned 15 August 1997)
P J Moran	(Appointed 15 August 1997)
A E J Reynolds	(Resigned 10 February 1998)

None of the directors held any interest in the share capital of the company or any other subsidiary of Williams Holdings PLC. The directors' interests in the share capital of Williams Holdings PLC were:

	Ordinary shares of 25p each			
	At 2 August 1997		At 31 December 1996*	
	Shares	Options	Shares	Options
M T Davies	12,094	831,256	12,094	831,256
M J Edwards	100	204,077	100	204,077
D P Goddard	1,714	256,386	1,714	256,386
C J Redfern	-	1,418	-	1,418
A E J Reynolds	5,806	-	5,806	-
C M Taylor	-	4,663	-	4,663

* or date of appointment if later

None of the other directors held any interest in the share capital of Williams Holdings PLC at 1 January or 2 August 1997.

DIRECTORS' REPORT (continued)

On 31 December 1996, Newmond Limited became Amdega Limited's ultimate holding company. The directors' interests in the share capital of Newmond Limited at 2 August 1997 were:

	Ordinary shares of 25p each			
	At 2 August 1997		At 31 December 1996	
	Shares	Options	Shares	Options
M T Davies	250,000	-	250,000	-
M J Edwards	150,000	-	150,000	-
D P Goddard	150,000	-	150,000	-
C J Redfern	7,000	-	7,000	-
A E J Reynolds	23,625	-	23,625	-
C M Taylor	10,000	-	10,000	-

HEALTH AND SAFETY

The company's policy is to ensure that as far as is reasonably practicable, there is a working environment which will minimise risk to health and safety of its employees or those persons who are authorised to be on its premises. It is considered that health and safety is an integral part of good business management and accordingly high standards are required

RESEARCH AND DEVELOPMENT

Product development and innovation is a continuous process. The company continues to commit resources to research and development where this activity is necessary to the evolution of its business and in order to keep it technologically in the forefront of the marketplace.

AUDITORS

On 15 August 1997 Deloitte & Touche were appointed auditors of the company by the directors. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
 and signed on behalf of the Board



Director

Date: 14th May 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 as at the end of the financial year and of the profit or loss of the company 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 account standards have been followed;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Chartered Accountants

Deloitte & Touche
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Newcastle upon Tyne NE1 6AE

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AUDITORS' REPORT TO THE MEMBERS OF

AMDEGA LIMITED

We have audited the financial statements on pages 6 to 19 which have been prepared under the accounting policies set out on pages 10 to 11.

Respective responsibilities of directors and auditors

As described on page 4 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 company'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 the company's affairs at 2 August 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

Date: 14 May 1998

PROFIT AND LOSS ACCOUNT
7 month period ended 2 August 1997

	Note	7 months ended 2 August 1997 £'000	Year ended 31 December 1996 £'000
TURNOVER	2	7,224	11,920
Cost of sales		(4,885)	(8,524)
Exceptional cost of sales	3	-	(277)
Total cost of sales		(4,885)	(8,801)
Gross profit		2,339	3,119
Distribution costs		(1,459)	(2,340)
Administrative expenses		(874)	(1,703)
OPERATING PROFIT/(LOSS)	6	6	(924)
Interest payable and similar charges		-	-
Other interest receivable and similar income		-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		6	(924)
Tax charge on profit/(loss) on ordinary activities	7	-	20
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD/ YEAR AFTER TAXATION	15	6	(944)

All activities derive from continuing operations.



STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
7 month period ended 2 August 1997

	7 months ended 2 August 1997 £'000	Year ended 31 December 1996 £'000
Profit/(loss) for the financial period/year	6	(944)
Unrealised surplus on revaluation of tangible fixed assets	<u>695</u>	<u>-</u>
Total recognised gains/(losses) for the period/year	<u><u>701</u></u>	<u><u>(944)</u></u>


BALANCE SHEET
2 August 1997

	Note	2 August 1997		31 December 1996	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	8		3,672		3,068
CURRENT ASSETS					
Stocks	9	1,408		1,429	
Debtors	10	2,240		1,747	
Cash at bank and in hand		752		235	
		4,400		3,411	
CREDITORS: amounts falling due within one year	11	(4,615)		(3,722)	
NET CURRENT LIABILITIES			(215)		(311)
TOTAL ASSETS LESS CURRENT LIABILITIES			3,457		2,757
CREDITORS: amounts falling due after more than one year	12		(96)		(97)
PROVISION FOR LIABILITIES AND CHARGES	13		-		-
			3,361		2,660
CAPITAL AND RESERVES					
Called up share capital	14		5,500		5,500
Share premium account	15		7		7
Revaluation reserve	15		537		(158)
Profit and loss account	15		(2,683)		(2,689)
TOTAL EQUITY SHAREHOLDERS' FUNDS	15		3,361		2,660

