

# **PILKINGTON AEROSPACE LIMITED**

(Company Registration Number: 1999018)

## **REPORT AND ACCOUNTS**

**YEAR ENDED 31 MARCH 1997**



**PILKINGTON**



**PILKINGTON AEROSPACE LIMITED**

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 MARCH 1997**

The directors present their annual report and the audited accounts for the year ended 31 March 1997.

**Principal activities**

The principal activity of the company is the manufacture and sale of advanced transparencies principally to the aerospace, railway and security glazing industries.

**Review of business**

This year was one of consolidation and restructuring to reduce overheads. The Directors believe that a performance in line with the two years preceding this financial year will continue in future.

**Results and dividend**

The loss for the year on ordinary activities before taxation amounted to £296,000 (1996 £679,000 profit), taxation thereon was nil (1996 credit of £19,000). The directors do not recommend payment of a dividend and the loss for the year will be transferred to reserves.

**Research and development**

The company pays for and receives the benefits of all appropriate research and development work undertaken by the ultimate holding company. The work and costs are agreed by the directors and, since much of the work is directly related to the business of the company, a large proportion of it is carried out in the company's manufacturing plant.

**Changes in fixed assets**

The movements in fixed assets during the year are set out in note 9 to the accounts. Capital expenditure by the company totalled £668,000 (1996 £189,000).

**Directors**

The following were directors of the company during the year:

Mr P Molineux	(Managing Director)
Mr R S Bruce	(Technical Director)
Mr R W Wright	(Marketing Director)
Mr C J Woodhouse	(Manufacturing Director)
Mr J R McCollough	(Chairman - appointed to Pilkington Aerospace Limited Board on 19 March 1997)

**PILKINGTON AEROSPACE LIMITED**  
**REPORT OF THE DIRECTORS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 1997**

**Directors (continued)**

In accordance with the company's Articles of Association, Mr P Molineux will retire by rotation at the Annual General Meeting and, being eligible, offers himself for re-election.

Mr R W Wright retired from the company on 30 April 1996 and left the Board at that time. Mr J R McCollough was appointed to the Board on 19 March 1997. Mr R S Bruce left the company on 18 April 1997 and also left the Board at this time.

**Directors' interests**

None of the directors has had an interest in any contract of a material nature with the company during the financial year.

None of the directors has an interest in the shares of the company or its subsidiary company, either at the beginning or end of the financial year.

The undermentioned directors, who are not also directors of the ultimate holding company, Pilkington plc, had the following beneficial interests in the ordinary shares and in options to acquire shares in that company:

shares in that company.

	Pilkington plc Ordinary shares of 50p each	
	1.4.96 or at date of appointment	31.3.97
Mr P Molineux	-	-
Mr R S Bruce	-	-
Mr C J Woodhouse	10,514	10,514
Mr J R McCollough	-	-

	Shares under option					At 31.3.97
	At 1.4.96 or at date of appointment	Options granted*	Options granted**	Options relinquished	Options exercised	
Mr P Molineux	88,987	4,755	-	-	(39,060)	54,682
Mr R S Bruce	41,328	-	3,679	-	-	45,007
Mr C J Woodhouse	25,484	8,779	2,169	-	-	36,432
Mr J R McCollough	113,873	-	-	-	-	113,873

Options granted under the Pilkington Senior Executives' Share Option Scheme\* were at 184p.

Options granted under the Pilkington Saving Related Share Options Scheme\*\* were at 159p.

**PILKINGTON AEROSPACE LIMITED**  
**REPORT OF THE DIRECTORS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 1997**

**Payments to suppliers**

The company's policy in relation to the payment of its suppliers is to settle its terms of payment with each supplier when agreeing the terms of each business transaction. The supplier is made aware of the terms which are detailed in the company's purchase orders. Creditor days at the end of the financial year were 65 days.

