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WILKINSON SWORD LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1988



WILKINSON SWORD LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1988

DIRECTORS

Mr AT Fletcher	
Mr AV Hancock	Appointed 25 January 1988
Mr PJ Walker	
Mr D Lee	
Mr CR Milbourne	
Mr AD Batch	Appointed 1 March 1988
Mr AL Vosper	Appointed 1 March 1988
Mr NF Nicholson	Resigned 11 March 1988
Mr IP Jackman	Resigned 1 March 1988
Mr CAB Aberg	Appointed 26 February 1988
	Resigned 31 December 1988

SECRETARY

Mrs SM Jackman

REGISTERED OFFICE

Sword House
Totteridge Road
High Wycombe
Buckinghamshire
HP13 6EJ

This report accompanies the accounts of the Company for the year ended 31 December 1988.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company continues to be the manufacture and distribution of razors, razor blades and swords. The Home & Garden business of the Company was sold to Fiskars Limited in March 1988 as part of the sale by Swedish Match AB ("Swedish Match") to Fiskars Oy Ab of its worldwide Home & Garden business.

During the year, the Company acquired from fellow group members the entire issued share capital of Bech Neale & Co.Limited, Kitchen Devils Limited, S.J. Moreland & Sons Limited, Maguire & Paterson (NI) Holdings Limited, Swan Vesta Limited and Maguire & Paterson (NI) Limited.

WILKINSON SWORD LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1988 (continued)

PRINCIPAL ACTIVITY AND BUSINESS REVIEW (continued)

The following disposals of shareholdings in subsidiaries took place during the year:

- (a) The entire issued share capital of Bech Neale & Co. Limited was sold to the directors of that company for a consideration of £12,000.
- (b) As part of the sale of the Home & Garden business to Fiskars Oy Ab the entire shareholding in Kitchen Devils Limited was disposed of for a consideration of £100,000 to Fiskars Limited.
- (c) The entire issued share capital of J John Masters & Co Limited was disposed of for a consideration of £408,000 to Swedish Match Holdings Limited.
- (d) SJ Moreland & Sons Limited, Maguire & Paterson (NI) Holdings Limited, Swan Vesta Limited and Maguire & Paterson (NI) Limited were placed into members' voluntary liquidation and the net assets of those companies were distributed to the Company.

During the year, the Company's immediate holding company became Wilkinson Sword Group Limited following the acquisition in December 1987 by that company of the beneficial interest in the entire issued share capital of the Company from Wilkinson Sword Group (UK) Limited.

The Company's ultimate holding company is now Stora Kopparbergs Bergslags AB ("Stora"), a company incorporated in Sweden, following the acquisition during the year by Stora of a majority of the shares in Swedish Match.

RESULTS AND DIVIDENDS

The loss for the year attributable to shareholders was £1,486,000 (1987 £4,082,000 loss). The directors do not recommend the payment of a dividend for the year (1987: nil).

DIRECTORS' SHAREHOLDINGS

None of the directors or their families had any disclosable interest in the shares of the Company or in the share capital or loan stocks of its parent company or fellow subsidiaries either at the beginning or end of the year.

WILKINSON SWORD LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1988 (continued)

EMPLOYMENT OF DISABLED PERSONS AND EMPLOYEE INVOLVEMENT

It is the policy of the Company to offer equal opportunity to disabled persons applying for vacancies and to provide continued employment for persons who become disabled whilst in its employ. In this respect the Company provides special facilities and aids for disabled persons where required.

The Company recognises the benefits of keeping its employees informed of the progress of the business and information regarding financial and economic factors affecting the performance of the Company is provided.

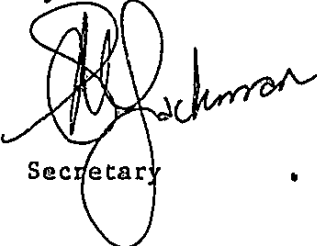
CHANGES IN FIXED ASSETS

The movements in fixed assets during the year are set out in Note 9 to the accounts.

