

Horstman Defence Systems Limited

Report and Financial Statements

31 March 2012

Registered No 1511975

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COMPANIES HOUSE

Horstman Defence Systems Limited

Registered No 1511975

Director

J G Harris

Secretary

HW Machinery Limited

Auditors

Ernst & Young LLP
No 1 Colmore Square
Birmingham
B4 6HQ

Bankers

HSBC Bank plc
PO Box 68
130 New Street
Birmingham
B2 4JH

Registered Office

Locksbrook Road
Bath
Avon
BA1 3EX

Director's report

Registered No 1511975

The director presents his report together with financial statements for the year ended 31 March 2012

Principal activities

The principal activity of the company continues to be the design, manufacture, refurbishment and sale of suspension systems, gearboxes, auxiliary power units and components, high precision torpedo parts and naval instrumentation equipment

Review of the business and future developments

The strong order intake last year has produced significant sales growth in the current year. There is continuity into the future on most mobility programmes although following the current rapid growth sales volumes are likely to fall next year.

Results and dividends

The profit for the year after taxation amounted to £1,213,385 (2011 £782,571). An interim dividend of £1,440,928 was paid during the year (2011 £692,848). The director does not propose the payment of a final dividend (2011 £nil).

The main performance measures used by the company are sales, profits and cash generation.

Sales increased by 36% to £19.8m (2011 £14.5m) due to the increase in orders received by the business primarily for suspension systems and spares. Margins suffered as there was insufficient factory capacity to meet the increased turnover and so a substantial amount of work was off-loaded to subcontractors. Distribution costs increased with volume although there were some savings due to a higher proportion of UK sales in total turnover. Administration costs were broadly contained at prior levels although there was a benefit from a reduced currency loss compared with that incurred in the previous year.

Interest costs increased to £65k (2011 £39k) due to increased bank borrowings. Interest receivable (from Group companies) increased to £147k (2011 £78k) due to the small increase in group loans and more significantly the full-year impact in the current year of loans made during the previous year.

Profit before tax was £1,573,189 (2011 £942,031). A tax charge of £359,804 (2011 £159,460) was recorded resulting in profit after tax of £1,213,385 (2011 £782,571).

The increase in operating activities of the business required additional working capital resulting in an increase in bank borrowings from £0.9m to £1.5m.

Financial risk management policy

The company's principal financial instruments comprise cash, cash equivalents, bank overdraft, finance leases, hire purchase obligations and property mortgage. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial assets and liabilities, including trade debtors and creditors and amounts owed by group undertakings that arise directly from its operations.

The company enters into forward foreign currency contracts when appropriate, whose purpose is to manage the foreign currency risks arising from the company's operations.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments of a speculative nature shall be undertaken.

Director's report (Continued)

Registered No 1511975

Financial risk management policy (continued)

The principal risks associated with the company's financial assets and liabilities are set out below

- Interest rate risk

The company's borrowings are principally its bank overdraft and property mortgage which attract interest at variable rates. Therefore, financial liabilities, interest charges and cash flows can be affected by movements in interest rates. Surplus cash is transferred to the parent company

- Price risk

There is no significant exposure to changes in the carrying value of financial instruments, assets and liabilities, except as a result of foreign currency exchange rate fluctuations, as described below

- Credit risk

The company makes appropriate credit checks on its customers and maintains strict credit limits to minimise its exposure to external credit risk

- Liquidity risk

The company aims to mitigate liquidity risk by managing cash generated by its operations. The principal form of financing is through an overdraft facility, shared with certain fellow subsidiary companies, which is repayable on demand and a property mortgage repayable by 2020. The company is party to a cross-guarantee securing the overdraft and certain other financing facilities of other group companies

- Foreign currency risk

The company has exposure to a number of foreign currencies through its purchases and sales of products. Exposure is principally to US dollars and Euros. The company takes out forward foreign currency contracts to mitigate this risk, consistent with the group's policy of hedging against known and highly probable exposures for a 6-12 month forward period

Director

The director who served during the year was

J G Harris

Research and development

The company is committed to a policy of investment in the future both by acquisition of new capital equipment and by expenditure on innovative research and product development and improvement

Payment policy

It is the company's payment policy to negotiate terms with its suppliers in all sectors to ensure that they know the terms on which payment will take place when the business is agreed. It is our policy to abide by these terms. The number of days purchases outstanding at the year end was 80 days (2011: 77 days)

Director's statement as to disclosure of information to auditors

Having made enquiries of the company's auditors, the director confirms that

- to the best of the director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- the director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

Director's report (Continued)

Registered No 1511975

Going concern

The director considers that the company has adequate resources to continue in operation for the foreseeable future. In forming this view, the director has reviewed budgets and other financial information. For this reason he continues to adopt the going concern basis in preparing the accounts.