**Statement of directors' responsibilities**

Company law requires the directors to prepare accounts 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 accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

By order of the Board



Director

27 May 1997

**PILKINGTON AEROSPACE LIMITED****REPORT OF THE AUDITORS TO THE MEMBERS OF  
PILKINGTON AEROSPACE LIMITED**

We have audited the accounts on pages 5 to 19.

**Respective responsibilities of directors and auditors**

As described on page 3, 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 31 March 1997 and of its loss and total recognised losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand.*

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COOPERS & LYBRAND  
Chartered Accountants and Registered Auditors

Birmingham

*28 May 1997.*

**PILKINGTON AEROSPACE LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997**

	Note	1997 £000	1996 £000
<b>Turnover</b>	3	<u>14,954</u>	<u>15,058</u>
<b>Operating (loss)/profit</b>	4	<u>(201)</u>	<u>773</u>
<b>Interest payable</b>	5	<u>(95)</u>	<u>(94)</u>
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(296)</u>	<u>679</u>
<b>Taxation</b>	6	<u>-</u>	<u>19</u>
<b>(Loss)/profit on ordinary activities after taxation</b>		<u>(296)</u>	<u>698</u>
<b>Dividends</b>		<u>-</u>	<u>-</u>
<b>Retained (loss)/profit for the year</b>	17	<u><u>(296)</u></u>	<u><u>698</u></u>

All the above activities are in respect of continuing operations.

**PILKINGTON AEROSPACE LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MARCH 1997**

	<b>1997</b>	<b>1996</b>
	<b>£000</b>	<b>£000</b>
(Loss)/profit for the year	<b>(296)</b>	698
Other recognised (losses)/gains	-	-
Total recognised (losses)/gains	<b>(296)</b>	698

There were no material differences between the reported (loss)/profit on ordinary activities before taxation and the historical cost (loss)/profit for the year. Similarly, there are no such adjustments in respect of 1996.

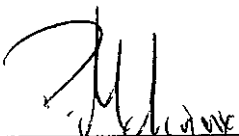
**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS  
FOR THE YEAR ENDED 31 MARCH 1997**

	<b>1997</b>	<b>1996</b>
	<b>£000</b>	<b>£000</b>
(Loss)/profit for the year attributable to shareholders	<b>(296)</b>	698
Shareholders' funds at beginning of year	<b>6,060</b>	5,362
Shareholders' funds at end of year	<b>5,764</b>	6,060

**PILKINGTON AEROSPACE LIMITED**  
**BALANCE SHEET AS AT 31 MARCH 1997**

	Note	1997 £000	1996 £000
<b>ASSETS EMPLOYED</b>			
<b>Fixed assets</b>			
Tangible assets	9	3,147	2,822
Investments - subsidiary undertaking	10	32	32
Total fixed assets		<u>3,179</u>	<u>2,854</u>
<b>Current assets</b>			
Stocks	11	2,985	2,984
Debtors	12	3,438	3,837
Cash at bank and in hand		246	-
Creditors - amounts falling due within one year	13	<u>(3,300)</u>	<u>(2,471)</u>
Net current assets		<u>3,369</u>	<u>4,350</u>
Total assets less current liabilities		<u><u>6,548</u></u>	<u><u>7,204</u></u>
<b>FINANCED BY</b>			
Creditors - amounts falling due after more than one year	14	31	460
Provision for liabilities and charges	15	753	684
<b>Capital and reserves</b>			
Share capital	16	9,000	9,000
Profit and loss account	17	<u>(3,236)</u>	<u>(2,940)</u>
Equity shareholders' funds		<u>5,764</u>	<u>6,060</u>
		<u><u>6,548</u></u>	<u><u>7,204</u></u>

The accounts on pages 5 to 19 were approved by the Board of Directors on 27 May 1997

 Director

27 May 1997



**PILKINGTON AEROSPACE LIMITED****NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 1997****1 Principal accounting policies**

The financial statements are prepared in accordance with the historical cost convention. The financial statements are also prepared in accordance with Accounting Standards applicable in the United Kingdom. A summary of the major accounting policies, which have been consistently applied, is set out below.