AUDITORS

It will be proposed at the annual general meeting that Price Waterhouse, Chartered Accountants, be re-appointed as the auditors of the Company.

By Order of the Board


Secretary

7 April 1989

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF
WILKINSON SWORD LIMITED

We have audited the financial statements on pages 5 to 20 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state the Company's affairs at 31 December 1988, and of its loss and source and application of funds for the year then ended and comply with the Companies Act 1985.

Price Waterhouse

Chartered Accountants

7 April 1989



WILKINSON SWORD LIMITED

PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1988

	<u>Note</u>	<u>1988</u> £'000	<u>1987</u> £'000
Turnover	2	24,912	32,191
Cost of sales		(16,246)	(20,486)
Gross profit		8,666	11,705
Distribution costs		(5,699)	(7,051)
Administrative expenses		(1,606)	(2,815)
Research and development costs		<u>(552)</u>	<u>(1,221)</u>
Operating profit		809	618
Amount written off investment	10	-	(790)
Interest payable	6	<u>(3,998)</u>	<u>(3,845)</u>
Loss on ordinary activities before taxation	2,3	(3,189)	(4,017)
Taxation charge/(credit) on loss on ordinary activities	7	<u>194</u>	<u>(65)</u>
Loss on ordinary activities after taxation		(2,995)	(4,082)
Extraordinary item	8	<u>1,509</u>	-
Loss for the financial year	18	(1,486)	(4,082)
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WILKINSON SWORD LIMITED

BALANCE SHEET - 31 DECEMBER 1988

	<u>Notes</u>	<u>1988</u> £'000	<u>1987</u> £'000
FIXED ASSETS			
Tangible assets	9	2,979	4,107
Investments	10	<u>4</u>	<u>412</u>
		2,983	4,519
CURRENT ASSETS			
Stocks	11	2,368	5,548
Debtors	12	6,255	7,341
Cash at bank and in hand		<u>1,251</u>	<u>1,551</u>
		9,874	14,440
CREDITORS (amounts falling due within one year)	13	<u>(3,282)</u>	<u>(42,212)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>6,592</u>	<u>(27,772)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,575	(23,253)
CREDITORS (amounts falling due after more than one year)	14	(34,929)	(374)
DEFERRED INCOME	15	(4)	(51)
PROVISION FOR LIABILITIES AND CHARGES	16	<u>-</u>	<u>(194)</u>
		<u>(25,358)</u>	<u>(23,872)</u>
CAPITAL AND RESERVES			
Called up share capital	17	5,246	5,246
Share premium account	18	360	360
Profit and loss account	18	<u>(30,964)</u>	<u>(29,478)</u>
		<u>(25,358)</u>	<u>(23,872)</u>

The financial statements on pages 5 to 20 were approved by the directors on 7 April 1989 and are signed on their behalf by:

PJ Walker) DIRECTORS X *[Signature]* XPSW
 CR Milbourne)
 AV Hancock) X AVH

X *[Signature]*

WILKINSON SWORD LIMITED

SOURCE AND APPLICATION OF FUNDS
YEAR ENDED 31 DECEMBER 1988

	<u>1988</u> £'000	<u>1987</u> £'000
Sources		
Loss on ordinary activities before taxation	(3,189)	(4,017)
Extraordinary items before taxation	1,509	-
Items not involving the movement of funds:		
Depreciation	1,187	1,462
Amount written off investment	-	<u>790</u>
Funds absorbed by operations	(1,493)	(1,765)
Funds from other sources:		
Proceeds on disposal of fixed assets	569	180
Distribution on liquidation of subsidiary	1,595	315
Sale of investment	<u>520</u>	<u>-</u>
	<u>2,684</u>	<u>495</u>
	2,171	(1,270)
Applications		
Acquisition of fixed assets	(608)	(678)
Reorganisation provision applied or released	-	-
Investment in subsidiaries	(1,707)	(1,513)
Decrease in creditors: amounts due after more than one year	<u>(339)</u>	<u>(433)</u>
	<u>(2,654)</u>	<u>(2,624)</u>
	(483)	(3,894)
Decrease in stocks	3,180	757
Decrease in debtors	2,028	1,823
Decrease in creditors: amounts due in one year	<u>(2,400)</u>	<u>(748)</u>
	<u>2,808</u>	<u>1,832</u>
Net flow of funds	2,325	(2,062)
(Decrease)/increase in net indebtedness of affiliated companies	<u>(2,625)</u>	<u>2,168</u>
(Decrease)/increase in cash balances	(300)	106

