

31/11/91

HORSELL GRAPHIC INDUSTRIES LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1989

KPMG PEAT MARWICK McLINTOCK  
City Square House, 7 Wellington Street,  
LEEDS LS1 4DW



HORSELL GRAPHIC INDUSTRIES LIMITEDDIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1989.

PRINCIPAL ACTIVITIES

The principal activities of the company are the manufacturing of offset plates, associated equipment and the supplying of other printing consumables to the printing trade.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Turnover has increased by 17% over the previous year and further progress is expected in 1990.

PROFIT AND DIVIDENDS

	£
Profit on ordinary activities before taxation	2,704,634
Taxation	(630,281)
Profit on ordinary activities after taxation	2,074,353
Extraordinary item	(1,652,211)
Retained profit	422,142

The directors recommend that the profit for the year be transferred to retained profits which, after a transfer from revaluation reserve of £3,878 makes £10,699,901 to be carried forward to next year.

HORSELL GRAPHIC INDUSTRIES LIMITEDDIRECTORS' REPORT  
(continued)DIRECTORS

The directors of the company at 31 December 1989, all of whom had been directors for the whole of the financial year, unless otherwise stated, were:-

Mr M Green	(resigned 31 December 1989)
Mr E Frankland	
Mr C F Phillips	
Mr D F Coltart	
Mr P Garth	(resigned 30 June 1990)
Mr D M Heywood	
Mr D Thompson	
Mr D Lamb	
Mr S Simpson	
Mr A G McDowell	(resigned 30 April 1990)
Mr J Tobin	(appointed 1 January 1990)
Mr D J Healy	(appointed 1 January 1990)
Mr S M Penney	(appointed 1 January 1990)

DIRECTORS' INTERESTS

The interests of the directors in the shares of group companies at 31 December 1989, were as follows:-

	Cookson Group plc Ordinary shares of 50p each	
	<u>1989</u>	<u>1988</u> (or date of appointment if later)
Mr E Frankland	2,740	2,740
Mr C F Phillips	30,064	31,814
Mr D F Coltart	-	-
Mr P Garth	** 56,348	** 56,348
Mr D M Heywood	3,458	3,458
Mr D Thompson	2,922	2,922
Mr D Lamb	2,296	2,296
Mr S Simpson	1,334	1,334
Mr A G McDowell	-	-

\*\* includes non-beneficial interest in 37,800 (1988:37,800) ordinary shares

HORSELL GRAPHIC INDUSTRIES LIMITEDDIRECTORS' REPORT  
(continued)DIRECTORS' INTERESTS (continued)

In addition the following directors had options for ordinary shares in Cookson Group plc as follows:

	Ordinary shares of 50p each	
	<u>1989</u>	<u>1988</u> (or date of appointment if later)
Mr E Frankland	-	-
Mr C F Phillips	46,666	16,026
Mr D F Coltart	62,362	47,362
Mr P Garth	17,174	12,174
Mr D M Heywood	15,551	9,145
Mr D Thompson	2,365	959
Mr D Lamb	-	-
Mr S Simpson	5,436	3,796
Mr A G McDowell	-	-

FIXED ASSETS

Information relating to changes in tangible fixed assets is given in note 11 to the accounts.

RESEARCH AND DEVELOPMENT

The board consider that research and development continues to play a vital role in the company's success.

EMPLOYEES

The company is committed to the development of employee consultation so that the views of employees can be taken into account in making decisions which are likely to affect their interests.

DISABLED PERSONS

The company has an established policy of encouraging the employment of disabled persons wherever this is practicable. In compliance with current legislation the company seeks to employ at least the quota of disabled persons required. The company endeavours to ensure that disabled employees benefit from training and career development programmes in common with all other employees.

HORSELL GRAPHIC INDUSTRIES LIMITED

DIRECTORS' REPORT  
(continued)

AUDITORS

On 1 January 1990 our auditors changed the name under which they practise to KPMG Peat Marwick McLintock and accordingly have signed their report in their new name.

