

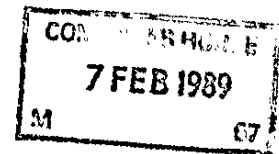
WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 1988

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WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 1988

CONTENTS

PAGE

REPORT OF THE DIRECTORS

1-2

REPORT OF THE AUDITORS

3

ACCOUNTING POLICIES

4-6

CONSOLIDATED PROFIT AND LOSS ACCOUNT

7

GROUP BALANCE SHEET

8

BALANCE SHEET

9

GROUP SOURCE AND APPLICATION OF FUNDS STATEMENT

10

NOTES TO THE FINANCIAL STATEMENTS

11-22

WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES  
REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31st March, 1988.

1. Principal activities

The principal activities of the Group are the design, development and manufacture of military equipment, supply of ammunition and pyrotechnics, law enforcement and security equipment and electro-optic devices.

3. Directors

The directors in office at the end of the year are listed below.

The interests of the directors in the shares of the company at 1st April 1987 and at 31st March 1988, as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows:

	1988	1987
	----	----
C.W. Dove (resigned 23rd September 1987)	-	37,668 'A' Ordinary Shares of £1 each
W.L. Nelson (resigned 23rd September 1987)	-	37,668 'B' Ordinary Shares of £1 each
Sir Peter Horsley (appointed 23rd September 1987)	-	-
J.D. Loveridge (appointed 23rd September 1987)	-	-
P.G. Pollock (appointed 23rd September 1987)	-	-

The directors' holdings in the shares of the ultimate holding company, M.L. Holdings PLC, are as disclosed in the financial statements of that company.

4. Share Capital

On 23rd September, 1987 all 'A' ordinary shares and 'B' ordinary shares were converted into a single class of ordinary shares of £1 each. All such issued shares were to rank pari passu in all respects. On that date the entire share capital was purchased by M.L. Holdings PLC.

5. Fixed assets

Movements

Movements in fixed assets during the year are summarised in the notes to the financial statements.

WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS (CONTINUED)

6. The Health and Safety at Work etc. Act 1974

The group continues to be concerned for the health, safety and welfare of its employees and to observe the terms of The Health and Safety at Work etc. Act 1974 to ensure that safe and healthy working conditions are provided, maintained and supervised for the care of both its employees and third parties.

7. Subsequent events

On 1st April 1988, the activities of the following subsidiaries were transferred to Wallop Industries Limited:

Civil Protection Limited  
Wallop Avionics Limited  
Wallop S.E.S. Limited  
Walloptronics Limited  
Wallop Systems Limited  
Wallop Simbrow Limited

8. Auditors

Grant Thornton do not intend to offer themselves for reappointment as auditors. A resolution to appoint Peat Marwick MacLintock as auditors in accordance with section 384(1) of the Companies Act 1985 will be proposed at the annual general meeting.

Registered office:  
Arkay House,  
Weyhill Road,  
Andover,  
Hampshire.  
SP10 3NR

BY ORDER OF THE BOARD

  
J. B. Loveridge

Date: 23 August 1988

Secretary

WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES  
REPORT OF THE AUDITORS TO THE MEMBERS OF  
WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES

We have audited the financial statements on pages 4 to 22 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention as modified by the revaluation of certain freehold properties, give a true and fair view of the state of the company's and the group's affairs at 31st March 1988 and of the group loss and source and application of funds for the year then ended, and comply with the Companies Act 1985.

*Grant Thornton*

GRANT THORNTON

CHARTERED ACCOUNTANTS

SOUTHAMPTON

23RD AUGUST, 1988

WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31ST MARCH 1988

The financial statements have been prepared under the historical cost convention except for the revaluation of certain freehold properties.

The principal accounting policies of the group have remained unchanged from the previous year and are set out below.

(a) Basis of consolidation

The group financial statements consolidate the financial statements of the company and of its subsidiaries (see note 7). The financial statements of each company in the group have been prepared to 31st March, 1988. All intra-group profits are eliminated on consolidation.

Goodwill arising on consolidation, representing the excess of the purchase price over the fair value of the net assets of subsidiaries at the date of acquisition, is eliminated from the financial statements by immediate write off on acquisition against reserves.