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1988

1 ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention on a going concern basis modified to include the revaluation of certain assets. The Company does not prepare consolidated accounts as it is the wholly owned subsidiary of Wilkinson Sword Group Limited, a company incorporated in Great Britain.

Turnover

Turnover comprises amounts invoiced to customers and fellow subsidiaries less returns, excluding value added tax and trade discounts.

Foreign currencies

Assets and liabilities denominated in foreign currencies are converted into sterling at rates of exchange ruling at the balance sheet date. Exchange differences arising in the course of trading are converted at the rate of exchange ruling at that date and are included in the operating loss.

Depreciation

Depreciation is provided on a straight line basis on all fixed assets except freehold land. The charge in the profit and loss account is calculated to write off the cost or valuation of fixed assets over the expected useful lives of the assets.

The lives assumed for the principal categories are:

Freehold buildings	20 - 50 years
Leasehold buildings	Life of lease
Plant and machinery	3 - 20 years
Motor vehicles	3 - 5 years

Provision is not made for the possible increased replacement cost of fixed assets.

Deferred taxation

Provision is made for deferred taxation using the liability method except where there is a reasonable probability that a liability will not arise in the foreseeable future. Debit balances arising on deferred taxation are only recognised to the extent that provision is made for liabilities against which they may be offset.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis and, in respect of work in progress and finished stocks, includes an appropriate proportion of overhead costs.

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1988 (continued)

1 ACCOUNTING POLICIES (continued)

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Patents

Patent and trade mark expenditure is written off in the year in which it is incurred.

Regional development grants

Regional development grants are credited to the profit and loss account over the expected useful lives of the assets to which they relate. The amounts not so credited are carried forward in the balance sheet in deferred income.

Leased assets

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over the shorter of its estimated useful life and the lease term. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account as interest, and the capital element, which reduces the outstanding obligation for future instalments.

All other leases are operating leases and the rental charges are taken to the profit and loss account on a straight line basis over the life of the lease.

2 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Class of Business	Turnover		Loss before taxation	
	1988 £'000	1987 £'000	1988 £'000	1987 £'000
Shaving and personal products	21,808	17,978	(1,535)	(2,806)
Garden tools and scissors	1,338	7,804	(776)	(572)
Housewares	1,191	5,841	(894)	(639)
Swords	575	568	16	-
	24,912	32,191	(3,189)	(4,017)

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1988 (cont.nued)

2 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

	Turnover	
	<u>1988</u> £'000	<u>1987</u> £'000
Geographical Markets		
United Kingdom	16,977	23,430
Americas	2,201	2,032
Europe	4,218	4,815
Africa and Middle East	119	323
Pacific	<u>1,397</u>	<u>1,591</u>
	24,912	32,191
	=====	=====

3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1988</u> £'000	<u>1987</u> £'000
Loss on ordinary activities before taxation is stated after charging:		
Depreciation of owned fixed assets	550	744
Depreciation of assets acquired under finance leases	617	718
Auditors' remuneration	24	48
Hire of plant and machinery	26	14
Operating lease rentals	248	170
Redundancy costs	<u>320</u>	<u>418</u>
	=====	=====

4 DIRECTORS AND EMPLOYEES

The average number of employees during the year was:

	<u>1988</u>	<u>1987</u>
Hourly paid	252	424
Salaried	<u>196</u>	<u>253</u>
	448	677
	====	====

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1988 (continued)

4 DIRECTORS AND EMPLOYEES (continued)

Staff costs during the year were:

	<u>1988</u> £'000	<u>1987</u> £'000
Wages and salaries	5,296	7,832
Social security costs	409	726
Other pension costs	<u>38</u>	<u>248</u>
	5,743	8,806
	=====	=====

An actuarial valuation of the contributory pension fund was made on 6 April 1986 which revealed a substantial surplus. On 1st December 1984, in anticipation of this valuation and in accordance with the Trust Deed, the Board of Directors suspended the Company's contributions and reduced members' contributions from 6.5% to 6% of pensionable earnings. This has resulted in a decrease in Company losses before taxation of £329,000 for the year (1987: £426,000).

