

STATUTORY

NM.

WILSON TOOL INTERNATIONAL LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED
31ST DECEMBER 1997

Miell and Company
Registered Auditor
Cranbrook House
287-291 Banbury Road, Oxford
OX2 7JQ

Company Registration Number:
FC013648

Branch Registration Number:
BR001710

NM.



CONTENTS

Officers and administration	1
Directors' report	2
Statement of directors' responsibilities	4
Auditors' report	5
Accounting policies	6
Profit and loss account	8
Balance sheet	9
Cash flow statement	10
Notes to the cash flow statement	11
Notes to the accounts	12
Trading and profit and loss account	20

WILSON TOOL INTERNATIONAL LIMITED

OFFICERS AND ADMINISTRATION

DIRECTORS

K J Wilson
Mrs R L Wilson
C Blackwell

SECRETARY

Mrs R L Wilson

BRANCH ADDRESS AND REGISTERED OFFICE

Woodside Road
South Marston Industrial Estate
Swindon
Wilts SN3 4WA

BRANCH REGISTRATION NUMBER

BR001710

COMPANY REGISTRATION NUMBER

FC013648

CORPORATE CHARTER NUMBER

5G-1162

REGISTERED AUDITOR

Miell and Company
Cranbrook House
287-291 Banbury Road
Oxford
OX2 7JQ

WILSON TOOL INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31st December 1997.

ACTIVITIES

The principle activity of the company during the year was the manufacture of sheet metal punch products. The company is registered in the United States of America as an 'S' Corporation, and operates in the United Kingdom as a branch of the American company. As more fully disclosed on page 3, the company became a 'C' Corporation on 1st January 1998.

RESULTS AND DIVIDENDS

The financial results are set out on page 8.

The directors do not recommend the payment of a final dividend for the year ended 31st December 1997. If this recommendation is approved retained profits of £607,738 will be taken to reserves.

During the year dividends of £228,744 were paid.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

In the opinion of the directors the financial position of the company has been and continues to be satisfactory.

FIXED ASSETS

Details of the movement in fixed assets are shown in the notes to the accounts.

DIRECTORS

The following directors held office during the year and their interests, including family interests in the shares of the company at the year end were as follows:

	1997	1996
	Ordinary Shares of £0.0056 each	
K J Wilson	2236	2111
Mrs R L Wilson	2236	2111
C Blackwell	-	-

WILSON TOOL INTERNATIONAL LIMITED

DIRECTORS' REPORT - Continued

POST BALANCE SHEET EVENTS

- a) The company is in the advanced stages of negotiations with a view to relocating to larger premises in the near future.
- b) On 1st January 1998, all the shares of the company were transferred to Wilson Enterprises Inc., a company incorporated in the USA. On the same date, Wilson Tool International Limited transferred from being an 'S' Corporation to being a 'C' Corporation.

BY ORDER OF THE BOARD

A handwritten signature in cursive script that reads "Ruth L. Wilson".

RUTH L WILSON
SECRETARY

WILSON TOOL INTERNATIONAL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

1. Select suitable accounting policies and then apply them consistently;
2. Make judgements and estimates that are reasonable and prudent;
3. 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.

WILSON TOOL INTERNATIONAL LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF WILSON TOOL INTERNATIONAL LIMITED

We have audited the financial statements on pages 6 to 19 which have been prepared in accordance with the accounting policies set out on pages 6 and 7.

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 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 as at 31st December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

OXFORD
11 May 1998



MIELL AND COMPANY
REGISTERED AUDITOR

WILSON TOOL INTERNATIONAL LIMITED

ACCOUNTING POLICIES

ACCOUNTING CONVENTION

These accounts have been prepared under the historical cost convention.

The accounts are prepared in accordance with applicable accounting standards.

TURNOVER

Turnover represents the value of goods and services provided, stated net of value added tax.

DEPRECIATION

Depreciation has been provided on the following classes of fixed assets at rates calculated so as to write off the cost less residual value over the estimated useful life.