Auditors

A resolution to re-appoint Ernst & Young LLP as the company's auditors will be put to the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed by order of the Board



HW Machinery Limited
Company Secretary

28 March 2013

Statement of director's responsibilities in respect of the financial statements

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless they are satisfied that they 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 these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORSTMAN DEFENCE SYSTEMS LIMITED

We have audited the financial statements of Horstman Defence Systems Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Christopher Voogd (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

Date 28 MARCH 2013

Profit and loss account

for the year ended 31 March 2012

	Notes	2012 £	2011 £
Turnover	2	19,825,637	14,526,089
Cost of sales		(16,255,663)	(11,588,712)
Gross profit		3,569,974	2,937,377
Distribution costs		(1,046,839)	(849,320)
Administration expenses		(1,310,156)	(1,420,504)
Other operating income	4	278,545	234,012
Operating profit	3	1,491,524	901,565
Interest payable	7	(65,244)	(38,916)
Interest receivable	8	146,909	79,382
Profit on ordinary activities before taxation		1,573,189	942,031
Tax on profit on ordinary activities	9	(359,804)	(159,460)
Profit transferred to reserves	18	1,213,385	782,571

All amounts relate to continuing activities

Statement of total recognised gains and losses

There are no recognised gains and losses other than the profit attributable to shareholders of the company of £1,213,385 for the year ended 31 March 2012 and the profit of £782,571 for the year ended 31 March 2011

Note of historical cost profits and losses


	2012 £	2011 £
Reported profit on ordinary activities before taxation	1,573,189	942,031
Difference between depreciation based on historical cost and on revalued amounts	7,915	7,915
Historical cost profit on ordinary activities before taxation	1,581,104	949,946
Historical cost profit for the year, retained after taxation	1,221,300	790,496

Balance sheet

at 31 March 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	10	1,887,827	1,485,906
Current assets			
Stocks	11	3,003,595	1,740,647
Debtors			
- amounts falling due after one year	12	5,384,899	5,370,474
- amounts falling due within one year	12	4,066,352	4,086,181
		12,454,846	11,197,302
Creditors amounts falling due within one year	13	(8,369,387)	(6,312,055)
Net current assets		4,085,459	4,885,247
Total assets less current liabilities		5,973,286	6,371,153
Creditors amounts falling due after more than one year	14	(744,865)	(1,070,638)
Provisions for liabilities and charges	16	(531,217)	(375,768)
Net assets		4,697,204	4,924,747
Capital and reserves			
Called up share capital	17	50,000	50,000
Share premium account	18	207	207
Revaluation reserve	18	9,814	17,729
Profit and loss account	18	4,637,183	4,856,811
Equity shareholders' funds	18	4,697,204	4,924,747

The financial statements were approved by the Board of Directors and issued to the shareholders on 28 March 2013


J G Harris
Director

Notes to the financial statements

at 31 March 2012

1. Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards

Royalty income

Income relating to royalties is accounted for on a receipts basis

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life as follows

Plant and machinery	7% to 25%
Freehold buildings	2% to 4%

No depreciation is charged on freehold land

Stocks and work-in-progress

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost is calculated to include an appropriate proportion of manufacturing overhead

Research and development

Research and development expenditure is written off against profit in the year in which the expenditure arises

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date or where there are matching forward contracts in respect of trading transactions, the rates of exchange specified in the contracts are used. All realised differences are taken to the profit and loss account and unrealised differences on forward contracts are taken to the balance sheet

Notes to the financial statements

at 31 March 2012

1. Accounting policies (continued)

Cash flow statement

In accordance with Financial Reporting Standard 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that the company is included in the consolidated financial statements of its parent company, HWH Investments Limited

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme

Leased assets

Assets acquired under finance leases, which are leases where substantially all the risks and rewards of ownership have passed to the company, and hire purchase contracts are capitalised in the balance sheet and depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