The number of UK employees of the Company who received emoluments (excluding pension contributions) in the following ranges were:

	<u>1988</u>	<u>1987</u>
£30,001 - £35,000	2	3
£35,001 - £40,000	3	-
£45,001 - £50,000	-	1
£60,001 - £65,000	1	-

5 DIRECTORS' EMOLUMENTS

	<u>1988</u> £'000	<u>1987</u> £'000
Salaries	130	109
Contributions to pension schemes	28	40
Compensation for loss of office	<u>33</u>	<u>25</u>
	191	174
	----	----

Of the directors, only NF Nicholson, D Lee and AD Batch were employed solely as directors of Wilkinson Sword Limited. The remainder, including the Chairman and the highest paid director, are employed by Wilkinson Sword Group Limited and are remunerated by that Company in respect of their services to the Group as a whole.

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1988 (continued)

5 DIRECTORS' EMOLUMENTS (continued)

The number of those directors paid by the Company, falling within each range of remuneration, excluding pension contributions was as follows:

	<u>1988</u>	<u>1987</u>
£5,001 - £10,000	-	1
£30,001 - £35,000	1	-
£50,001 - £55,000	1	1
£65,001 - £70,000	1	-
£75,001 - £80,000	-	1

6 INTEREST PAYABLE

	<u>1988</u> £'000	<u>1987</u> £'000
Interest payable to fellow subsidiaries	3,899	3,704
Finance lease charges	<u>99</u>	<u>141</u>
	<u>3,998</u>	<u>3,845</u>

7 TAXATION

	<u>1988</u> £'000	<u>1987</u> £'000
Current year - deferred tax	131	(194)
Prior year - deferred tax	<u>63</u>	<u>129</u>
	<u>194</u>	<u>(65)</u>

Tax relief has been reduced by the following items:

	<u>1988</u> £'000	<u>1987</u> £'000
Free provision of group relief at 35% (1987: 36.25%)	-	(1,248)
Accelerated capital allowances	(138)	(141)
Other timing differences	<u>(316)</u>	<u>18</u>
	<u>(454)</u>	<u>(1,371)</u>

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1987 (continued)

8 EXTRAORDINARY ITEM

	<u>1988</u> £'000	<u>1987</u> £'000
Sale of hardware division	1,509	-

On 11 March 1988 the Home and Garden Division of Wilkinson Sword Limited was sold to Fiskars AB. The disposal, being the discontinuance of a significant, separately identifiable business segment is considered by the directors to be an extraordinary item. The amount noted above represents the sale proceeds less the book values of assets sold together with all related sale costs.

9 TANGIBLE FIXED ASSETS

	<u>Payments on account and assets in the course of construction</u> £'000	<u>Land and buildings</u> £'000	<u>Plant and machinery</u> £'000	<u>Total</u> £'000
a) Cost or valuation				
At 31 December 1987	470	1,001	11,896	13,367
Additions - 3rd party	66	-	532	598
- Group companies	-	-	20	20
Disposals - 3rd party	-	(159)	(2,436)	(2,595)
- Group companies	-	-	(16)	(16)
Reclassification	(470)	-	470	-
At 31 December 1988	66	842	10,466	11,374
Depreciation				
At 31 December 1987	-	252	9,008	9,260
Additions - Group companies	-	-	10	10
Charge for the year	-	17	1,150	1,167
Disposals - 3rd party	-	(98)	(1,928)	(2,026)
- Group companies	-	-	(16)	(16)
Reclassification	-	-	-	-
At 31 December 1988	-	171	8,224	8,395
Net book value				
At 31 December 1988	66	671	2,242	2,979
At 31 December 1987	470	749	2,888	4,107
b) Analysis of cost or valuation at 31 December 1988				
Cost	66	44	10,466	10,576
Open market valuation in 1977	-	798	-	798
	66	842	10,466	11,374