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG Peat Marwick McLintock as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board,

D M Heywood *D. M. Heywood*

Secretary

LEEDS

10 JULY 1990

KPMG Peat Marwick McLintock

REPORT OF THE AUDITORS TO THE MEMBERS OF  
HORSELL GRAPHIC INDUSTRIES LIMITED

We have audited the accounts on pages 6 to 22 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1989 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Peat Marwick McLintock*

Chartered Accountants

City Square House  
7 Wellington Street  
Leeds  
LS1 4DW

10 JULY 1990

HORSELL GRAPHIC INDUSTRIES LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31 DECEMBER 1989

	Notes	<u>1989</u> £	<u>1988</u> £
TURNOVER	2	67,517,238	58,098,023
Cost of sales		(47,322,896)	(41,606,001)
GROSS PROFIT		20,194,342	16,492,022
Other operating expenses	3	(12,445,847)	(9,379,139)
OPERATING PROFIT		7,748,495	7,112,883
Exceptional item	4	-	(2,352,799)
Interest receivable and similar income	5	525,365	188,737
Interest payable and similar charges	6	(5,569,226)	(2,246,247)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	2,704,634	2,702,574
Tax on profit on ordinary activities	9	(630,281)	(1,117,914)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,074,353	1,584,660
Extraordinary item	10	(1,652,211)	-
RETAINED PROFIT FOR THE FINANCIAL YEAR	20	422,142	1,584,650

The notes on pages 10 to 22 form part of these accounts.

HORSELL GRAPHIC INDUSTRIES LIMITED

BALANCE SHEET AT 31 DECEMBER 1989

	Notes	1989 £	1988 £
<b>FIXED ASSETS</b>			
Tangible assets	11	14,684,380	11,139,678
Investments	12	<u>665,349</u>	<u>929,935</u>
		15,349,729	12,069,613
<b>CURRENT ASSETS</b>			
Stocks	13	11,631,532	9,516,655
Debtors	14	46,495,695	36,367,305
Cash at bank and in hand		<u>4,661,154</u>	<u>2,527,804</u>
		62,788,381	48,411,764
CREDITORS: Amounts falling due within one year	15	<u>(65,397,061)</u>	<u>(49,068,086)</u>
NET CURRENT LIABILITIES		<u>(2,608,680)</u>	<u>(656,322)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,741,049	11,413,291
CREDITORS: Amounts falling due after more than one year	16	-	(482,009)
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>(1,387,625)</u>	<u>-</u>
		11,353,424	10,931,282
<b>CAPITAL AND RESERVES</b>			
Share capital	19	62,620	62,620
Share premium account		1,380	1,380
Revaluation reserve	20	589,523	593,401
Profit and loss account	20	<u>10,699,901</u>	<u>10,273,881</u>
		11,353,424	10,931,282

These accounts were approved by  
the board of directors on 10 JULY 1990

DFC Director )  
J. A. [Signature] ) DIRECTORS  
)

The notes on pages 10 to 22 form part of these accounts.

**KPA: Peat Marwick McLintock**

HORSELL GRAPHIC INDUSTRIES LIMITED  
STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 1989

	<u>1989</u>	<u>1988</u>
	£	£
SOURCE OF FUNDS		
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2,704,634	2,702,574
Extraordinary items	(1,652,211)	-
Deduct currency losses transferred directly to reserves	-	(327,981)
	1,052,423	2,374,593
ADJUSTMENTS FOR ITEMS NOT INVOLVING THE MOVEMENT OF FUNDS		
Depreciation	1,857,908	1,583,983
Loss/(profit) on sale of tangible fixed assets	10,425	(833)
Amounts written off investments	264,586	26,594
Other provisions	-	(30,000)
Additional write off of investment	1,387,625	-
	<u>3,520,544</u>	<u>1,579,744</u>
TOTAL GENERATED FROM OPERATIONS	4,572,967	3,954,337
FUNDS FROM OTHER SOURCES		
Tax repaid	345,160	-
Proceeds of sale of tangible fixed assets	<u>130,190</u>	<u>265,312</u>
	<u>475,350</u>	<u>265,312</u>
Carried forward	5,048,317	4,219,649