2. Turnover

Turnover, which is stated net of value added tax, represents the total amount receivable by the company for goods and services provided. All turnover is attributable to the company's principal activity

An analysis of turnover by geographical market is given below

	2012 £	2011 £
United Kingdom	9,947,130	4,624,646
Rest of Europe	3,741,464	2,186,714
Asia Pacific	3,242,268	4,617,925
Americas	2,894,775	3,096,804
	<u>19,825,637</u>	<u>14,526,089</u>

Notes to the financial statements

at 31 March 2012

3. Operating profit

This is stated after charging/(crediting)

	2012	2011
	£	£
Auditors' remuneration – audit services	18,174	17,740
Depreciation – owned assets	157,156	131,196
Depreciation – assets held under finance lease and hire purchase contracts	158,141	130,150
Research and development expenditure	1,015,593	948,623
Exchange loss on foreign currencies	31,762	141,908
	<u> </u>	<u> </u>

4. Other operating income

	2012	2011
	£	£
Royalties receivable	278,545	206,275
Rents receivable	-	27,737
	<u> </u>	<u> </u>
	278,545	234,012
	<u> </u>	<u> </u>

5. Director's emoluments

The director is an employee of other group companies where he is remunerated for his employment, no substantive qualifying services are provided by the director to the Company and it is not considered that the director received remuneration in the current year (2011 nil) in his capacity as director of the Company

6. Employees

The average number of employees, including directors, during the year was as follows

	2012	2011
	No	No
Sales, administration and distribution	14	12
Manufacturing	84	74
	<u> </u>	<u> </u>
	98	86
	<u> </u>	<u> </u>

Notes to the financial statements

at 31 March 2012

6. Employees (*continued*)

The aggregate payroll costs of these persons were as follows

	2012 £	2011 £
Wages and salaries	3,585,856	2,874,705
Social security costs	375,988	289,749
Other pension costs	78,544	70,258
	<u>4,040,388</u>	<u>3,234,712</u>

7. Interest payable

	2012 £	2011 £
Finance leases and hire purchase	11,825	16,871
Mortgage	15,258	22,025
Bank overdraft	38,161	-
Other interest	-	20
	<u>65,244</u>	<u>38,916</u>

8. Interest receivable

	2012 £	2011 £
Bank interest	-	1,014
Interest receivable – inter-company	146,909	78,368
	<u>146,909</u>	<u>79,382</u>

Notes to the financial statements

at 31 March 2012

9. Tax on profit on ordinary activities

(a) The taxation charge is made up as follows

	2012 £	2011 £
UK Corporation tax at 26% (2011 28%)	(27,855)	(20,627)
Group relief payable	(307,995)	(190,050)
Double taxation relief	27,855	20,627
Adjustments in respect of previous periods	(4,032)	35,715
	<u>(312,027)</u>	<u>(154,335)</u>
Foreign tax		
Overseas withholding tax	(27,855)	(20,627)
	<u>(339,882)</u>	<u>(174,962)</u>
Deferred taxation		
Origination and reversal of timing differences	(19,922)	15,502
	<u>(19,922)</u>	<u>15,502</u>
Tax on profit on ordinary activities	<u>(359,804)</u>	<u>(159,460)</u>

(b) Factors affecting current tax charge

The current tax assessed on the profit on ordinary activities for the year is lower (2011 lower) than the standard rate of corporation tax in the UK of 26% (2011 28%). The differences are reconciled below

	2012 £	2011 £
Profit on ordinary activities before taxation	1,573,189	942,031
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 28%)	409,029	263,769
Expenditure not deductible for tax purposes	18,914	12,229
Other permanent differences	(65,577)	(81,171)
(Accelerated)/decelerated capital allowances	(24,202)	15,850
Other timing differences	(2,314)	-
Tax (over)/underprovided in previous years	4,032	(35,715)
Total current tax (note 9(a))	<u>339,882</u>	<u>174,962</u>

Notes to the financial statements

at 31 March 2012

9. Tax on profit on ordinary activities (continued)

(c) Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount not provided for is £37,200 (2011: £37,200). At present, it is not envisaged that any tax will become payable in the foreseeable future.