The company's holding company has included in its financial statements a consolidated group cash flow statement in compliance with the Financial Reporting Standard No.1. The company has therefore taken advantage of the exemption under the Standard not to produce a cash flow statement.

**Turnover**

Turnover is based on the invoiced value of sales, excluding VAT, and includes the proportion of the sales value of long term contracts relevant to their state of completion. Turnover includes sales to other Group companies.

**Deferred income**

Regional development grants and other investment grants are taken to deferred income and are released to the profit and loss account in appropriate instalments relating to the type of expenditure.

**Research and development**

Revenue expenditure on research and development is charged against the profits of the year in which it is incurred and is not carried forward as an asset to be recouped out of future profits.

Capital expenditure on research laboratories, equipment and plant is written off over its expected working life.

**Pension costs**

Pension costs have been accounted for in accordance with the United Kingdom Accounting Standard No 24 - Accounting for Pension Costs.

The pension cost relates to defined contribution schemes and is the amount of contributions payable in the respective financial year.

**PILKINGTON AEROSPACE LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 1997**

**1 Principal accounting policies (continued)**

**Tangible assets and depreciation**

Tangible assets are stated at historical cost.

Freehold land is not depreciated.

Depreciation is charged on all other categories of tangible fixed assets so as to write off the cost by equal annual instalments over the expected lives of the assets, such depreciation commencing at the start of the half year after the asset is commissioned.

Depreciation is written off in accordance with the following lives of assets:

Freehold buildings and long leasehold buildings	20 years to 30 years
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Plant & machinery	5 years to 15 years
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**Finance leases**

Assets held under finance leases are included in tangible assets at cost and are depreciated over the shorter of the lease term or their useful life. Obligations relating to finance leases, net of finance changes in respect of future periods, are included as appropriate under creditors due within or after one year. Finance charges are allocated to accounting periods over the lease term to reflect a constant rate of interest on the remaining balance of the obligation.

**Operating leases**

Rentals under operating leases are charged to the profit and loss account as incurred.

**Foreign currencies**

Foreign currencies are translated into sterling at the rates of exchange ruling at the year end or, where appropriate, at forward contract rates. Exchange differences are taken to the profit and loss account.

Exchange differences on the translation of the net assets of overseas subsidiary undertakings, and on the translation of overseas borrowings for investment abroad, are taken to reserves.

# PILKINGTON AEROSPACE LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1997

### 1 Principal accounting policies (continued)

#### Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes all direct expenditure and works overhead expenditure incurred in bringing goods to their current state under normal trading conditions. The works overhead expenditure includes charges for depreciation of tangible assets, but excludes research and development, distribution, selling, divisional and head office expenses.

#### Group accounts

The company has taken advantage in Section 228 (1) (a) of the Companies Act 1985 under which group accounts need not be prepared where the company is itself a wholly owned subsidiary undertaking of another company.

#### Deferred taxation

Deferred taxation is provided under the liability method at current or expected future rates of tax in respect of timing differences between profits as computed for tax purposes and profits as stated in the accounts to the extent that, in the opinion of the directors, those differences will give rise to tax liabilities or reliefs in the foreseeable future.

### 2 Segmental analysis of continuing operations

The Company's directors consider that the Company is engaged in only one class of business.

### 3 Geographical analysis of turnover by markets

	1997		1996	
	Continuing £000	%	Continuing £000	%
United Kingdom	4,185	28	5,508	36
Europe (excluding UK)				
- EC	1,767	12	1,995	13
- Non EC	653	4	545	4
North America	6,530	44	5,536	37
Australasia	111	1	176	1
Rest of the World	1,708	11	1,298	9
	<u>14,954</u>	<u>100</u>	<u>15,058</u>	<u>100</u>

