pointed under section 432 (2) of the Companies Act, which encompasses suspected fraud.

Formerly a Third Market company, Edencorp was the object of a failed takeover bid this year by John Carway, an Irish businessman. Shares in Edencorp, which has time-share and theme-park interests, were suspended almost a year ago at 12p.

Mr Carway's bid failed but Michael Wallace, the company's founder, led a boardroom coup in April that involved a £1 million loan from Verit, Mr Carway's company.

Maunders drops

John Maunders Group, the housebuilder, has made a provision of £1.69 million against its land bank, which helped to cut pre-tax profit in the year to end-June to £3.63 million (£5.41 million). A 2.65p final dividend leaves the total payout for the year unchanged at 4.95p.

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Asset sale plea

Scottish Heritable Trust, the debt-ridden industrial conglomerate, has asked Scottish Heritable, its 50 per cent owned American associate, to sell some or all of its business, consisting of four quarries, in Virginia, Texas, Arkansas and Pennsylvania. The American company is consulting its advisers.

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THE POUND

US dollar
1.7105 (−0.0117)

German mark
2.9070 (−0.0035)

Exchange index
90.2 (−0.2)

Bank of England official close (4pm)

STOCK MARKET

FT 30 share
1975.7 (−15.9)

FT-SE 100
2584.1 (−15.4)

New York Dow Jones
2946.33 (−17.44)

Tokyo Nikkei Avge
24485.26 (+329.64)

MAJOR CHANGES

Weakness limits scope for base rate cut

Bank steps in to support faltering pound

By Colin Narbrough, economics correspondent

EVEN as Norman Lamont, the Chancellor, stood up to speak at the Conservative party conference, the Bank of England was understood to be steadying the shaky pound after it fell sharply against both the dollar and the mark.

Mr Lamont's formal address yesterday failed to have much impact on the financial markets, reflecting the political nature of his remarks. His reassurances about recovery and inflation were not seen as containing anything new.

Subsequent comments, which underlined that he would do nothing to put the pound at risk, appeared, however, to relieve pressure on the currency slightly.

Sterling's renewed weakness is seen to rule out any scope the government might have had to use the platform of the party conference in Blackpool to announce another half-point interest rate cut.

The foreign exchange market has become increasingly jittery about the pound since the Labour party's conference, which has added political uncertainty to dealers' worries about the sluggishness of the climb out of recession.

After falling to the bottom of the European exchange-rate mechanism on Tuesday, for the first time since February, the pound dropped below DM2.90 early yesterday, well below its central rate of DM2.95.

Sterling recovered quickly to around DM2.9070, still half a pfennig below its previous close. At the London market close of 5pm, it stood at DM2.9038, down almost half a pfennig from the previous close.

The trade-weighted index finished at 90.2, down 0.2, having been as low as 89.9.

The Bank's intervention was understood to have taken place as the pound dipped below the important DM2.90 level. Dealers believe that it could come under pressure if allowed to stay below this level.

Mr Lamont's speech was widely interpreted as an attempt to talk up confidence, and was not a vehicle for fresh guidance.

Ian Amstad, senior economist at Chase Investment Bank, called the speech an "uphill struggle".

Gerard Lyons, chief economist at DKB International, said the pound was suffering from "underlying weakness, not just political factors". He foresaw no chance for it to strengthen substantially against the mark for some time.

Mr Lamont said it was clear Britain was coming out of recession. The City's fear is that it will not recover enough to ensure a Conservative victory.

In his upbeat speech, he also spoke of targeting "permanently low" inflation, and of the return of business confidence. He also said that "the green shoots of economic spring are appearing once again".

A remark about not letting anyone throw away the fruits of the past 18 months was seen to signal that Mr Lamont is in no hurry to cut base rates, for fear of having to reverse them later.

Government figures tomorrow are expected to show annual inflation falling to close to 4 per cent, still slightly above the German rate. The Chancellor said that he expected British inflation to be below Germany's soon.

☐ Nicholas Brady, the US Treasury secretary, and Ryutaro Hashimoto, the Japanese finance minister, issued a joint statement that they were content with present exchange rates.

The American central bank last night signalled that it was holding interest rates steady, defying hopes that it was prepared to sanction a cut in rates to boost the ailing economy. But some Wall Street economists still expect a cut in rates soon despite the Federal Reserve's actions last night, which involved draining reserves from the banking system, holding the fed funds rate at 5.25 per cent.

September producer prices and retail sales are due to be reported tomorrow. They are seen by the optimists on Wall Street as the first opportunity for a cut in the fed funds rate to 5 per cent if inflation is behaving and consumer demand is weak. Wall Street slipped markedly last night after the Fed's move.

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