On 23 March 2011, the UK Chancellor of the Exchequer announced the reduction in the main rate of corporation tax to 26% with effect from 1 April 2011 and a further reduction to 25% with effect from 1 April 2012. These changes were substantively enacted on 29 March 2011 and 19 July 2011 respectively.

Furthermore, on 26 March 2012 a reduction in the main rate of corporation tax to 24% with effect from 1 April 2012 was substantively enacted, with further 1% reductions per annum being announced to achieve a main rate of corporation tax of 21% with effect from 1 April 2014.

On 20 March 2013, the Chancellor announced that the main rate of corporation tax would be reduced further to 20% from April 2015. This change has not been substantively enacted at the balance sheet date and so is not reflected in the tax balances.

These changes will impact the future tax liabilities of the company.

10. Tangible fixed assets

	<i>Freehold land and buildings</i>	<i>Plant and Machinery</i>	<i>Total</i>
	£	£	£
Cost/Valuation			
At 1 April 2011	1,034,423	5,333,751	6,368,174
Additions	14,186	703,032	717,218
Disposals	-	(42,585)	(42,585)
At 31 March 2012	1,048,609	5,994,198	7,042,807
Depreciation			
At 1 April 2011	544,342	4,337,926	4,882,268
Charge for the year	31,957	283,340	315,297
Disposals	-	(42,585)	(42,585)
At 31 March 2012	576,299	4,578,681	5,154,980
Net book value			
At 31 March 2012	472,310	1,415,517	1,887,827
At 31 March 2011	490,081	995,825	1,485,906

Notes to the financial statements

at 31 March 2012

10. Tangible fixed assets (*continued*)

Assets held under finance leases and hire purchase contracts and capitalised in plant and machinery

	2012 £	2011 £
Cost	4,132,018	3,751,031
Aggregate depreciation	(3,324,146)	(3,195,129)
Net book value	807,872	555,902

The freehold land and buildings includes assets valued in 1980 at £386,848 (2011 £386,848). The company has taken advantage of the transitional arrangements of Financial Reporting Standard 15 and consequently, the valuation has not been updated. If stated under the historical cost convention the comparable amounts for freehold land and buildings would be

	2012 £	2011 £
Cost	805,687	805,687
Aggregate depreciation	(435,107)	(411,065)
Net book value	370,580	394,622

11. Stocks

	2012 £	2011 £
Raw materials	154,339	128,783
Work-in-progress	4,475,381	3,152,546
	4,629,720	3,281,329
Payments received on account	(1,626,125)	(1,540,682)
	3,003,595	1,740,647

The stock value is not materially different from the replacement cost

Notes to the financial statements

at 31 March 2012

12. Debtors

	2012	2011
	£	£
Trade debtors	3,205,258	3,657,397
Amounts owed by group undertakings	5,764,899	5,565,858
Other debtors	481,094	233,400
	<u>9,451,251</u>	<u>9,456,655</u>

Amounts falling due after more than one year included above are

	2012	2011
	£	£
Amounts owed by group undertakings	<u>5,384,899</u>	<u>5,370,474</u>

The amounts owed by group undertakings earn interest at 2% over base rate

13. Creditors: amounts falling due within one year

	2012	2011
	£	£
Bank overdraft	1,450,107	855,285
Mortgage (note 14)	44,411	44,880
Obligations under finance leases and hire purchase agreements (note 15)	173,302	43,480
Trade creditors	3,974,779	2,800,421
Due to parent company in respect of UK corporation tax	112,371	102,676
Other taxes and social security costs	103,932	98,622
Amounts owing to group undertakings	89,075	-
Accruals and deferred income	1,484,105	1,479,491
Contract advances	937,305	887,200
	<u>8,369,387</u>	<u>6,312,055</u>

14. Creditors: amounts falling due after more than one year

	2012	2011
	£	£
Obligations under finance leases and hire purchase contracts (note 15)	329,399	83,329
Mortgage	415,466	457,999
Contract Advances	-	529,310
	<u>744,865</u>	<u>1,070,638</u>

Notes to the financial statements

at 31 March 2012

14. Creditors: amounts falling due after more than one year (*continued*)

The mortgage is secured by a charge over the freehold property included in fixed assets as disclosed in note 10 and also by a guarantee given by the holding company