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1988 (continued)

9 TANGIBLE FIXED ASSETS (continued)

	<u>Payments on account and assets in the course of construction</u> £'000	<u>Land and buildings</u> £'000	<u>Plant and machinery</u> £'000	<u>Total</u> £'000
c) If the assets had not been revalued the balances at 31 December 1988 would have been:				
Cost	66 ====	914 ====	10,466 =====	11,446 =====
Accumulated depreciation	- ====	326 ====	8,224 =====	8,550 =====
d) Land and buildings at net book value, comprises:				
		<u>1988</u> £'000		<u>1987</u> £'000
Freehold		659		605
Short leasehold		<u>12</u>		<u>144</u>
		671 ====		749 ====
e) The net book value of plant and machinery includes items held under finance leases as follows:				
At 31 December 1988 -	£570,000			
At 31 December 1987 -	£1,186,000			
f) Capital expenditure				
		<u>1988</u> £'000		<u>1987</u> £'000
Contracted for but no provision made in the accounts		- ====		24 =====
Authorised by the directors but not contracted for		- ====		- =====

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1988 (continued)

9 TANGIBLE FIXED ASSETS (continued)

g) Obligations under operating leases committed to be paid during the following year, analysed between the years in which the leases expire are as follows:

	Plant and machinery	
	1988	1987
	£'000	£'000
Within one year	92	-
Two to five years	260	170
More than five years	-	-
	<u>352</u>	<u>170</u>
	***	***

10 INVESTMENTS

The company's investments comprise shares in a subsidiary company.

Additional investments were made during the year by acquiring the share capital of the following companies at the costs stated below:

	£
SJ Moreland & Sons Limited	749,381
Maguire & Paterson (NI) Holdings Limited	250,000
Maguire & Paterson (NI) Limited	178,816
Swan Vesta Limited	417,206
Kitchen Devils Limited	100,000
Bech Neale & Co Limited	12,000

The first four of these companies subsequently went into liquidation before the year end and distributions were received from each of them equal to their purchase price.

The investments in J John Masters & Co Ltd, Kitchen Devils Limited and Bech Neale & Co Limited were sold during the year, each for its carrying value in the books.

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1988 (continued)

INVESTMENTS (continued)

<u>Company</u>	<u>Country of Incorporation</u>	<u>Percentage of Issued Shares</u>		<u>Principal Activity</u>
		<u>WS Ltd</u>	<u>WS Ltd through Subsidiaries</u>	
SJ Moreland Ltd	England	ORD 1200	-	In Liquidation
M&P (NI) Holdings Ltd	Northern Ireland	ORD 1200	-	In Liquidation
M&P (NI) Ltd	Northern Ireland	ORD 1200	-	In Liquidation
Swan Vesta Ltd	England	ORD 250,000	-	In Liquidation
Bryant & May (NZ Ltd)	New Zealand	ORD 50	-	Dormant
Scripto Industries (Shannon) Ltd	Eire	ORD 55 Pref 19-18	-	In Liquidation
Scripto Industries (Ireland) Ltd	Eire	-	ORD 100	In Liquidation
Wilkinson Sword (Argentina) Ltd	Argentina	ORD 100	-	In Liquidation
Trummer & Co (Successors) Ltd	England	ORD 100	-	In Liquidation

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1988 (continued)

11 STOCKS

	<u>1988</u> £'000	<u>1987</u> £'000
Raw materials and consumables	510	988
Work in progress	753	1,297
Finished goods and goods for resale	<u>1,005</u>	<u>3,263</u>
	2,368	5,548
	=====	=====