**PILKINGTON AEROSPACE LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 1997**

**4 Statutory information**

	<b>1997</b>	<b>1996</b>
	<b>Continuing</b>	<b>Continuing</b>
	<b>£000</b>	<b>£000</b>
Turnover	<b>14,954</b>	15,058
Cost of sales	<b>(11,748)</b>	(11,131)
Gross profit	<b>3,206</b>	3,927
Distribution costs	<b>(404)</b>	(297)
Administrative expenses	<b>(2,623)</b>	(2,857)
Exceptional administrative expenses	<b>(380)</b>	-
Operating (loss)/profit	<b>(201)</b>	773

Redundancy costs totalling £380,000 (1996 nil) have been classified as exceptional administrative expenses.

	<b>1997</b>	<b>1996</b>
	<b>£000</b>	<b>£000</b>
Operating (loss)/profit is after charging/(crediting):		
Depreciation of tangible fixed assets	<b>336</b>	328
(Profit) on disposal of tangible fixed assets	<b>(2)</b>	-
Operating lease costs - plant and machinery	<b>30</b>	38
Auditor's remuneration - audit	<b>9</b>	11
- other non-audit services	<b>4</b>	18
Research and development expenditure	<b>721</b>	541

**5 Interest payable**

	<b>1997</b>	<b>1996</b>
	<b>£000</b>	<b>£000</b>
Interest payable on bank overdrafts and on loans:		
Repayable by instalments within 5 years		
- on bank overdraft	<b>34</b>	0
- to group companies	<b>38</b>	42
- to others	<b>17</b>	42
	<b>89</b>	84
Finance leases	<b>6</b>	10
	<b>95</b>	94

**PILKINGTON AEROSPACE LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 1997**

**6 Taxation**

	<b>1997</b>	<b>1996</b>
	<b>£000</b>	<b>£000</b>
United Kingdom corporation tax at 33% (1996 33%)		
Current	-	-
Deferred	-	(19)
	<hr/>	<hr/>
	-	(19)
	<hr/>	<hr/>

**7 Employee pay and numbers (excluding directors)**

	<b>1997</b>	<b>1996</b>
	<b>£000</b>	<b>£000</b>
Employment costs		
Wages and salaries	<b>4,423</b>	4,403
Social security costs	<b>369</b>	354
Pension costs	<b>352</b>	334
	<hr/>	<hr/>
	<b>5,144</b>	5,091
	<hr/>	<hr/>

Average number of employees:-	<b>1997</b>	<b>1996</b>
	<b>N°</b>	<b>N°</b>
Birmingham	<b>248</b>	230
USA	<b>1</b>	2
	<hr/>	<hr/>
	<b>249</b>	232
	<hr/>	<hr/>
Number employed at 31 March	<b>249</b>	239
	<hr/>	<hr/>

**PILKINGTON AEROSPACE LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 1997**

**8 Emoluments of directors**

	<b>1997</b>	1996
	<b>£</b>	£
Aggregate emoluments	<b>178,195</b>	229,358
Company pension scheme contributions to money purchase schemes	<b>68,355</b>	81,645
Compensation for loss of office	<b>83,838</b>	-

The emoluments of the Chairman are paid by Pilkington Aerospace Inc. Mr McCollough's services to this company are of a non-executive nature and his emoluments are deemed to be wholly attributable to his services to Pilkington Aerospace Inc. Accordingly, the details above include no emoluments in respect of Mr McCollough.

**9 Tangible assets**

	<b>Land and buildings</b>	<b>Plant, machinery &amp; vehicles</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At cost</b>			
At 1 April 1996	2,056	5,299	7,355
Additions	48	620	668
Disposals	-	(90)	(90)
At 31 March 1997	<b>2,104</b>	<b>5,829</b>	<b>7,933</b>
<b>Accumulated depreciation</b>			
At 1 April 1996	(877)	(3,656)	(4,533)
Charge for the year	(73)	(263)	(336)
Disposals	-	83	83
At 31 March 1997	<b>(950)</b>	<b>(3,836)</b>	<b>(4,786)</b>
<b>Written down value at 31 March 1997</b>	<b>1,154</b>	<b>1,993</b>	<b>3,147</b>