	2012 £	2011 £
Repayable within one year	44,411	44,880
Repayable between one and two years	45,831	46,320
Repayable between two and five years	146,469	147,600
Repayable after five years	223,166	264,079
	<u>459,877</u>	<u>502,879</u>

The original amount of the mortgage was £510,000 repayable by December 2020 and interest is charged at base rate plus 2.65% per annum

15. Obligations under finance leases and hire purchase contracts

	2012 £	2011 £
Finance leases and hire purchase contracts	<u>502,701</u>	<u>126,809</u>
Future minimum payments under finance leases and hire purchase contracts are as follows		
Within one year	192,676	48,301
In more than one year but not more than five years	<u>367,092</u>	<u>92,570</u>
Total gross payments	559,768	140,871
Less finance charges included above	<u>(57,067)</u>	<u>(14,062)</u>
	<u>502,701</u>	<u>126,809</u>
Finance leases and hire purchase obligations are analysed as follows		
Current obligations (note 13)	173,302	43,480
Non current obligations (note 14)	<u>329,399</u>	<u>83,329</u>
	<u>502,701</u>	<u>126,809</u>

Notes to the financial statements

at 31 March 2012

16. Provisions for liabilities and charges

	<i>Provision for warranties</i> £	<i>Deferred Taxation</i> £	<i>Total</i> £
At 31 March 2011	317,715	58,053	375,768
Released to profit and loss account in the year	-	-	-
Provided during the year	135,527	19,922	155,449
At 31 March 2012	453,242	77,975	531,217

The warranty provision represents the best estimate of the potential exposure to the company on customer claims against work carried out. It is expected that any transfer of economic benefits will occur within two years.

Deferred taxation in the financial statements and the amounts not provided are as follows

	<i>Amount provided</i>		<i>Not provided</i>	
	<i>2012</i> £	<i>2011</i> £	<i>2012</i> £	<i>2011</i> £
Accelerated capital allowances	77,975	60,367	-	-
Other timing differences	-	(2,314)	-	-
Deferred tax liability	77,975	58,053	-	-

17. Share capital

	<i>2012</i> £	<i>2011</i> £
<i>Allotted, called up and fully paid</i>		
50,000 ordinary shares of £1 each	50,000	50,000

Notes to the financial statements

at 31 March 2012

18. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss Account £	Total £
At 1 April 2010	50,000	207	25,644	4,759,173	4,835,024
Profit for the year	-	-	-	782,571	782,571
Dividends paid	-	-	-	(692,848)	(692,848)
Transfer of difference between depreciation based on historical cost and on revalued amounts	-	-	(7,915)	7,915	-
At 31 March 2011	50,000	207	17,729	4,856,811	4,924,747
Profit for the year	-	-	-	1,213,385	1,213,385
Dividends paid	-	-	-	(1,440,928)	(1,440,928)
Transfer of difference between depreciation based on historical cost and on revalued amounts	-	-	(7,915)	7,915	-
At 31 March 2012	50,000	207	9,814	4,637,183	4,697,204

19. Contingent liabilities

	2012 £	2011 £
Guarantees in respect of third party indebtedness	8,000	4,000

The Company is party to a cross guarantee securing overdraft facilities of £2,750,000 and certain other financing facilities provided by HSBC Bank PLC for certain UK members of the HWH Investments Limited group of which £nil was utilised at 31 March 2012 (2011 £305,000). The facilities are secured by fixed and floating charges over the assets of the company and certain other UK group companies.

20. Financial commitments

Capital commitments

Capital commitments contracted for but not provided in the accounts amounted to £261,980 at 31 March 2012 (2011 £11,750).

21. Pension commitments

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. There were no unpaid contributions outstanding at the year end (2011 £nil).

Notes to the financial statements

at 31 March 2012

22. Related parties

As permitted by FRS 8 "Related Party Disclosures" the financial statements do not disclose transactions with the parent company and fellow subsidiaries where 90% of the voting rights are controlled within the group

23. Derivatives

The company has entered into forward foreign exchange contracts in the normal course of business in order to hedge against fluctuations in future exchange rates. As at 31 March 2012, the sterling equivalent of total amounts outstanding on such contracts was £nil (2011 £nil)

24. Parent undertaking and controlling party

The company's ultimate parent undertaking and controlling party at 31 March 2012 and for which group financial statements are drawn up is HWH Investments Limited, a company incorporated in Great Britain and registered in England and Wales