Depreciation methods and lives for assets acquired prior to 31st December 1988 are those allowed under the United States Internal Revenue Code. The depreciation method for assets acquired after 31st December 1988 is 25 per cent on a reducing balance basis.

GOODWILL AND KNOW HOW

The excess of the purchase price over the fair value of the assets acquired is being amortised on a straight line basis over 40 years.

Purchased know how is being amortised over 40 years on a straight line basis.

STOCK

Stock has been valued at the lower of cost and net realisable value. The calculation of cost includes an appropriate addition for overheads.

FOREIGN CURRENCIES

The functional currency of the company is sterling.

Balances denominated in a foreign currency are translated into sterling at the rates of exchange ruling at the balance sheet date.

Trading transactions in foreign currency are converted at the average rate for the year.

PENSIONS

The company operates a group personal pension scheme for certain employees and directors. It is a contributory defined contribution scheme. The scheme funds are administered by trustees and are independent of the company's finances. Contributions are charged against profit in the year in which they are made.

WILSON TOOL INTERNATIONAL LIMITED

ACCOUNTING POLICIES - Continued

DEFERRED TAXATION

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the financial statements and is provided to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

OPERATING LEASES

Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

WILSON TOOL INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1997

		1997 £	1996 £
TURNOVER - Continuing operations	(Note 2)	11,092,819	10,896,980
Cost of sales		6,227,885	5,942,018
GROSS PROFIT		<u>4,864,934</u>	<u>4,954,962</u>
Distribution costs		609,355	574,500
Administrative expenses		2,925,035	2,824,779
Foreign currency exchange (gain)		(108,957)	(327,420)
		<u>1,439,501</u>	<u>1,883,103</u>
Other operating income	(Note 3)	28,125	1,875
OPERATING PROFIT - Continuing operations	(Note 3)	<u>1,467,626</u>	<u>1,884,978</u>
Interest receivable	(Note 4)	47,009	31,496
		<u>1,514,635</u>	<u>1,916,474</u>
Interest payable	(Note 5)	190,208	216,860
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,324,427</u>	<u>1,699,614</u>
Taxation on ordinary activities	(Note 7)	487,945	565,604
PROFIT FOR THE YEAR AFTER TAXATION		<u>836,482</u>	<u>1,134,010</u>
Dividends - Ordinary interim paid		228,744	225,127
RETAINED PROFIT FOR THE YEAR		<u>607,738</u>	<u>908,883</u>
Balance brought forward		1,034,780	125,897
Balance carried forward		<u><u>1,642,518</u></u>	<u><u>1,034,780</u></u>

Subject to Note 16 of the accounts, the above account includes all recognised gains and losses in the year.

None of the company's activities were acquired or discontinued in the above two financial years.

WILSON TOOL INTERNATIONAL LIMITED

BALANCE SHEET
AT 31ST DECEMBER 1997

		1997 £	1996 £
FIXED ASSETS			
Intangible assets	(Note 8)	318,829	329,114
Tangible assets	(Note 9)	1,023,047	882,310
		<u>1,341,876</u>	<u>1,211,424</u>
CURRENT ASSETS			
Stocks	(Note 10)	2,457,000	2,166,000
Debtors	(Note 11)	3,741,728	5,574,769
Cash at bank and in hand		964,196	967,763
		<u>7,162,924</u>	<u>8,708,532</u>
CREDITORS: Amounts falling due within one year	(Note 12)	5,526,422	7,383,538
		<u>1,636,502</u>	<u>1,324,994</u>
NET CURRENT ASSETS			
		<u>2,978,378</u>	<u>2,536,418</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: Amounts falling due after more than one year	(Note 13)	530,347	643,530
		<u>2,448,031</u>	<u>1,892,888</u>
CAPITAL AND RESERVES			
Called up share capital	(Note 15)	39	39
Share premium account		772,247	772,247
Forward exchange contracts	(Note 16)	33,227	85,822
Profit and loss account		1,642,518	1,034,780
		<u>2,448,031</u>	<u>1,892,888</u>