These financial statements were approved by the Board of Directors on

 14th May 1998

Signed on behalf of the Board of Directors

Director

CASH FLOW STATEMENT
7 months ended 2 August 1997

	Notes	7 months ended 2 August 1997 £'000	Year ended 31 December 1996 £'000
Net cash inflow/(outflow) from operating activities	16	518	(847)
Returns on investments and servicing of finance	18	-	-
Taxation	18	-	-
Capital expenditure & financial investment	18	(1)	10
Cash inflow before financing		517	(837)
Financing	-	-	-
Increase/(decrease) in cash in the period	17	517	(837)

**NOTES TO THE ACCOUNTS****7 month period ended 2 August 1997****1. ACCOUNTING POLICIES**

The accounting policies adopted are described below.

Accounting convention

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

Turnover

Turnover, all of which originates in the United Kingdom, is the invoiced value of goods and services supplied, excluding VAT.

Tangible fixed assets and depreciation

Properties are subject to periodic revaluation by qualified surveyors and valuers on an open market, existing use basis, having regard, where appropriate to depreciated replacement costs.

Depreciation on fixed assets is calculated to write off their cost or valuation, less estimated residual value, over their expected useful lives at the following annual rates using the straight line method.

Freehold buildings	2%
Plant, equipment and vehicles	33%

No depreciation has been provided on freehold land.

Operating leases

Rentals paid under operating leases are charged on a straight line basis over the term of the lease.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes attributable overheads where appropriate. Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned.

Foreign currencies

Assets and liabilities denominated in overseas currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Individual transactions are translated at the rate of exchange ruling on the date of transaction. All exchange differences are included in the profit and loss account.

Deferred taxation

Deferred taxation is provided on timing differences except where the liability is not expected to arise in the foreseeable future. No provision is made for the taxation liability on the revaluation of fixed assets.

Pensions

The majority of the company's employees are members of the Williams Holdings Pension Plan. This plan is funded by contributions partly from the employees and partly from the company at rates determined by an independent actuary. These contributions are invested separately from the company's and the Williams Holdings PLC group assets. The pension costs comprise regular cost less variations calculated in accordance with Statement of Standard Accounting Practice No. 24.



NOTES TO THE ACCOUNTS

7 month period ended 2 August 1997

ACCOUNTING POLICIES (continued)

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Comparative figures

The disclosure of comparatives for the cash flow statement and associated notes have been restated in line with the adoption of FRS1 (revised 1996) "Cash Flow Statements".

2. TURNOVER

Turnover is analysed by geographical market as follows:

	7 months ended 2 August 1997 £'000	Year ended 31 December 1996 £'000
United Kingdom	6,057	9,992
European Union	572	750
Other	67	47
USA	528	1,131
Total	<u>7,224</u>	<u>11,920</u>

3. EXCEPTIONAL COST OF SALES

During 1996, the directors reviewed the basis upon which attributable overheads are absorbed into the valuation of stocks and identified revisions to that basis which would result in a more appropriate valuation of stocks. The application of these revisions resulted in the year end stock valuation being £277,000 lower than it would have been under the previous appropriate method.


NOTES TO THE ACCOUNTS
7 month period ended 2 August 1997
4. EMPLOYEES

	7 months ended 2 August 1997 No	Year ended 31 December 1996 No
The average number employed by the company within each category of persons was:		
Production staff	145	164
Selling and distribution	6	18
Administrative staff	46	27
	<u>197</u>	<u>209</u>
The costs incurred in respect of these employees were:	£'000	£'000
Wages and salaries	1,700	2,984
Social security costs	142	248
Other pension costs	100	194
	<u>1,942</u>	<u>3,426</u>

5. DIRECTORS

	7 months ended 2 August 1997 £'000	Year ended 31 December 1996 £'000
Emoluments (excluding pension contributions)	118	284
Compensation for loss of office	46	30
	<u>164</u>	<u>314</u>

Three directors of the company are members of the company defined benefit scheme.

Total contributions made to the company pension scheme in respect of directors were £5,992 (1996: £14,619).