12 DEBTORS

	<u>1988</u> £'000	<u>1987</u> £'000
Trade debtors	2,684	4,695
Amounts owed by other group companies	3,208	2,266
Other debtors	141	90
Prepayments and accrued income	<u>222</u>	<u>290</u>
	6,255	7,341
	=====	=====

13 CREDITORS (amounts falling due within one year)

	<u>1988</u> £'000	<u>1987</u> £'000
Trade creditors	1,305	3,994
Amounts owed to group companies	-	36,530
Taxation - PAYE	89	75
- Corporation tax	-	10
- Social security	70	63
Other creditors	1,333	883
Obligations under finance leases	425	657
Pension obligations	<u>60</u>	<u>-</u>
	3,282	42,212
	=====	=====

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1988 (continued)

14 CREDITORS: amounts falling due after more than one year

	<u>1988</u> £'000	<u>1987</u> £'000
Amounts due to group companies	34,853	6
Obligations under finance leases	<u>76</u>	<u>368</u>
	34,929	374
	=====	=====

Of the lease obligations falling due after more than one year, none are payable after more than five years.

15 DEFERRED INCOME

	<u>1988</u> £'000	<u>1987</u> £'000
At 31 December 1987	51	111
Released in the year	<u>(47)</u>	<u>(60)</u>
At 31 December 1988	4	51
	====	====

16 PROVISION FOR LIABILITIES AND CHARGES

The full potential liability for deferred tax, which is provided for under the liability method, is as follows:

	<u>1988</u> £'000	<u>1987</u> £'000
Capital gains rolled over	-	441
Accelerated capital allowances on plant and machinery	-	(32)
Other timing differences	<u>-</u>	<u>(215)</u>
	-	194
	====	====

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1988 (continued)

17 SHARE CAPITAL

	Authorised		Allotted, and fully paid	
	1988 £'000	1987 £'000	1988 £'000	1987 £'000
6,350,000 Ord shares of 20p each	1,270	1,270	1,270	1,270
19,882,283 Non-voting "A" Ord shares of 20p each	3,976	3,976	3,976	3,976
3,767,717 Unclassified shares of 20p each	<u>754</u>	<u>754</u>	<u>-</u>	<u>-</u>
	<u>6,000</u>	<u>6,000</u>	<u>5,246</u>	<u>5,246</u>

18 RESERVES

	Share premium account		Profit and loss account	
	1988 £'000	1987 £'000	1988 £'000	1987 £'000
At 31 December 1987	360	360	(29,478)	(25,396)
Loss for the year	<u>-</u>	<u>-</u>	<u>(1,486)</u>	<u>(4,082)</u>
At 31 December 1988	<u>360</u>	<u>360</u>	<u>(30,964)</u>	<u>(29,478)</u>

19 CONTINGENT LIABILITIES

The Company is jointly and severally liable if called upon under a guarantee to provide up to £5,500,000 in relation to overdraft and loan facilities to a fellow subsidiary company (1987: £5,500,000). Of the total facility the sum of £4,080,000 (1987: £1,050,000) has been utilised at the balance sheet date.

The Company has given counter indemnities to the National Westminster Bank Plc in respect of advance payment guarantees and performance bonds for a total of £100,000 (1986: £250,000).

20 NET ASSETS DEFICIENCY

The accounts of the Company show a deficiency in net assets. Wilkinson Sword Group Limited has undertaken to ensure that it will continue to provide sufficient funds to enable Wilkinson Sword Limited to meet its debts to other creditors as these fall due until such time as this deficiency has been eliminated.

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1988 (continued)

21 ULTIMATE HOLDING COMPANY

On 9 March 1988 Stora Kopparbergs Bergslags AB ("Stora") a company incorporated in Sweden made an offer to acquire the shares in Swedish Match AB. At 31 December 1988 Stora's holding represented 87 per cent of the shares and 98 per cent of the voting rights in Swedish Match AB. Stora is expecting to attain a 90 per cent shareholding in May 1989 and then intends to request compulsory redemption of the remaining shares outstanding.