These accounts were approved at a
Board Meeting on 28/3/98

Directors:

Kenneth Wilson
Ruth L. Wilson

WILSON TOOL INTERNATIONAL LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1997

	1997 £	1996 £
NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES (Note A)	1,691,189	1,736,217
RETURNS ON INVESTMENT AND SERVICING OF FINANCE		
Interest receivable	47,009	31,496
Interest payable	(190,208)	(216,860)
	(143,199)	(185,364)
TAXATION	(556,233)	(348,586)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(502,847)	(548,378)
Receipts from sales of tangible fixed assets	36,200	29,923
	(466,647)	(518,455)
	525,110	683,812
EQUITY DIVIDENDS PAID	(228,744)	(586,021)
	296,366	97,791
MANAGEMENT OF LIQUID RESOURCES (Note B)		
Movements on term deposits	51,830	(594,089)
	348,196	(496,298)
FINANCING		
Issue of ordinary share capital	-	641,025
Repayment of loan notes	(180,374)	(234,682)
	(180,374)	406,343
INCREASE/(DECREASE) IN CASH	167,822	(89,955)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE C)

INCREASE/(DECREASE) IN CASH IN THE PERIOD	167,822	(89,955)
Repayment of loan notes	180,374	234,682
CHANGE IN NET DEBT	348,196	144,727
NET DEBT AT 1ST JANUARY 1997	(708,044)	(852,771)
NET DEBT AT 31ST DECEMBER 1997	(359,848)	(708,044)

WILSON TOOL INTERNATIONAL LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1997

	1997 £	1996 £
A. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Operating profit	1,467,626	1,884,978
Depreciation	336,861	282,031
Amortisation	10,285	13,072
Profit on sale of fixed assets	(10,951)	(2,492)
Increase in stock	(291,000)	(461,000)
Increase in debtors	(69,279)	(123,608)
Increase in creditors	247,647	143,236
	-----	-----
NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES	1,691,189	1,736,217
	=====	=====

B. LIQUID RESOURCES

The company treats all bank balances as liquid resources where the funds cannot be obtained within one working day.

C. ANALYSIS OF CHANGES IN NET DEBT

	At 1st January 1997 £	Cash Flows £	Exchange movement £	At 31st January 1997 £
Cash at bank and in hand	373,674	48,263	-	421,937
Overdrafts	(238,188)	88,008	-	(150,180)
Loan notes within one year	(200,000)	12,000	-	(188,000)
Loan notes after one year	(643,530)	168,374	31,551	(443,605)
	-----	-----	-----	-----
TOTAL	(708,044)	316,645	31,551	(359,848)
	=====	=====	=====	=====

WILSON TOOL INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1997

1. ACCOUNTING POLICIES

The accounting policies adopted are set out on page 6.

2. TURNOVER

The whole of the turnover for the year arises from the principal activity of the company.

The analysis of turnover by geographical area is as follows:

	1997 £	1996 £
United Kingdom	4,248,123	4,043,867
Europe and the rest of the World	6,844,696	6,853,113
	<u>11,092,819</u>	<u>10,896,980</u>
	=====	=====

3. OPERATING PROFIT

Operating profit is stated:

After charging:

	1997 £	1996 £
Auditors' remuneration	16,500	16,000
Depreciation - owned assets	336,861	282,031
Amortisation	10,285	13,072
Rental under operating leases: Land and buildings	185,120	191,191
: Other leases	40,245	40,022
	=====	=====
And crediting:		
Gain on sale of assets	10,951	2,492
Rent receivable	28,125	1,875
	=====	=====

4. INTEREST RECEIVABLE

	1997 £	1996 £
Bank deposit interest	47,009	31,496
	=====	=====

WILSON TOOL INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1997 - Continued

5. INTEREST PAYABLE	1997 £	1996 £
On bank overdrafts	521	-
On loan notes (Note 14)	64,205	90,733
On Intercompany account - Wilson Tool Inc.	125,482	126,127
	-----	-----
	190,208	216,860
	=====	=====