NOTES TO THE ACCOUNTS

7 month period ended 2 August 1997

6. OPERATING PROFIT

	7 months ended 2 August 1997 £'000	Year ended 31 December 1996 £'000
Operating profit is stated after charging / (crediting):		
Profit on sale of tangible fixed assets	-	(68)
Depreciation on owned assets	92	202
Auditors' remuneration:		
Audit fees	21	10
Other services	-	12
Government grants released	(1)	(2)
Rentals under operating leases:		
Plant and machinery	34	58
Research and development expenditure	5	8

7. TAXATION

	7 months ended 2 August 1997 £'000	Year ended 31 December 1996 £'000
Taxation is based on the profit for the period and comprises:		
UK Corporation tax at 33%	-	-
Deferred taxation	-	(93)
Adjustment in respect of prior period	-	113
	-	20

There is no tax charge for 1997 due to the reversal of provisions which had been disallowed in the past. Subject to agreement with the Inland Revenue, there are unutilised losses of approximately £419,000 which are available to carry forward to set against future profits of the company from the same trade.


NOTES TO THE ACCOUNTS
7 month period ended 2 August 1997
8. TANGIBLE FIXED ASSETS

	Land & buildings £'000	Plant, equipment & vehicles £'000	Total £
Cost or valuation			
31 December 1996	2,719	1,742	4,461
Adjustment arising on revaluation	81	(779)	(698)
Additions	-	1	1
At 2 August 1997	2,800	964	3,764
Accumulated depreciation			
31 December 1996	77	1,316	1,393
Adjustment arising on revaluation	(77)	(1,316)	(1,393)
Charge for the period	33	59	92
At 2 August 1997	33	59	92
Net book value			
As at 2 August 1997	2,767	905	3,672
At 31 December 1996	2,642	426	3,068

The company's tangible fixed assets were revalued at 1 January 1997 by Edward Rushton Son and Kenyon Limited on an existing use basis. The exercise produced revised valuations for land and buildings and plant, equipment and vehicles of £2,800,000 and £963,000 respectively.

On the historical cost basis, fixed assets would have been included as follows:

	1997 Plant equipment & vehicles	Land & buildings £'000	1996 Land & buildings £'000
Cost	1,743	3,959	3,959
Cumulative depreciation	(1,408)	(716)	(672)
Net book amount	335	3,243	3,287

Freehold land, amounting to £800,000 (1996 : £800,000) has not been depreciated.


NOTES TO THE ACCOUNTS
7 month period ended 2 August 1997
9. STOCKS

	2 August 1997 £'000	31 December 1996 £'000
Raw materials and consumables	301	181
Work in progress	1,107	1,248
	<u>1,408</u>	<u>1,429</u>

10. DEBTORS

	2 August 1997 £'000	31 December 1996 £'000
Trade debtors	1,547	1,029
Other debtors	301	239
Prepayments	392	479
	<u>2,240</u>	<u>1,747</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2 August 1997 £'000	31 December 1996 £'000
Payments received on account	1,782	1,557
Trade creditors	1,262	1,242
Amounts owed to parent undertakings and fellow subsidiary undertakings	977	434
Other taxation and social security	274	132
Accruals and deferred income	230	202
Other creditors	90	155
	<u>4,615</u>	<u>3,722</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2 August 1997 £'000	31 December 1996 £'000
Accruals and deferred income	96	97


NOTES TO THE ACCOUNTS
7 month period ended 2 August 1997
13. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts of deferred taxation provided and unprovided in the accounts are:

	Provided 2 August 1997 £	Unprovided 2 August 1997 £	Provided 31 December 1996 £'000	Unprovided 31 December 1996 £'000
Capital allowances in excess of depreciation	-	-	59	-
Other timing differences	-	-	-	-
Trading losses	-	-	(59)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

14. CALLED UP SHARE CAPITAL

	2 August 1997 £'000	31 December 1996 £'000
Authorised 5,500,000 Ordinary shares of £1 each	<u>5,500</u>	<u>5,500</u>
Allotted and fully paid 5,499,750 Ordinary shares of £1 each	<u>5,500</u>	<u>5,500</u>

15. MOVEMENT ON SHAREHOLDERS' FUNDS

	Share premium account £'000	Revaluation reserve £'000	Share capital £'000	Profit and loss account £'000	2 August 1997 Total £'000	31 December 1996 Total £'000
At 1 January 1997	7	(158)	5,500	(2,689)	2,660	3,604
Profit/(loss) for the financial period/year	-	-	-	6	6	(944)
Revaluation of fixed assets	-	695	-	-	695	-
At 2 August 1997	<u>7</u>	<u>537</u>	<u>5,500</u>	<u>(2,683)</u>	<u>3,361</u>	<u>2,660</u>

The company's tangible fixed assets were revalued at 1 January 1997 by independent valuers on an existing use basis. This exercise produced revised valuations for land and buildings and plant, equipment and vehicles of £2,800,000 and £963,000 respectively, representing an overall increase of £695,000 over net book value.