**PILKINGTON AEROSPACE LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 1997**

**9 Tangible assets (continued)**

	<b>Land and buildings £000</b>
Land and buildings at net book value comprise:	
Freehold	228
Long leasehold	926
	<hr/> 1,154 <hr/>

Plant, machinery and vehicles include items acquired under finance leases comprising cost of £524,000 (1996 £524,000), accumulated depreciation of £277,000 (1996 £247,000) and written down value of £247,000 (1996 £277,000). Depreciation charged in the year on these assets amounted to £30,000 (1996 £30,000)

	<b>Freehold land and buildings</b>		<b>Long leasehold land and buildings</b>	
	<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At cost	465	465	1,639	1,592
Accumulated depreciation	(237)	(222)	(713)	(656)
Net book value	<hr/> 228 <hr/>	<hr/> 243 <hr/>	<hr/> 926 <hr/>	<hr/> 936 <hr/>

Included within plant, machinery and vehicles are four assets with a net book value of £191,000 which are depreciated over a period greater than 15 years.

**10 Investments - subsidiary undertaking**

	<b>Shares £000</b>
At cost	
At 1 April 1996	32
Additions	-
At 31 March 1997	<hr/> 32 <hr/>

**PILKINGTON AEROSPACE LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 1997**

**10 Investment - subsidiary undertaking (continued)**

Details of the subsidiary undertaking are as follows:

<b>Name of company</b>	<b>% equity held</b>	<b>Principal activity</b>
Pilkington INTG	<b>51%</b>	Exploitation of products using highly
Glasveredelungs GmbH		strengthened glass

The company is incorporated in Germany and did not trade during the year. As at 31 March 1997, the company had aggregated capital and reserves of £38,000.

**11 Stocks**

	<b>1997 £000</b>	<b>1996 £000</b>
Raw materials	<b>717</b>	<b>871</b>
Stores	<b>-</b>	<b>5</b>
Work in progress	<b>1,182</b>	<b>1,014</b>
Finished goods	<b>1,086</b>	<b>1,094</b>
	<b>2,985</b>	<b>2,984</b>

There is no material difference between the cost of stock as stated and its replacement cost.

**12 Debtors**

	<b>1997 £000</b>	<b>1996 £000</b>
Trade debtors	<b>2,839</b>	<b>3,228</b>
Amounts owed by group undertakings		
- Parent company and fellow subsidiaries	<b>333</b>	<b>373</b>
Other debtors	<b>178</b>	<b>156</b>
Debtors falling due within one year	<b>3,350</b>	<b>3,757</b>
Debtors falling due after more than one year		
Other debtors	<b>88</b>	<b>80</b>
	<b>3,438</b>	<b>3,837</b>



**PILKINGTON AEROSPACE LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 1997**

**13 Creditors - amounts falling due within one year**

	<b>1997</b>	<b>1996</b>
	<b>£000</b>	<b>£000</b>
Group company loan	<b>900</b>	-
Bank overdraft	<b>55</b>	79
Trade creditors	<b>1,477</b>	1,343
Amounts owed to group undertakings		
- Parent company and fellow subsidiaries	<b>430</b>	575
Other taxation and social security	<b>95</b>	-
Other creditors	<b>314</b>	433
Finance leases	<b>29</b>	41
	<hr/> <b>3,300</b> <hr/>	<hr/> <b>2,471</b> <hr/>

The loan from group company is due to be repaid on 30 June 1997. Interest is payable at a variable commercial rate and there is no security attached to the loan.