6. DIRECTORS AND EMPLOYEES

The average weekly number including directors
during the year was as follows:-

	1997 Number	1996 Number
Manufacturing and engineering	54	55
Sales	32	26
Administration	12	12
	-----	-----
	98	93
	=====	=====

Staff costs including directors during the year
amounted to:

	1997 £	1996 £
Wages and salaries	2,433,779	2,176,023
Social security costs (UK only)	183,540	167,245
Pension costs - defined contribution scheme	142,004	130,074
	-----	-----
	2,759,323	2,473,342
	=====	=====

Directors emoluments total £273,269 (1996 - £152,609)
and are split as follows:-

	1997 £	1996 £
Salaries	81,682	70,020
Bonus	191,315	78,977
Benefits in kind	4,356	3,612
	-----	-----
	277,353	152,609
	=====	=====

Only one director received remuneration from the company. Included in the bonus shown above is a provision of £173,484 which represents a potential termination payment payable in the event of the director leaving the company. During the year, the company paid pension contributions, amounting to £7,810 on behalf of the director under a group personal pension plan.

7. TAXATION ON ORDINARY ACTIVITIES

	1997 £	1996 £
UK Corporation tax on profits at 31.5% (1996 - 33%)	498,915	549,300
Adjustment in respect of prior years	(10,970)	16,304
	<u>487,945</u>	<u>565,604</u>

8. INTANGIBLE ASSETS

	Know How £	Purchased Goodwill £	Total £
COST			
At 1st January 1997			
and at 31st December 1997	225,000	186,393	411,393
	<u>=====</u>	<u>=====</u>	<u>=====</u>
AMORTISATION			
At 1st January 1997	45,000	37,279	82,279
Provided during the year	5,625	4,660	10,285
	<u>-----</u>	<u>-----</u>	<u>-----</u>
At 31st December 1997	50,625	41,939	92,564
	<u>=====</u>	<u>=====</u>	<u>=====</u>
NET BOOK VALUE			
At 31st December 1996	180,000	149,114	329,114
	<u>=====</u>	<u>=====</u>	<u>=====</u>
NET BOOK VALUE			
At 31st December 1997	174,375	144,454	318,829
	<u>=====</u>	<u>=====</u>	<u>=====</u>

9. TANGIBLE ASSETS

	Office equipment £	Machinery & equipment £	Fixtures & fittings £	Motor vehicles £	Total £
COST					
At 1st January 1997	412,413	1,712,312	329,213	129,066	2,583,004
Additions	59,820	364,260	36,924	41,843	502,847
Disposals	(347)	(93,250)	-	(23,964)	(117,561)
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
At 31st December 1997	471,886	1,983,322	366,137	146,945	2,968,290
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
DEPRECIATION					
At 1st January 1997	191,087	1,195,768	263,968	49,871	1,700,694
Charge for the year	70,274	212,948	25,542	28,097	336,861
Disposals	(301)	(76,699)	-	(15,312)	(92,312)
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
At 31st December 1997	261,060	1,332,017	289,510	62,656	1,945,243
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Net Book Value 1996	221,326	516,544	65,245	79,195	882,310
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Net Book Value 1997	210,826	651,305	76,627	84,289	1,023,047
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

WILSON TOOL INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1997 - Continued

10. STOCKS	1997 £	1996 £
Raw materials and goods for re-sale	2,457,000 =====	2,166,000 =====
11. DEBTORS	1997 £	1996 £
Trade debtors	2,684,280	2,589,494
Other debtors	96,872	127,339
Prepayments and accrued income	33,366	28,406
Forward exchange contracts	870,024	2,773,248
Advance corporation tax recoverable	57,186	56,282
	----- 3,741,728 =====	----- 5,574,769 =====
12. CREDITORS: Amounts falling due within one year	1997 £	1996 £
Loan notes (Note 14)	188,000	200,000
Bank overdrafts	150,180	238,188
Trade creditors	230,171	134,027
Wilson Tool International Inc.	3,170,199	3,215,064
Other taxes and social security	45,362	41,739
Accruals and deferred income	406,798	300,795
Forward exchange contracts	836,797	2,687,426
Corporation tax	498,915	566,299
	----- 5,526,422 =====	----- 7,383,538 =====

Included within trade creditors above are amounts which may be the subject of retention of title clauses.