## HORSELL GRAPHIC INDUSTRIES LIMITED

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 DECEMBER 1989

(continued)

	<u>1989</u>	<u>1988</u>
	£	£
Brought forward	5,048,317	4,219,649
APPLICATION OF FUNDS		
Purchase of shares in subsidiary companies	-	151,547
Tax paid	1,534,681	1,065,880
Decrease in creditors:		
Amounts falling due after more than one year	482,009	1,032,832
Purchase of tangible fixed assets	5,543,225	2,617,226
Capital reserve	-	527,910
Fixed assets purchased in respect of business acquired	-	627,493
	<u>(7,559,915)</u>	<u>(6,022,888)</u>
DECREASE IN WORKING CAPITAL	<u>(2,511,598)</u>	<u>(1,803,239)</u>
COMPONENTS OF DECREASE IN WORKING CAPITAL		
Stocks	2,114,877	1,744,861
Debtors	10,128,390	15,041,535
Creditors	<u>(7,880,074)</u>	<u>(19,680,510)</u>
	4,363,193	(2,894,114)
Movement in net liquid funds		
Increase in net bank borrowing	(9,008,141)	(1,430,784)
Increase in cash at bank and in hand	<u>2,133,350</u>	<u>2,521,659</u>
	<u>(6,874,791)</u>	<u>1,090,875</u>
	<u>(2,511,598)</u>	<u>(1,803,239)</u>

HORSELL GRAPHIC INDUSTRIES LIMITEDNOTES TO THE ACCOUNTS1. ACCOUNTING POLICIES

The company has adopted the following accounting policies which should be read in conjunction with the accounts set out on pages 6 to 22 which have been prepared under the historical cost convention (as modified by the revaluation of certain assets).

Group Accounts

Group accounts are not prepared as the company is itself a wholly-owned subsidiary of a company incorporated in England.

Turnover

Turnover represents the invoice value of goods and services sold, less returns and allowances, excluding value added tax.

Fixed Assets and Depreciation

Fixed assets are stated at purchase price, cost of production or professional valuation, less depreciation and amounts written off. Depreciation is calculated to write down the cost, revalued amount or written down value of tangible fixed assets to their estimated residual values over their estimated useful lives at the following annual rates:

Freehold land	Nil
Freehold buildings	2% straight line
Short term leasehold property	Straight line over unexpired term of lease
Plant, machinery fixtures and fittings	Straight line over estimated life of asset varying between 3 and 10 years
Motor vehicles	33.33% on reducing balance

In accordance with Statement of Standard Accounting Practice 19 no depreciation is provided on investment properties.

Goodwill

Goodwill arising on the acquisition of businesses is written off directly against reserves.

Research and Development

Expenditure on research and development is charged against profits in the year in which it is incurred.

Deferred Taxation

Provision is made, using the liability method, for taxation at the current rate of corporation tax in respect of items where there is a material timing difference between their treatment for accounts and taxation purposes if, in the opinion of the directors, it is probable that a tax liability will crystallise in the foreseeable future.

MORSELL GRAPHIC INDUSTRIES LIMITEDNOTES TO THE ACCOUNTS  
(continued)1. ACCOUNTING POLICIES (continued)Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises the cost of direct materials, direct labour and attributable overheads.

Leased Assets and Obligations

Tangible fixed assets operated under the terms of finance leases are capitalised at a value equal to the cost incurred by the lessor in acquiring the relevant assets and depreciated in the same manner as owned assets. Leases are regarded as finance leases where their terms transfer to the lessee substantially all the benefits and burdens of ownership other than the right to title. The capital element of future lease payments is included under creditors. In the case of operating leases, the annual rentals are charged to trading profit on a straight line basis over the terms of the lease.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the balance sheet except where there are related or matching forward contracts in respect of trading transactions in which case the rates of exchange specified in the contracts are used. Trading activities denominated in foreign currencies are recorded in sterling at the rates of exchange ruling at the date of the transaction.