NOTES TO THE ACCOUNTS
7 month period ended 2 August 1997
**16. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW)
FROM OPERATING ACTIVITIES**

	7 months ended 2 August 1997 £'000	Year ended 31 December 1996 £'000
Operating profit/(loss)	6	(924)
Depreciation on tangible fixed assets	92	202
Profit on sale of tangible assets	-	(68)
Decrease in stocks	21	212
(Increase)/decrease in debtors	(493)	44
Increase/(decrease) in creditors	892	(313)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	518	(847)

17. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	7 months ended 2 August 1997 £'000
Increase in cash in the period	517
	<hr/>
Movement in net funds in the period	517
Net funds at 31 December 1996	235
	<hr/>
Net funds at 2 August 1997	752

18. GROSS CASH FLOWS

	7 months ended 2 August 1997 £'000	Year ended 31 December 1996 £'000
Returns on investments and servicing of finance		
Interest received	-	-
Interest paid	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Taxation		
UK corporation tax paid	-	-
	<hr/>	<hr/>
Capital expenditure & financial investment		
Purchase of tangible fixed assets	(1)	(58)
Sale of tangible fixed assets	-	68
	<hr/>	<hr/>
	(1)	10

NOTES TO THE ACCOUNTS
7 month period ended 2 August 1997

19. ANALYSIS OF NET FUNDS

	At 31 December 1996 £'000	Cashflow £'000	Other non- cash changes £'000	At 2 August 1997 £'000
Cash at bank and at hand	235	517	-	752

20. CAPITAL COMMITMENTS

	2 August 1997 £'000	31 December 1996 £'000
Expenditure contracted for but not provided in these financial statements	nil	nil

21. OPERATING LEASE COMMITMENTS

At 2 August 1997 the company was committed to making the following payments during the next year in respect of operating leases:

	Other 2 August 1997 £'000	Other 31 December 1996 £'000
Leases which expire:		
Within one year	17	24
Within two to five years	13	34
	<u>30</u>	<u>58</u>

22. CONTINGENT LIABILITIES

The company is a guarantor, with other group companies, of loans totalling £185m, made by the Newmond group's bankers to Pinco 873 Limited, a fellow subsidiary company.

Guarantees amounting to £100,000 (1996 : £116,000) have been given in the normal course of business.

**NOTES TO THE ACCOUNTS****7 month period ended 2 August 1997****23. PENSION COSTS**

The majority of the company's employees are members of the Williams Holdings Pension Plan, which is the principal pension plan operated for employees of the Williams Holdings PLC group. This plan is of the defined benefit funded type, and costs are assessed with the advice of a qualified actuary using the projected unit method.

The contributions made by the company are based on pension costs across the Williams Holdings PLC group as a whole.

The actuarial method used, the description of the main actuarial assumptions, and the results of the most recent formal valuation including the level of funding are included in the financial statements of Williams Holding PLC for the year ended 31 December 1996.

An amount of £21,000 (1996 : £24,000) is included in other creditors, which represents the excess of the accumulated pension cost over the payment of contributions made.

Subsequent to the year end, pending the establishment of its own scheme, the Newmond group has become a participating employer in the Williams Holdings Pension plan.

24. PARENT COMPANY

The ultimate parent company is Newmond Limited, which is a company incorporated in Great Britain. Copies of the Newmond Limited group financial statements may be obtained from the Secretary, Newmond Limited, 115 -118 Mariner, Lichfield Industrial Estate, Tamworth, Staffs S79 7UL.

On 15 August 1997, Crossco (263) Limited, which is a company incorporated in Great Britain, became the ultimate parent company. Copies of the Crossco (263) Limited group financial statements are available at Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

25. RELATED PARTY TRANSACTIONS

During 1996 Williams Holdings PLC provided a wide range of services to the company, including finance facilities, property management, treasury advice, pension consultancy and administration and general management which were charged at a full commercial value. The total costs of such services were £nil (1996 : £377,000).

26. EVENT OCCURRING AFTER THE END OF THE PERIOD

On 15 August 1997 the entire share capital of Amdega Limited was acquired by Crossco (263) Limited.