13. CREDITORS: Amounts falling due after more than one year	1997 £	1996 £
Loan notes (Note 14)	443,605	643,530
Accruals and deferred income	86,742	-
	----- 530,347 =====	----- 643,530 =====

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1997 - Continued

14. LOAN NOTES

The following unsecured loans from Mr K J Wilson and Mrs R L Wilson are outstanding as at 31st December 1997. Interest is payable at the prime or index rate announced by First Security Bank of St. Paul (USA). The loans are repayable by 31st December 2003 with a minimum annual capital repayment of \$310,000 (£188,000).

	1997 £	1996 £
Due inside one year	188,000	200,000
Due between one and two years	188,000	200,000
Due between two and five years	255,605	443,530
	<u>631,605</u>	<u>843,530</u>
	=====	=====

Repayments on the loans have exceeded the minimum capital repayment and therefore the loans will be repaid before the due date. The above split assumes that only the minimum capital payment is made from 1st January 1998.

15. CALLED UP SHARE CAPITAL	1997 £	1996 £
AUTHORISED		
Equity ordinary shares of £0.0056 each	280	280
	=====	=====
ISSUED AND FULLY PAID		
Equity ordinary shares of £0.0056 each	39	39
	=====	=====

During the year ended 31st December 1996 the company issued a further 1222 Equity Ordinary Shares for £641,025.

16. FORWARD EXCHANGE CONTRACTS

The company hedges foreign currencies to protect gains and minimise losses due to market fluctuations. Wilson Tool International Ltd maintains a US denominated current account to facilitate intercompany transactions with Wilson Tool International Inc.. Foreign currency contracts were made based on the exchange of Deutsche Marks and French Francs for US Dollars. Contracts entered and completed during 1997 are included in the foreign currency exchange gain/(loss) account. Contracts outstanding at 31st December 1997 and the related gains or losses (which are shown in the capital and reserves on the balance sheet) are as follows:-

WILSON TOOL INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1997 - Continued

16. FORWARD EXCHANGE CONTRACTS - Continued

Settlement Date	Foreign Currency Sold	31st December Exchange Rate	Exchange Rate (At Settlement Date)	Amount to be Received at Settlement Date	Value Year End Rate	Exchange (Gain) loss in Sterling
26/01/98	DM 250,000	1.798	1.8110	\$138,045	\$139,043	£ 605
26/01/98	DM 250,000	1.798	1.7029	\$146,808	\$139,043	£ (4,706)
23/02/98	DM 250,000	1.798	1.8077	\$138,297	\$139,043	£ 452
23/02/98	DM 250,000	1.798	1.7004	\$147,024	\$139,043	£ (4,837)
30/03/98	DM 250,000	1.798	1.6978	\$147,249	\$139,043	£ (4,973)
29/04/98	DM 250,000	1.798	1.6949	\$147,501	\$139,043	£ (5,126)
28/05/98	DM 250,000	1.798	1.6923	\$147,728	\$139,043	£ (5,264)
				----- \$1,012,652 -----	----- \$973,301 -----	----- £(23,849) =====

UK Pound receivable 613,728
UK Pound payable 589,879

Settlement Date	Foreign Currency Sold	31st December Exchange Rate	Exchange Rate (At Settlement Date)	Amount to be Received at Settlement Date	Value Year End Rate	Exchange (Gain) loss in Sterling
26/01/98	FF 350,000	6.0135	6.1131	\$ 57,254	\$ 58,202	£ 575
26/01/98	FF 350,000	6.0135	5.6947	\$ 61,461	\$ 58,202	£ (1,975)
23/02/98	FF 350,000	6.0135	6.1026	\$ 57,353	\$ 58,202	£ 515
23/02/98	FF 350,000	6.0135	5.6861	\$ 61,554	\$ 58,202	£ (2,032)
30/03/98	FF 350,000	6.0135	5.6746	\$ 61,678	\$ 58,202	£ (2,107)
29/04/98	FF 350,000	6.0135	5.6685	\$ 61,745	\$ 58,202	£ (2,147)
28/05/98	FF 350,000	6.0135	5.6595	\$ 61,843	\$ 58,202	£ (2,207)
				----- \$422,888 -----	----- \$407,414 -----	----- £ (9,378) =====