Loans to and deferred trading balances with overseas trading subsidiaries are treated as part of the company's net investment in the foreign enterprises. Exchange differences arising on such loans and inter-company balances are dealt with as adjustments to reserves. All other exchange differences are taken into account as part of the profit on ordinary activities.

HORSELL GRAPHIC INDUSTRIES LIMITEDNOTES TO THE ACCOUNTS  
(continued)

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
2. <u>TURNOVER</u>		
By geographical area:		
EEC	54,703,312	47,592,549
Americas	5,102,838	5,510,067
Other	<u>7,711,088</u>	<u>4,995,387</u>
	67,517,238	58,098,023
	=====	=====
3. <u>OTHER OPERATING EXPENSES</u>		
Distribution costs	6,846,735	5,694,360
Administrative expenses	5,599,112	3,658,185
Amounts written off		
investments in subsidiary		
companies	<u>-</u>	<u>26,594</u>
	12,445,847	9,379,139
	=====	=====
4. <u>EXCEPTIONAL ITEM</u>		
In October 1988 the company reached terms of settlement with a third party in respect of the third party's claims to infringement of patents. In consideration of £1,600,000 (excluding costs), the patentees claim for back damages and interest were satisfied and license to use the patented process was granted to the company for the remainder of the life of the patents. Together with the related legal costs of £752,799, £2,352,799 has been charged as an exceptional item to the profit and loss account.		
5. <u>INVESTMENT RECEIVABLE AND SIMILAR INCOME</u>		
Interest receivable from		
subsidiary	431,432	100,917
Other interest receivable	19,912	995
Rents receivable	<u>74,021</u>	<u>86,825</u>
	525,365	188,737
	=====	=====

HOBSELL GRAPHIC INDUSTRIES LIMITEDNOTES TO THE ACCOUNTS  
(continued)

6.	<u>INTEREST PAYABLE AND SIMILAR CHARGES</u>	<u>1989</u>	<u>1988</u>
		£	£
	On bank loans, overdrafts and other loans:		
	- repayable within five years not by instalments	1,040,685	306,688
	Group interest charged	<u>4,528,541</u>	<u>1,939,559</u>
		5,569,226	2,246,247

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting) the following:

Depreciation - owned tangible fixed assets	1,853,498	1,581,781
- tangible fixed assets held under finance leases	4,410	2,202
Operating lease rentals in respect of:		
- Plant and machinery	242,863	155,194
- Land and buildings	385,642	216,259
Auditors' remuneration	28,000	25,000
Finance charges payable in respect of finance leases	250	1,958
Research and development	286,373	319,175

HORSELL GRAPHIC INDUSTRIES LIMITEDNOTES TO THE ACCOUNTS  
(continued)

8.	<u>STAFF COSTS</u>	<u>1989</u>	<u>1988</u>
		£	£
	Wages and salaries	8,095,574	7,211,207
	Social security costs	796,398	715,059
	Other pension costs	<u>358,219</u>	<u>193,330</u>
		<u>9,254,191</u>	<u>8,119,596</u>

The average weekly number of persons employed by the company during the year was as follows:

	Number	Number
Production	396	393
Selling and distribution	140	146
Administration	<u>54</u>	<u>52</u>
	590	591
	-----	-----
<u>Directors' remuneration:</u>	£	£
Emoluments including pension contributions	<u>449,746</u>	<u>370,957</u>

Excluding pension contributions, the emoluments of the chairman and highest paid director were £65,660 (1988: £ 72,009); the emoluments of the other directors were within the following ranges:-

	Number	Number
£10,001 - £15,000	-	2
£15,001 - £20,000	-	2
£25,001 - £30,000	1	-
£30,001 - £35,000	4	1
£40,001 - £45,000	1	1
£45,001 - £50,000	-	2
£50,001 - £55,000	2	-
£55,001 - £60,000	-	1
£60,001 - £65,000	1	-
	---	---