(b) Turnover

Turnover is the total amount receivable by the group in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding V.A.T. and trade discounts.

(c) Depreciation

Depreciation is calculated to write down the cost or valuation of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives.

The rates generally applicable are:

Freehold premises	4%	per annum
Plant and machinery	10%-20%	per annum
Motor vehicles	20%	per annum
Fixtures, fittings and equipment	10%-20%	per annum

(d) Research and development

Research and development expenditure is charged to profit in the period in which it is incurred.

(e) Investments

Investments are included at cost less amounts written off.

WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31ST MARCH 1988

(f) Stock and work in progress

Stock and work in progress is stated at the lower of cost and net realisable value.

In the case of raw materials and consumable stores, cost means purchase price including transport and handling costs, less trade discounts, calculated on a first in first out basis. In the case of work in progress and finished goods, cost comprises of direct materials, direct labour and attributable production and other overheads. Work in progress has been reduced by progress payments.

Net realisable value means estimated selling price (less trade discounts) less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

(g) Deferred tax

Deferred tax is the tax attributable to timing differences between profits or losses as computed for tax purposes and results as stated in financial statements.

Deferred tax is provided to the extent that it is probable that a liability or asset will crystallise and not provided to the extent that it is probable that a liability or asset will not crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Deferred tax is calculated at the rate at which it is estimated that the tax relief will be paid when the timing differences reverse.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that it is foreseen that sufficient corporation tax will be assessed in the succeeding period to allow offset.

(h) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account. The accounting policy for foreign currency translation is as prescribed by Statement of Standard Accounting Practice 20.

WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31ST MARCH 1988

(i) Contributions to pension funds

The company and its subsidiaries operate a pension scheme under which contributions by employees and the companies are administered by trustees in a fund independent from the companies' assets. Contributions are charged against profit to cover the cost of benefits arising from the current service of employees. This cost is determined by actuarial valuation. Contributions relating to past service are charged to profit and loss account over the remaining working life of employees. Full actuarial valuations are made regularly at three year intervals and contribution levels reviewed.



# WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES

## GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1988

		1988	1987
	Notes	£	£
Turnover	1	8,647,094	8,397,944
Cost of sales		4,659,978	4,290,199
Gross profit		3,987,116	4,107,745
Distribution costs		412,057	384,937
Administration expenses		3,876,660	2,880,772
Exceptional expenses	4	1,990,000	-
		6,278,717	3,265,709
Other operating income		(2,291,601)	842,036
		101,875	16,408
Operating (loss)/profit		(2,189,726)	858,444
Interest receivable and similar income		12,660	8,688
Interest payable and similar charges	2	(322,686)	(358,181)
		(310,026)	(349,493)
(Loss)/profit on ordinary activities before taxation	1	(2,499,752)	508,951
Tax on (Loss)/profit on ordinary activities	5	(701,378)	135,057
(Loss)/profit on ordinary activities after taxation	16	(1,798,374)	373,894
(Loss)/profit retained:			
By the company		(238,401)	2,784
By subsidiaries		(1,559,973)	371,110
		(1,798,374)	373,894

The accounting policies and notes on pages 4 to 6 and 11 to 22 form part of these financial statements.

**WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES**

**GROUP BALANCE SHEET AS AT 31ST MARCH 1988**

		1988	1987
	Notes	£	£
Fixed assets			
Tangible assets	7	2,937,792	3,194,829
Current assets			
Stock	9	1,270,245	1,542,415
Debtors	10	2,883,440	3,729,243
Cash at bank and in hand		836,716	364,238
		4,990,401	5,635,896
Creditors: amounts falling due within one year	11	5,951,756	5,592,122
Net current assets/(liabilities)		(961,355)	43,774
Total assets less current liabilities		(1,976,437)	3,238,603
Creditors: amounts falling due after more than one year	12	304,602	85,730
Provisions for liabilities and charges	13	513,400	196,064
		(818,002)	(281,794)
		1,158,435	2,956,809
Capital and reserves			
Called up share capital	15	75,336	75,336
Revaluation reserve	16	880,817	880,817
Other reserves	16	576,432	576,432
Profit and loss account	16	(374,150)	1,424,224
		1,158,435	2,956,809

The financial statements were approved by the board of directors on 23 August 1988

..... )  
 ..... ) Directors  
 ..... )

The accounting policies and notes on pages 4 to 6 and 11 to 22 form part of these financial statements.

# WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES

## BALANCE SHEET AS AT 31ST MARCH 1988

		1988		1987	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7		771,557		823,015
Investments	8		672,086		672,086
			<u>1,443,643</u>		<u>1,495,101</u>
Current assets					
Debtors	10	68,870		59,232	
Cash at bank and in hand		71,235		56,002	
			<u>140,105</u>	<u>115,234</u>	
Creditors: amounts falling due within one year	11	1,260,920		180,331	
Net current liabilities			<u>(1,120,815)</u>	<u>(65,097)</u>	
Total assets less current liabilities			322,828		1,430,004
Creditors: amounts falling due after more than one year	12		-		(861,320)
Provisions for liabilities and charges	13		(22,000)		(29,455)
			<u>300,828</u>	<u>539,229</u>	
Capital and reserves					
Called up share capital	15		75,336		75,336
Revaluation reserve	16		388,351		388,351
Profit and loss account	16		(162,859)		75,542
			<u>300,828</u>	<u>539,229</u>	

The financial statements were approved by the board of directors on 23 August 1988

..... )  
 ..... ) Directors  
 ..... )

The accounting policies and notes on pages 4 to 6 and 11 to 22 form part of these financial statements.

**WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES**

**GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS**

**FOR THE YEAR ENDED 31ST MARCH 1988**

Source of funds	1988		1987	
	£	£	£	£
From operations				
(Loss)/profit on ordinary activities before taxation		(2,499,752)		508,951
Adjustments for items not involving the movement of funds:				
Depreciation and amounts written off fixed assets	388,054		339,779	
Loss/(profit) on disposal of tangible fixed assets	53,713		(5,040)	
Foreign currency translation difference	-		4,101	
	-----	441,767	-----	338,840
		(2,057,985)		847,791
From other sources				
Proceeds of disposals of tangible fixed assets	67,182		27,907	
Loan from holding company	2,500,000		-	
Tax repayment	6,750		-	
	-----	2,573,932	-----	27,907
		515,947		875,698
Application of funds				
Tax paid	-		10,722	
Purchase of tangible fixed assets	251,911		362,804	
	-----	251,911	-----	373,526
		264,036		502,172
Net inflow/(outflow) of funds		-----		-----
Increase/(decrease) in working capital				
Stocks		(272,170)		41,923
Debtors		(752,157)		1,205,866
Creditors: amounts falling due within one year		(128,264)		(1,369,387)
Creditors: amounts falling due after more than one year		(218,872)		39,399
Provisions		(1,000,000)		-
		-----		-----
		(2,371,463)		(82,199)
Net liquid funds				
Cash at bank and in hand	472,478		(82,353)	
Bank overdrafts	2,163,021		666,724	
	-----	2,635,499	-----	584,371
		-----		-----
Net increase/(decrease) in working capital		264,036		502,172

WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1988

1. Turnover and loss on ordinary activities before taxation.

	Turnover		(Loss)/profit before taxation	
	1988	1987	1988	1987
	£	£	£	£
Pyrotechnic manufacturing and systems	7,756,802	7,362,079	(2,492,955)	456,403
Law enforcement and security equipment	294,201	489,294	(24,558)	(43,796)
Aircraft supplies	79,840	-	19,176	(2,321)
Ammunition supplies	516,251	546,571	(1,415)	98,665
	8,647,094	8,397,944	(2,499,752)	508,951

An analysis of turnover by geographical market is given below:

	1988	1987
	£	£
United Kingdom	6,470,566	6,072,649
Europe	877,658	1,517,441
The Americas	8,366	27,237
Asia and Australasia	761,516	767,688
Africa	327,758	-
Middle East	10,287	12,929
Rest of the World	190,943	-
	8,647,094	8,397,944

Loss on ordinary activities is stated after:

	1988	1986
	£	£
Charging/(crediting);		
Research and development	20,277	362,595
Auditors' remuneration	31,190	25,000
Operating lease rentals		
- hire of plant and machinery	13,226	4,642
Depreciation	388,054	339,779
Profit on disposal of fixed assets	53,713	(5,040)
Insurance claim proceeds	(83,000)	-

**WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31ST MARCH 1988**

**2. Interest payable and similar charges**

	1988	1987
	---	---
	£	£
On bank loans, overdrafts and other loans		
- repayable within 5 years, otherwise than by instalments	161,092	321,223
- finance charges in respect of hire purchase contracts	38,644	36,958
- amounts payable to group companies	122,944	-
	-----	-----
	322,686	358,181

**3. Directors and employees**  
**Staff costs during the year:**

	1988	1987
	---	---
	£	£
Wages and salaries	2,406,445	1,905,535
Social security costs	193,690	178,794
Other pension costs	127,083	153,750
	-----	-----
	2,727,218	2,238,079

The average number of employees of the group during the year was

	1988	1987
	---	---
	£	£
Production	115	91
Research and development and production services	80	81
Administration	32	37
	-----	-----
	227	209

Remuneration in respect of directors was payable, as follows:

	1988	1987
	---	---
	£	£
Directors' fees	115,758	151,434

The emoluments of the directors, excluding pension contributions were £101,740 (1986: £120,460).

Payments of compensation to past directors in respect of loss of office amounted to £50,000.

WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31ST MARCH 1988

3. Directors and employees (continued)

	1988	1987
	----	----
	£	£
Joint Chairmen and highest paid director each	50,870	60,230
	-----	-----
	Number	Number
	-----	-----
Other directors		
Nil	2	-
£10,001 to £15,000	-	1
£15,001 to £20,000	-	1

Higher paid employees.

The employees of the company receiving more than £30,000 during the year, excluding pension contributions, were in the following bands:

	1988	1987
	----	----
	Number	Number
	-----	-----
£30,001 to £35,000	1	-
£35,001 to £40,000	-	1
£40,001 to £45,000	-	1

4. Exceptional item

These arise from a re-appraisal of the business and of provisions necessary at the balance sheet date.

	£
Reorganisation, redundancy and related costs	219,000
Uncompleted product development costs	771,000
Potential legal and contract claims	1,000,000
	-----
	1,990,000
	-----

**WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31ST MARCH 1988**

**5. Tax on loss on ordinary activities**

The taxation credit is based on the loss for the year and represents:-

	1988	1987
	£	£
United Kingdom corporation tax @ 35% (1987: 33.2%)	-	26,385
Deferred tax	(709,067)	108,672
	(709,067)	135,057
Adjustments in respect of prior year		
Corporation tax	(18,714)	-
Deferred tax	26,403	-
	(701,378)	135,057

**6. Loss for the financial year**

The company has taken advantage of section 228(7) of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group loss for the year includes £238,401 loss (1987: £2,784 profit) which is dealt with in the financial statements of the parent company.

**7. Tangible fixed assets**

	Total	Freehold buildings	Motor vehicles	Plant and equipment
	£	£	£	£
The group				
Cost/Valuation				
At 1st April, 1987	4,442,314	2,258,205	271,693	1,912,416
Additions at cost	251,911	49,335	115,097	87,479
	4,694,225	2,307,540	386,790	1,999,895
Disposals	(189,461)	-	(185,315)	(4,146)
At 31st March, 1988	4,504,764	2,307,540	201,475	1,995,749
Depreciation				
At 1st April, 1987	1,247,485	209,603	122,257	915,625
Provided in the year	388,054	46,000	55,300	286,754
	1,635,539	255,603	177,557	1,202,379
Disposals	(68,567)	-	(64,420)	(4,147)
At 31st March, 1988	1,566,972	255,603	113,137	1,198,232
Net book amount at 31st March, 1988	2,937,792	2,051,937	88,338	779,517
Net book amount at 31st March, 1987	3,194,829	2,048,602	149,436	996,791



WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31ST MARCH 1988

7. Tangible fixed assets (continued)

The company	Total	Freehold buildings	Motor vehicles	Fixtures fittings & equipment
Cost/Valuation	£	£	£	£
At 1st April, 1987	954,570	799,495	18,765	136,310
Surplus on revaluation	-	-	-	-
Additions at cost	49,433	-	49,433	-
	1,004,003	799,495	68,198	136,310
Disposals	(68,198)	-	(68,198)	-
At 31st March, 1988	935,805	799,495	-	136,310
Depreciation				
At 1st April, 1987	131,555	49,495	3,753	78,307
Provided in the year	38,322	16,000	1,876	20,446
	169,877	65,495	5,629	98,753
Disposals	(5,629)	-	(5,629)	-
At 31st March, 1988	164,248	65,495	-	98,753
Net book amount at 31st March, 1988	771,557	734,000	-	37,557
Net book amount at 31st March, 1987	823,015	750,000	15,012	58,003

The figures stated above for cost or valuation include valuations as follows:

	The Group Freehold		The Company Freehold	
	1988	1987	1988	1987
	£	£	£	£
At cost	1,116,738	1,116,738	411,144	411,144
At 1983 valuation	1,066,867	1,066,867	313,751	313,751
At 1987 valuation	74,600	74,600	74,600	74,600
	2,258,205	2,258,205	799,495	799,495

The 1983 group valuation includes pre-acquisition revaluation reserves of £260,650 which have been included in other reserves in note 16.

WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31ST MARCH 1988

The group and the company.

If freehold land and buildings had not been revalued, they would have been included on the historical cost basis at the following amounts:

	The Group	The Company
	£	£
Cost	1,166,073	411,144
Accumulated depreciation	260,941	140,024
Net book amount at 31st March, 1988	905,132	271,120
Net book amount at 31st March, 1987	879,118	279,343

During the year to 31st March 1987 the freehold property at Weyhill Road, Andover was revalued by Messrs. Martin and Stratford (Chartered Surveyors). The basis of the valuation used was existing use value assuming vacant possession. The surplus arising has been transferred to revaluation reserve.

The effect of revaluing the freehold property is to increase the depreciation charged in the group profit and loss account of £23,860 (1987: £24,475).

No provision has been made in the deferred taxation account for the estimated corporation tax which would be payable on disposal at this valuation, because, in the opinion of the directors, those assets are unlikely to be disposed of in the foreseeable future.

8. Fixed asset investments

The company	Shares in Group Companies
	£
Cost	695,616
Amounts written off	23,530
Net book amount at 31st March, 1988	672,086
Net book amount at 31st March, 1987	672,086

# **WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31ST MARCH 1988**

### **8. Fixed asset investments (continued)**

At 31st March, 1988 the group holds more than 10% of the allotted share capital of the following companies:

Subsidiaries	Country of incorporation and operation	Class of share capital held	Proportion held by holding company	Nature of business
Wallop Industries Limited	England	Ordinary	100%	Pyrotechnics
Civil Protection Limited	England	Ordinary	100%	Law enforcement equipment
Wallop S.A.	Switzerland	Ordinary	100%	Military equipment
Wallop Avionics Limited	England	Ordinary	100%	Aircraft supplies
Wallop S.E.S. Limited	England	Ordinary	100%	Security equipment
Walloptronics Limited	England	Ordinary	100%	Electro-Optical devices
Wallop Systems Limited	England	Ordinary	100%	Decoy systems
Wallop Simbrow Limited	England	Ordinary	100%	Engineering

### **9. Stocks**

	The Group		The Company	
	1988	1987	1988	1987
	£	£	£	£
Raw materials	820,826	863,359	-	-
Work in progress	601,412	661,333	-	-
Finished goods	-	172,510	-	-
	1,422,238	1,697,202	-	-
Payments on account	151,993	154,787	-	-
	1,270,245	1,542,415	-	-

There were no significant differences between the replacement cost and the values disclosed for other categories of stock.

WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31ST MARCH 1988

10. Debtors

	The Group		The Company	
	1988	1987	1988	1987
	£	£	£	£
Amounts falling due within one year				
Trade debtors	2,710,574	3,358,548	1,043	15
Amounts owed by subsidiaries	-	-	63,877	55,892
Other debtors	148,825	355,153	3,950	2,575
Prepayments and accrued income	24,041	15,542	-	750
	2,883,440	3,729,243	68,870	59,232

11. Creditors - amounts falling due within one year

	The Group		The Company	
	1988	1987	1988	1987
	£	£	£	£
Bank overdrafts	520,966	2,683,987	-	-
Trade creditors	1,342,725	1,640,464	29	22
Amounts owed to group companies				
Subsidiaries	-	-	1,237,915	172,265
Holding company and fellow subsidiaries	2,617,313	-	-	-
Current taxation	33,561	45,525	2,761	1,930
Social security and other taxes	135,457	156,102	10,715	-
Other creditors	936,093	744,921	8,500	-
Accruals and deferred income	198,222	182,576	1,000	500
Amounts due under hire purchase contracts	107,531	138,547	-	5,614
Payments in advance	59,888	-	-	-
	5,951,756	5,592,122	1,260,920	180,331

The bank overdraft is secured by a fixed and floating charge over all the assets of the group and by cross guarantees given by those companies.

WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH 1988

12. Creditors - amounts falling due after more than one year

	The Group		The Company	
	1988	1987	1988	1987
	£	£	£	£
Accrued Expenditure	304,000	-	-	-
Amounts owed to subsidiaries	-	-	-	861,320
Amounts due under hire purchase contracts repayable within five years	602	85,730	-	-
	304,602	85,730	-	861,320

13. Provisions for liabilities and charges

	Total	Deferred taxation (note 14)	Other Provisions
	£	£	£
The Group			
At 1st April 1987	196,064	196,064	-
Provided during the year	1,003,400	3,400	1,000,000
	1,199,464	199,464	1,000,000
Utilised during the year	(686,064)	(686,064)	-
Transferred	-	532,000	(532,000)
At 31st March 1988	513,400	45,400	468,000
The Company			Deferred taxation (note 14)
			£
At 1st April 1987			29,455
Utilised during the year			(7,455)
At 31st March 1988			22,000

WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31ST MARCH 1988

14. Deferred taxation

Deferred taxation provided in the financial statements and the total potential liability, including the amount provided, are set out below.

The Group	Amount provided and Potential liability	
	1988	1987
	£	£
Accelerated capital allowances	45,400	196,765
Other timing differences	-	(701)
	45,400	196,064

The Company	Amount provided and Potential liability	
	1988	1987
	£	£
Accelerated capital allowances	22,000	29,455

15. Called up share capital

Authorised	1988	1987
	£	£
500,000 'A' ordinary shares of £1 each	500,000	500,000
500,000 'B' ordinary shares of £1 each	500,000	500,000
	1,000,000	1,000,000
Alotted, called up and fully paid		
37,668 'A' ordinary shares of £1 each	37,668	37,668
37,668 'B' ordinary shares of £1 each	37,668	37,668
	75,336	75,336

WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31ST MARCH 1988

16. Reserves

The Group	Revalua- -tion Reserve	Other Reserves	Profit & Loss Account
	£	£	£
At 1st April, 1987	880,817	576,432	1,424,224
Loss for the year	-	-	(1,798,374)
At 31st March, 1987	880,817	576,432	(374,150)
The Company			
At 1st April, 1987	388,351	-	75,542
Loss for the year	-	-	(238,401)
At 31st March, 1988	388,351	-	(162,859)

17. Capital commitments

	The Group		The Company	
	1988	1987	1988	1987
	£	£	£	£
Contracted for but not provided in these financial statements	-	40,216	-	-
Authorised by the directors but not contracted for	1,450	26,050	-	-
	1,450	66,266	-	-

18. Pension commitments

The group has a contributory pension scheme designed to provide retirement benefits for its directors and senior employees. In the directors' opinion this scheme is adequately funded.

WALLOP HOLDINGS LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31ST MARCH 1988

19. Contingent liabilities

The bank held an unlimited cross guarantee between Wallop Holdings Limited and all other Wallop group companies. At the balance sheet date the exposure on these guarantees totalled £NIL (1987: £2,683,987).

The group also has a contingent liability in respect of performance bonds and advance payment guarantees amounting to £263,848 at 31st March, 1988, (1987: £1,059,600).

20. Ultimate holding company

The ultimate holding company is M.L. Holdings PLC a company registered in the United Kingdom.