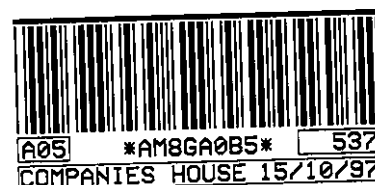


Amdega Limited

Annual report for the year ended 31 December 1996

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**Directors' report
for the year ended 31 December 1996**

The directors present their report and the audited financial statements for the year ended 31 December 1996.

Principal activity and review of business

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

The company expects to continue these operations.

Results and dividends

The loss for the year, after taxation, amounted to £944,000 (1995: £15,000).

The directors do not recommend the payment of a dividend.

Directors

The following directors served throughout the year, except as noted below:

M T Davies	(appointed 16 December 1996)
M J Edwards	(appointed 16 December 1996)
D P Goddard	
C J Redfern	(appointed 22 August 1996)
A E J Reynolds	(appointed 22 August 1996)
T A Ruddle	
C Taylor	
K Holliday	(resigned 24 October 1996)
C A Houlihan	(resigned 29 February 1996)
Westminster Securities Limited	(resigned 16 December 1996)
Williams Management Services	(resigned 16 December 1996)

Directors' interests

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 31 December 1996*		At 31 December 1995*	
	Shares	Options	Shares	Options
M T Davies	12,094	831,256	-	-
M J Edwards	100	204,077	-	-
D P Goddard	1,714	256,386	1,714	256,386
C J Redfern	-	1,418	-	-
A E J Reynolds	5,806	-	-	-
T A Ruddle	-	-	-	4,205
C Taylor	-	4,663	-	2,536

* 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 31 December 1996.

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

	Shares	Options
M T Davies	250,000	-
M J Edwards	150,000	-
D P Goddard	150,000	-
C J Redfern	7,000	-
A E J Reynolds	23,625	-
T A Ruddle	10,000	-
C Taylor	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 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.

Payments to suppliers

Operating businesses are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. Normal group policy is to pay to suppliers in accordance with these terms.

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that 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.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board

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

Director
28 July 1997

Report of the auditors to the members of Amdega Limited

We have audited the financial statements on pages 5 to 18.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts, 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts give a true and fair view of the state of the company's affairs at 31 December 1996 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Cosper & Lyford

Chartered Accountants and Registered Auditors
Newcastle upon Tyne

4 August 1997

Profit and loss account for the year ended 31 December 1996

	Notes	1996 £000	1995 £000
Turnover	2	11,920	12,069
Cost of sales		(8,524)	(9,004)
Exceptional cost of sales	3	(277)	-
Gross profit		3,119	3,065
Distribution costs		(2,340)	(2,178)
Administrative expenses		(1,703)	(1,063)
Operating loss	4	(924)	(176)
Taxation	7	(20)	161
Loss for the financial year	15	(944)	(15)

All of the company's activities are continuing.

The loss for the year is not materially different from that on an unmodified historical cost basis.

Balance sheet at 31 December 1996

	Notes	1996 £000	1995 £000
Fixed assets			
Tangible assets	8	<u>3,068</u>	<u>3,212</u>
Current assets			
Stocks	9	1,429	1,641
Debtors	10	1,747	1,900
Cash at bank and in hand		<u>235</u>	<u>1,072</u>
		<u>3,411</u>	<u>4,613</u>
Creditors: amounts falling due within one year	11	<u>(3,722)</u>	<u>(3,161)</u>
Net current (liabilities)/assets		<u>(311)</u>	<u>1,452</u>
Total assets less current liabilities		<u>2,757</u>	<u>4,664</u>
Creditors: amounts falling due after more than one year	12	(97)	(967)
Provisions for liabilities and charges	13	-	(93)
Net assets		<u><u>2,660</u></u>	<u><u>3,604</u></u>
Capital and reserves			
Called up share capital	14	5,500	5,500
Share premium account	15	7	7
Revaluation reserve	15	(158)	(654)
Profit and loss account	15	<u>(2,689)</u>	<u>(1,249)</u>
Shareholders' funds	16	<u><u>2,660</u></u>	<u><u>3,604</u></u>

The financial statements on pages 5 to 18 were approved by the board of directors on 28 July 1997 and were signed on its behalf by:



Director

**Cash flow statement
for the year ended 31 December 1996**

	Notes	1996 £'000	1995 £'000
Net cash (outflow)/inflow from operating activities	17	(847)	296
		<u> </u>	<u> </u>
Taxation			
UK corporation tax paid		-	(40)
		<u> </u>	<u> </u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(58)	(158)
Sale of tangible fixed assets		68	4
		<u> </u>	<u> </u>
		10	(154)
		<u> </u>	<u> </u>
(Decrease)/increase in cash in the year	18	(837)	102
		<u> </u>	<u> </u>

Notes to the financial statements for the year ended 31 December 1996

1 Principal accounting policies

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

Basis of accounting

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

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 cost.