**14 Creditors - amounts falling due after more than one year**

	<b>1997</b>	<b>1996</b>
	<b>£000</b>	<b>£000</b>
Group company loans	<b>Nil</b>	400
Amounts owing under finance leases		
- between 1 and 2 years	<b>31</b>	29
- between 2 and 5 years	<b>-</b>	31
	<hr/> <b>31</b> <hr/>	<hr/> <b>460</b> <hr/>

**15 Provisions for liabilities and charges**

	<b>Pensions</b>	<b>Other</b>	<b>Total</b>
	<b>£000</b>	<b>Provisions</b>	<b>£000</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April 1996	151	533	684
Provided during year	57	148	205
Utilised during year	-	136	136
	<hr/> <b>208</b> <hr/>	<hr/> <b>545</b> <hr/>	<hr/> <b>753</b> <hr/>
At 31 March 1997	<b>208</b>	<b>545</b>	<b>753</b>

**PILKINGTON AEROSPACE LIMITED****NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 1997****15 Provisions for liabilities and charges (continued)**

Other provisions consist of:-

	<b>1997</b>	<b>1996</b>
	<b>£000</b>	<b>£000</b>
Warranty	<b>215</b>	351
Cumulative leave	<b>187</b>	169
Redundancy	<b>129</b>	-
Other	<b>14</b>	13
	<hr/> <b>545</b> <hr/>	<hr/> <b>533</b> <hr/>

## Deferred taxation

The deferred tax which has not been provided  
amounted to:

	<b>1997</b>	<b>1996</b>
	<b>£000</b>	<b>£000</b>
Capital allowances in excess of related depreciation	<b>391</b>	380
Other timing differences	<b>(213)</b>	(233)
	<hr/> <b>178</b> <hr/>	<hr/> <b>147</b> <hr/>

**16 Share capital**

	<b>1997</b>	<b>1996</b>
	<b>£000</b>	<b>£000</b>
Authorised, allotted, called up and fully paid 9,000,000 ordinary shares of £1 each	<hr/> <b>9,000</b> <hr/>	<hr/> <b>9,000</b> <hr/>

**PILKINGTON AEROSPACE LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 1997**

**17 Profit and Loss Account**

	<b>£000</b>
At 1 April 1996	(2,940)
Retained profit for the year	(296)
	<hr/>
At 31 March 1997	<b>(3,236)</b>
	<hr/>

**18 Commitments and contingent liabilities**

**(a) Capital expenditure**

	<b>1997 £000</b>	<b>1996 £000</b>
Contracts placed but not provided for in the accounts	Nil	Nil
Projects approved by the directors but not contracted for	444	720
	<hr/>	<hr/>
	<b>1997 £000</b>	<b>1996 £000</b>

**(b) Operating lease commitments**

The company's operating lease commitments for the following financial year are as follows:-

For non-property leases expiring

Within one year

Between two and five years

5	5
22	52
<hr/>	<hr/>
<b>27</b>	<b>57</b>
<hr/>	<hr/>

**PILKINGTON AEROSPACE LIMITED****NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 1997****18 Commitments and contingent liabilities (continued)****(c) Other commitments and contingent liabilities**

- i. At 31 March 1997, the company had contingent liabilities incurred in the ordinary course of business arising out of guarantees and other transactions including a joint and several liability for VAT under a Pilkington plc group registration. In the opinion of the directors no material amounts are expected to become payable under these arrangements.
- ii. It is impossible to estimate claims which might arise from an air disaster through the failure in use of windscreens and other glasses supplied for aircraft. The company has taken out product liability insurance for £300 million.

**19 Pensions and similar obligations**

The company's employees are members of the Pilkington Superannuation Scheme or the Pilkington Pension Scheme, both of which are in the nature of defined contribution schemes. The pension cost charge for the year amounted to £421,000 (1996 £416,000).

Details of the pension schemes are noted in the accounts of the ultimate holding company, Pilkington plc.

**20 Ultimate holding company**

The ultimate holding company is Pilkington plc, registered in England and Wales. Pilkington plc has prepared consolidated accounts for the whole of the Pilkington Group, a copy of which can be obtained from the Company Secretary, Pilkington plc, Prescott Road, St Helens, WA10 3TT.