UK Pound receivable 256,296
UK Pound payable 246,918

WILSON TOOL INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1997 - Continued

17. LEASING COMMITMENTS

At 31st December 1997 the company had the following annual commitments under non-cancellable operating leases payable in the next year:

	Land and Buildings		Vehicles	
	1997	1996	1997	1996
	£	£	£	£
Date of Expiry:				
In two to five years	129,836	181,044	25,836	25,638
Within one year	40,950	-	14,408	14,384
	-----	-----	-----	-----
	170,786	181,044	40,244	40,022
	=====	=====	=====	=====

The leases of land and buildings are subject to rent reviews.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997	1996
	£	£
Profit for the financial year	836,482	1,134,010
Dividends	(228,744)	(225,127)
New share subscription	-	641,025
	-----	-----
	607,738	1,549,908
Movement on Forward Exchange contracts (Note 16)	(52,595)	120,442
	-----	-----
Net addition to shareholders funds	555,143	1,670,350
Opening shareholders funds	1,892,888	222,538
	-----	-----
Closing shareholders funds	2,448,031	1,892,888
	=====	=====
Equity interests	2,448,031	1,892,888
	=====	=====

19. TRANSACTIONS WITH RELATED PARTIES

The company is ultimately controlled by Mr K J Wilson and Mrs R L Wilson.

Mr K J Wilson and Mrs R L Wilson are directors and shareholders of Wilson Tool International Limited. They are also directors and shareholders of Wilson Tool International Inc., a company incorporated in the U.S.A. During the year Wilson Tool International Limited purchased finished and part-finished tooling from Wilson Tool International Inc. to the value of £1,736,378 (1996 - £1,609,527). Amounts payable to Wilson Tool International Inc. are disclosed in Note 12.

WILSON TOOL INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1997 - Continued

19. TRANSACTIONS WITH RELATED PARTIES - Continued

In addition to the purchase of tooling, certain costs are incurred by Wilson Tool International Limited and Wilson Tool Inc. on behalf of the other company. These costs are dealt with through an intercompany current account. The balance on this account is disclosed in Note 12 to these financial statements. Transactions included tangible fixed asset additions amounting to £25,374 which were purchased via Wilson Tool Inc.

Interest is charged on the current account balance with Wilson Tool Inc. as follows:

- a) On all trade balances which have been outstanding for 90 days or more.
- b) On all non-trade balances

Interest is charged at the Federal short-term interest rate for related-party loans as published by the American tax authorities (IRS). Details of the interest payable during the year are disclosed in Note 5 to these accounts.

K J Wilson and Mrs R L Wilson have made loans to the company and details of the amounts outstanding, payment terms and interest payable are disclosed in Notes 5 and 14 to these accounts.

20. POST BALANCE SHEET EVENTS

- a) The company is in the advanced stages of negotiations with a view to relocating to larger premises in the near future.
- b) On 1st January 1998, all the shares of the company were transferred to Wilson Enterprises Inc., a company incorporated in the USA. On the same date Wilson Tool International Limited changed from being an 'S' Corporation to become a 'C' Corporation in the USA.

21. DEFERRED TAXATION

The amounts unprovided for deferred taxation are set out below:-

	1997 £	1996 £
Accelerated capital allowances	60,341	61,285
Other timing differences	(77,861)	(16,557)
	<u>(17,520)</u>	<u>44,728</u>
	=====	=====

Deferred taxation has been calculated at 31% (1996 - 33%).