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 tax 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.

Research and development

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

2 Turnover

Turnover is analysed by geographical market as follows:

	1996 £'000	1995 £'000
United Kingdom	9,992	9,951
European Union	750	817
Other	47	117
USA	1,131	1,184
Total	<u>11,920</u>	<u>12,069</u>

3 Exceptional cost of sales

During the year, 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.

4 Operating loss

The operating loss is stated after charging/(crediting):

	1996 £000	1995 £000
Depreciation of tangible fixed assets	202	185
Profit on sale of tangible fixed assets	(68)	-
Audit fees	10	10
Auditors' remuneration - non audit services	12	16
Operating lease rentals:		
plant and machinery	58	97
Government grants released	(2)	(2)
Research and development expenditure	8	3
	<u> </u>	<u> </u>

5 Directors' remuneration

	1996 £000	1995 £000
Other emoluments (including pension contributions)	299	242
	<u> </u>	<u> </u>
Compensation for loss of office	30	86
	<u> </u>	<u> </u>

The Chairman received no emoluments in the year (1995: £Nil).

The highest paid director received emoluments totalling £88,000 (1995: £51,000).

Including the Chairman and highest paid director, directors' emoluments, excluding pension contributions, fell within the following ranges:

	1996 Number	1995 Number
£0 to £5,000	5	4
£5,001 to £10,000	-	1
£15,001 to £20,000	-	1
£30,001 to £35,000	1	-
£40,001 to £45,000	1	-
£45,001 to £50,000	2	2
£50,001 to £55,000	-	2
£70,001 to £75,000	1	-
£85,001 to £90,000	1	-
	<u> </u>	<u> </u>

6 Staff costs

Staff costs, including directors' emoluments, were as follows:

	1996 £000	1995 £000
Wages and salaries	2,984	3,052
Social security costs	248	253
Other pension costs	194	199
	<u>3,426</u>	<u>3,504</u>

The average weekly number of employees, including executive directors, during the year was:

	1996 Number	1995 Number
Production	164	169
Selling and distribution	18	16
Administration	27	25
	<u>209</u>	<u>210</u>

7 Taxation

	1996 £000	1995 £000
Current year taxation		
United Kingdom corporation tax at 33% (1995: 33%):		
Current	-	(113)
Deferred	(93)	21
Adjustments in respect of prior years		
Current	113	(62)
Deferred	-	(7)
	<u>20</u>	<u>(161)</u>

8 Tangible fixed assets

	Land & buildings £000	Plant, equipment & vehicles £000	Total £000
Cost/valuation			
At 1 January 1996	2,673	1,730	4,403
Additions	46	12	58
	<u> </u>	<u> </u>	<u> </u>
At 31 December 1996	2,719	1,742	4,461
	<u> </u>	<u> </u>	<u> </u>
Depreciation			
At 1 January 1996	40	1,151	1,191
Charge for year	37	165	202
	<u> </u>	<u> </u>	<u> </u>
At 31 December 1996	77	1,316	1,393
	<u> </u>	<u> </u>	<u> </u>
Net book value			
At 31 December 1996	2,642	426	3,068
	<u> </u>	<u> </u>	<u> </u>
At 31 December 1995	<u>2,633</u>	<u>579</u>	<u>3,212</u>

On the historical cost basis, land and buildings would have been included as follows:

	1996 £'000	1995 £'000
Cost	2,992	2,944
Cumulative depreciation	(672)	(628)
	<u> </u>	<u> </u>
Net book amount	<u>2,320</u>	<u>2,316</u>

Freehold land, amounting to £800,000 (1995: £800,000) has not been depreciated.