Employees of the company whose emoluments (excluding pension contributions) exceeded £30,000 were as follows:

	Number	Number
£30,001 - £35,000	<u>1</u>	<u>-</u>

MORSELL GRAPHIC INDUSTRIES LIMITEDNOTES TO THE ACCOUNTS  
(continued)9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
The tax charge comprises:		
Corporation tax at 35%	796,000	1,014,588
Adjustment in respect of prior years:		
Corporation tax	<u>(165,719)</u>	<u>103,326</u>
	<u>630,281</u>	<u>1,117,914</u>

The tax charge has been reduced by accelerated capital allowances and other timing differences not deferred amounting to £184,569 (1988: £64,142).

10. EXTRAORDINARY ITEM

Write down of investments in subsidiaries	264,586
Additional write down over and above cost of investment	<u>1,387,625</u>
	<u>1,652,211</u>

HORSELL GRAPHIC INDUSTRIES LIMITEDNOTES TO THE ACCOUNTS  
(continued)11. TANGIBLE FIXED ASSETS

	<u>Land and Buildings</u>		<u>Short</u>		<u>Plant and</u>		<u>Total</u>	
	<u>Investment</u>	<u>Freehold</u>	<u>leases</u>		<u>machinery</u>		<u>f</u>	
	<u>f</u>	<u>f</u>	<u>f</u>		<u>f</u>		<u>f</u>	
Cost or valuation:								
At 1 January 1989	600,000	3,589,287	139,685		12,198,823		16,527,795	
Additions	-	15,880	178,220		5,349,125		5,543,225	
Disposals	-	-	-		(345,330)		(345,330)	
At 31 December 1989	600,000	3,605,167	317,905		17,202,618		21,725,690	
Being: Cost	-	2,305,167	317,905		17,202,618		19,825,690	
Valuation	600,000	1,300,000	-		-		1,900,000	
Depreciation:								
At 1 January 1989	-	260,796	20,387		5,106,934		5,388,117	
Depreciation charge	-	66,799	17,888		1,773,221		1,857,908	
Disposals	-	-	-		(204,715)		(204,715)	
At 31 December 1989	-	327,595	38,275		6,675,440		7,041,310	
Net book value at								
1 January 1989	600,000	3,328,491	119,298		7,091,889		11,139,678	
Net book value at								
31 December 1989	600,000	3,277,572	279,630		10,527,178		14,684,380	

HORSELL GRAPHIC INDUSTRIES LIMITEDNOTES TO THE ACCOUNTS  
(continued)11. TANGIBLE FIXED ASSETS (continued)

Plant and machinery (including fixtures and fittings and motor vehicles) is shown at cost and includes an amount of £21,000 (1988: £ 21,000) and related depreciation of £21,000 (1988: £ 16,590) in respect of assets held under finance leases. With the exception of investment properties, land and buildings are included at the valuation on the basis of market value with vacant possession for existing use made in 1980 with subsequent additions at cost.

Investment properties were valued by the directors at £ 600,000 on 31 December 1989 on the basis of open market value.

Original cost and depreciation of land and buildings included at a valuation:

	<u>1989</u>		<u>1988</u>	
	Investment properties £	Freehold £	Investment properties £	Freehold £
Original cost	215,224	2,259,817	215,224	2,243,937
Depreciation	(73,174)	(247,164)	(68,870)	(201,968)
	<u>142,050</u>	<u>2,012,653</u>	<u>146,354</u>	<u>2,041,969</u>

12. FIXED ASSET INVESTMENTS

	<u>1989</u> £	<u>1988</u> £
Subsidiaries	665,349	929,935

Subsidiary companies are:

Suppliers to the printing industry:

Horsell Graphic Industries B.V. (Incorporated in the Netherlands)  
Horsell International Limited  
ENK Repro Copy Systems A/S (Incorporated in Denmark)  
Horsell Industries Graphiques Sarl (Incorporated in France)  
Horsell Industries Graficas S.A. (Incorporated in Spain)  
Horsell Italia Industrie Grafiche Srl (Incorporated in Italy)  
Horsell Grafiska AB (Interest 90%) (Incorporated in Sweden)  
Jorgen Signer Grafiska AB (Interest 90%) (Incorporated in Sweden)  
Horsell Norge A/S (Interest 90%) (Incorporated in Norway)  
Horsell Systems Limited (Interest 90%, previously an associated company).  
Horsell Graafinen OY (Incorporated in Finland)

Non-trading:

Horsell Repro Supplies Limited  
Horsell Factored Products Limited (formerly N.L.K. Offset Supplies Limited)  
United Ink Industries Limited  
Horsell Graphic Products Limited (formerly Coates Graphic Products Limited)

The company has not prepared group accounts on the basis that it is a wholly owned subsidiary of a company incorporated in Great Britain.

HORSELL GRAPHIC INDUSTRIES LIMITEDNOTES TO THE ACCOUNT  
(continued)12. FIXED ASSET INVESTMENTS (continued),

Except as otherwise stated the above companies are all wholly-owned and incorporated in Great Britain.

		<u>1989</u> £	<u>1988</u> £
Investment in shares in subsidiaries:			
Cost:			
At 1 January 1989		1,908,373	1,756,825
Additions		-	151,547
Disposals		(630,649)	-
Transfer from investment in associated companies		-	1
At 31 December 1989		<u>1,277,724</u>	<u>1,908,373</u>
Amounts written off:			
	Note		
At 1 January 1989		978,438	951,844
Disposals		(630,649)	-
Charge for the year	10	<u>264,586</u>	<u>26,594</u>
At 31 December 1989		<u>612,375</u>	<u>978,438</u>
Net book value:			
At 31 December 1989		<u>665,349</u>	<u>929,935</u>
Additional write down over and above cost of investment	10	<u>1,387,625</u>	-

Horsell Graphic Industries GmbH was disposed of in the year for neither a profit nor a loss.

In the opinion of the directors, the value of the company's investments is not less than the amount at which it is stated in the balance sheet.

HORSELL GRAPHIC INDUSTRIES LIMITEDNOTES TO THE ACCOUNTS  
(continued)12. FIXED ASSET INVESTMENTS (continued)

Investment in shares in associated companies:

	<u>1989</u> £	<u>1988</u> £
Cost:		
At 1 January 1989	-	1
Transfer to investment in subsidiaries	-	(1)
Disposals	<u>-</u>	<u>-</u>
At 31 December 1989	<u>-</u>	<u>-</u>

13. STOCKS

Raw materials and consumable	3,295,106	2,938,654
Work in progress	1,633,008	745,856
Finished goods and goods for resale	<u>6,703,418</u>	<u>5,832,145</u>
	<u>11,631,532</u>	<u>9,516,655</u>

14. DEBTORS

Amounts falling due within one year:		
Trade debtors	11,220,118	11,422,352
Amounts owed by subsidiaries	27,714,917	17,760,504
Other debtors	307,202	157,334
Prepayments and accrued income	<u>191,484</u>	<u>264,280</u>
	39,433,721	29,604,470
Amounts falling due after more than one year:		
Trade debtors	1,486,792	739,774
Other debtors	-	4,200
Amounts owed by subsidiaries	<u>5,575,182</u>	<u>6,018,861</u>
	<u>46,495,695</u>	<u>36,367,305</u>

HORSELL GRAPHIC INDUSTRIES LIMITEDNOTES TO THE ACCOUNTS  
(continued)15. CREDITORS: Amounts falling due within one year

	<u>1989</u> £	<u>1988</u> £
Bank overdrafts	12,801,437	3,793,296
Trade creditors	12,742,208	9,412,212
Amounts owed to ultimate holding company	33,980,623	29,824,219
Amounts owed to fellow subsidiary companies	1,727,059	1,581,642
Other creditors	45,595	32,072
Corporation tax payable	1,810,188	2,369,428
Other taxes and social security	1,159,409	1,431,313
Accruals and deferred income	1,130,542	619,809
Obligations under finance leases (see note 17)	-	4,095
	<u>65,397,061</u>	<u>49,068,086</u>