9 Stocks

	1996 £000	1995 £000
Raw materials	181	159
Work in progress	1,248	1,482
	<u>1,429</u>	<u>1,641</u>

10 Debtors

	1996 £000	1995 £000
Amounts falling due within one year:		
Trade debtors	1,029	1,173
Other debtors	239	314
Prepayments and accrued income	479	413
	<u>1,747</u>	<u>1,900</u>

11 Creditors: amounts falling due within one year

	1996 £	1995 £
Payments received on account	1,557	1,125
Trade creditors	1,242	1,447
Amounts owed to parent and fellow subsidiary undertakings	434	132
Other taxation and social security	132	226
Other creditors	155	117
Accruals and deferred income	202	114
	<u>3,722</u>	<u>3,161</u>

12 Creditors: amounts falling due after more than one year

	1996 £'000	1995 £'000
Amounts owed to parent and fellow subsidiary undertakings	-	868
Accruals and deferred income	97	99
	<u>97</u>	<u>967</u>

13 Provisions for liabilities and charges

	Deferred taxation £'000
At 1 January 1996	93
Transferred to profit and loss	(93)
	<u>—</u>
At 31 December 1996	<u>—</u>

Deferred taxation

Deferred taxation is analysed as follows:

	Amount provided		Amount unprovided	
	1996	1995	1996	1995
	£000	£000	£000	£000
Capital allowances	59	67	-	-
Other timing differences	-	26	-	-
Trading losses	(59)	-	-	-
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	-	93	-	-
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

It is anticipated that revalued properties will be retained for use within the business and accordingly no actual or potential deferred tax has been recognised in respect of the capital gain or loss which might arise on disposal of these properties.

14 Share capital

	Authorised	Allotted, called up and fully paid	
	£'000	Number	£'000
At 1 January 1996 and 31 December 1996			
5,500,000 ordinary shares of £1 each	5,500	5,499,750	5,500
	<u>—</u>	<u>—</u>	<u>—</u>

15 Profit and loss account and reserves

	Profit and loss account £'000	Share premium account £'000	Revaluation reserve £'000
At 1 January 1996	(1,249)	7	(654)
Diminution in value now considered permanent	(496)	-	496
Loss for the year	(944)	-	-
	<u>(2,689)</u>	<u>7</u>	<u>(158)</u>
At 31 December 1996	<u>(2,689)</u>	<u>7</u>	<u>(158)</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 £962,000 respectively, representing an overall increase of £694,000 over net book value. The result of this valuation has not been reflected in these accounts as the directors consider it to be a non-adjusting post balance sheet event.

The deficit of £654,000 on the revaluation reserve as at 1 January 1997 represented a temporary diminution in the valuation of land and buildings arising on valuations performed in prior years. Following the valuation exercise on 1 January 1997, the directors now consider that £496,000 of this deficit has become permanent and accordingly, this amount has been transferred to the profit and loss account reserve.

16 Reconciliation of movements in shareholders' funds

	1996 £'000	1995 £'000
Shareholders' funds at 1 January	3,604	3,619
Loss for the year	(944)	(15)
	<u>2,660</u>	<u>3,604</u>
Shareholders' funds at 31 December	<u>2,660</u>	<u>3,604</u>

17 Reconciliation of operating loss to net cash (outflow)/inflow from operating activities

	1996 £'000	1995 £'000
Operating loss	(1,037)	(176)
Depreciation on tangible fixed assets	202	185
Profit on sale of tangible fixed assets	(68)	-
Decrease in stocks	212	305
Decrease/(Increase) in debtors	44	(142)
(Decrease)/increase in creditors	(200)	124
	<u>(847)</u>	<u>296</u>

18 Cash and cash equivalents

	1996 £'000	1995 £'000
Balance at 1 January	1,072	970
Net cash (outflow)/inflow	(837)	102
	<u>235</u>	<u>1,072</u>

	1996 £'000	1996 Change in year £'000	1995 £'000	1995 Change in year £'000	1994 £'000
Analysis of balances					
Cash at bank and in hand					
At 31 December	<u>235</u>	<u>(837)</u>	<u>1,072</u>	<u>102</u>	<u>970</u>

19 Capital commitments

The company had no material capital commitments at 31 December 1996 (1995: £Nil).

20 Other commitments

At 31 December 1996 the company had annual commitments under operating leases, none of which related to land and buildings, as follows:

	1996 £'000	1995 £'000
Expiry date		
Within one year	24	35
Between one and five years	34	53
	<u>58</u>	<u>88</u>

21 Contingent liabilities

The company is party to a group arrangement with its bankers whereby its in hand balance may be applied against the overdraft of Williams Holdings PLC.

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 £116,000 (1995: £148,000) have been given in the normal course of business.

22 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 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 Holdings PLC for the year ended 31 December 1996.

An amount of £24,000 (1995: £32,000) 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.

23 Parent company

On 31 December 1996, Newmond Limited, a company incorporated in Great Britain, became the ultimate holding company. 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.

24 Related party transactions

During the year Williams Holdings p.l.c. 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 £377,000.