16. CREDITORS: Amounts falling due after more than one year

Other creditors	-	482,009
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17. OBLIGATIONS UNDER FINANCE LEASES

Within one year	-	4,345
Less future finance charges	-	(250)
	-	4,095

18. DEFERRED TAXATION

Contingent taxation liabilities for which no provision has been made, calculated at expected long term rates are as follows:

Accelerated capital allowances	1,599,003	1,414,675
Sundry timing differences	(22,750)	(22,750)
	<u>1,576,253</u>	<u>1,391,925</u>

HORSELL GRAPHIC INDUSTRIES LIMITEDNOTES TO THE ACCOUNTS  
(continued)19. SHARE CAPITAL

Authorised:	<u>1989 and 1988</u>	
	Number	£
Deferred ordinary £1 shares	65,000	65,000
7.5% (now 5.25% plus tax credit) 1p preference shares	5,000	50
7.5% (now 5.25% plus tax credit) 1p "A" cumulative participating preference shares	11,567	116
7.5% (now 5.25% plus tax credit) 1p "B" cumulative participating preference shares	7,433	74
Ordinary 1p shares	38,000	380
	-----	65,620
		-----

Allotted, called up and  
fully paid:

	<u>1989 and 1988</u>	
	Number	£
Deferred ordinary £1 shares	62,000	62,000
7.5% (now 5.25% plus tax credit) 1p preference shares	5,000	50
7.5% (now 5.25% plus tax credit) 1p "A" cumulative participating preference shares	11,567	116
7.5% (now 5.25% plus tax credit) 1p "B" cumulative participating preference shares	7,433	74
Ordinary 1p shares	38,000	380
	-----	62,620
		-----

20. RESERVES

	Revaluation £	Revenue £	Total £
At 1 January 1989	593,401	10,273,881	10,867,282
Retained profits for the year	-	422,142	422,142
Transfer	(3,878)	3,878	-
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At 31 December 1989	589,523	10,699,901	11,289,424
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HORSELL GRAPHIC INDUSTRIES LIMITEDNOTES TO THE ACCOUNTS  
(continued)21. OBLIGATIONS UNDER NON-CANCELLABLE OPERATING LEASES

At 31 December 1989 the company had annual commitments under non-cancellable operating leases as follows:-

	<u>1989</u>		<u>1988</u>	
	Land and Buildings £	Plant and Machinery £	Land and Buildings £	Plant and Machinery £
Operating leases which expire:				
Within 1 year	-	302,941	-	127,400
Within 2-5 years	25,300	536,182	25,300	102,907
In more than 5 years	<u>360,342</u>	<u>3,570</u>	<u>277,717</u>	<u>6,907</u>
	<u>385,642</u>	<u>842,693</u>	<u>303,017</u>	<u>237,214</u>

22. CAPITAL COMMITMENTS

Capital commitments at 31 December 1989 not provided for in these accounts are as follows:

	<u>1989</u> £	<u>1988</u> £
Contracted	881,420	128,000
Authorised but not contracted	729,654	337,000

23. CONTINGENT LIABILITIES

The company has given guarantees in respect of liabilities of a foreign subsidiary company to the amount of £541,000 (1988: £295,000).

24. PENSION SCHEME

The company operates a defined contribution pension scheme for its employees and certain of its subsidiaries employees. The assets of the scheme are held separately from those of the company in an independently administered fund. In addition a small number of employees are members of pension schemes operated on behalf of the ultimate holding company. The pension cost charge represents contributions payable by the company in respect of employees of the company to the funds and amounted to £226,000 (1988: £178,000).

25. HOLDING COMPANY

The company's ultimate holding company is Cookson Group plc, a company incorporated in Great Britain.