

GESTETNER INVESTMENTS LIMITED

DIRECTORS' REPORT

Your directors have pleasure in submitting their annual report, together with the audited financial statements of the company for the 52 weeks ended 1st November 1980.

ACTIVITIES

The company owns factory and other properties which it leases to Gestetner Manufacturing Limited and others. It also holds shares in subsidiary and associate companies whose principal activities are the production, sale and service of reprographic equipment, accessories and supplies. There has been no significant change in activities during the period.

TRADING RESULTS

The profit for the period after taxation was £2,505,034 (1979 - £3,749,146).

No dividend is proposed.

EXPORTS

There were no exports.

SUBSIDIARIES

The company's shareholdings in its subsidiaries have been revalued at the balance sheet date and the revaluation incorporated in these accounts (see note 8 on page 9).

ASSOCIATED COMPANIES

The company's shareholdings in its associated companies have been revalued at the balance sheet date and the revaluation incorporated in these accounts (see note 9 on page 10).

FIXED ASSETS

The movements in fixed assets are set out in note 10 on page 10. The company's principal freehold properties were professionally revalued at 30th June 1976 and the revaluation incorporated in the 1976 accounts. The directors did not consider that the cost of a further revaluation during the period under review was justified and are of the opinion that the current value of the properties is not less than the present book value.

DIRECTORATE

The directors of the company for the whole of the period were :-

Mr. J.A. Barnett
Mr. D. Gestetner
Mr. D.B. Haunch
Mr. R.L.E. Lewis
(alternate to Mr. D.B. Haunch).

No director had any interest in the shares of the company nor of any other of the companies in the Group requiring disclosure, except Mr. R.L.E. Lewis who held 101 'A' Ordinary shares in Gestetner Holdings Limited throughout the period.

AUDITORS

In accordance with Section 14 of the Companies Act 1976, a resolution for the reappointment of Deloitte Haskins & Sells as auditors to the company will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



D. Posner
Secretary.

Tottenham, London N17 9LT.
13th February, 1981.

GESPEINER INVESTMENTS LIMITED

1ST NOVEMBER 1980

REPORT OF THE AUDITORS TO THE MEMBERS OF GESPEINER INVESTMENTS LIMITED

We have examined the financial statements on pages 4 to 11 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 1st November, 1980 and of its profit and source and application of funds for the 52 weeks ended on that date and comply with the Companies Acts 1948 to 1980.

Deloitte Haskins & Sells

DELOITTE HASKINS & SELLS
Chartered Accountants.

London
13th February, 1981.

GESTETTER INVESTMENTS LIMITED1ST NOVEMBER 1980ACCOUNTING POLICIES

- (a) The company prepares its annual accounts on the historical cost basis of accounting, modified to include the revaluation of certain assets.

- (b) Subsidiaries and Associated Companies

Group accounts incorporating the results of subsidiary and associated companies are not prepared as the company is the wholly-owned subsidiary of another body corporate incorporated in the United Kingdom. Shareholdings in subsidiary and associated companies are revalued at each balance sheet date by reference to the company's share in each company's net tangible assets, translated into sterling, where appropriate, at the rates of exchange at the balance sheet date, after deducting the estimated taxation which would be payable on the realisation of the investments.

- (c) Rates of exchange

Current assets and current liabilities in overseas currencies are translated into sterling at relevant rates of exchange ruling at the balance sheet date.

Change in accounting policy

Prior to the accounting period under review, current assets and current liabilities in overseas currencies at the beginning of each period were restated at relevant rates of exchange ruling at the balance sheet date and the resulting exchange difference was shown as an extraordinary item in the profit and loss account. In conformity with the exposure draft issued in October 1980 by the accounting standards committee of the joint accounting bodies, such exchange differences are now dealt with before arriving at the profit before taxation. The 1979 comparative figures have been restated accordingly.

- (d) Fixed assets

No depreciation is provided on freehold land; following any revaluation of freehold properties the lives of buildings are reassessed and depreciation provided on the revalued amount over the estimated remaining lives of the buildings concerned or 40 years whichever is the less. Short leaseholds are amortised over the remaining lives of the leases concerned.

- (e) Deferred taxation

Provision is made for deferred taxation at the appropriate rates of corporation tax ruling at the balance sheet date (the liability method) except in respect of any tax deferral which can reasonably be expected to continue for the future. The deferred taxation liability and the full potential liability for deferred taxation are set out in Note 5.

- (f) Government grants

Government grants in respect of eligible capital expenditure on buildings are credited to profit and loss account over a period of 10 years. The grants included in the balance sheet represent total grants receivable to date less amounts so far credited to profit.

GESTNER INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT
52 WEEKS ENDED 1ST NOVEMBER 1980

			<u>52 weeks ended 3rd November 1979</u>
	<u>Note</u>	<u>£</u>	<u>£</u>
Dividends receivable			
from subsidiaries		3,518,063	4,794,840
from associated companies		1,464	35,223
		<u>3,519,527</u>	<u>4,830,063</u>
Rents receivable, less repairs and maintenance		746,617	750,319
Exchange gain/(loss)		20,829	(6,146)
Interest receivable		759,534	653,286
		<u>5,046,507</u>	<u>6,227,522</u>
Deduct:-			
Interest payable		1,781,124	1,541,973
Legal and professional charges		3,736	12,510
Depreciation		164,348	165,225
General expenses		16,486	22,787
		<u>1,965,694</u>	<u>1,742,495</u>
		3,080,813	4,485,027
Exceptional item			
Profit on disposal of freehold property		-	91,719
Profit before taxation	1	3,080,813	4,576,746
Taxation	2	575,779	827,600
Profit for period after taxation added to reserves	4	<u>£2,505,034</u>	<u>£3,749,146</u>

GESTETNER INVESTMENTS LIMITEDBALANCE SHEET1ST NOVEMBER 1980

			1979
	Note	£	£
SHARE CAPITAL			
Authorised 100 shares of £1 each		£100	£100
Issued and Fully Paid			
2 shares of £1 each (3)		2	2
RESERVES	(4)	80,742,521	88,378,167
DEFERRED TAXATION	(5)	1,110,800	1,157,300
GOVERNMENT GRANTS		5,669	3,494
		<u>£81,858,992</u>	<u>£89,538,963</u>
CURRENT ASSETS			
Debtors		44,941	17,087
Bank balance		1,085	76,175
		<u>46,026</u>	<u>93,262</u>
CURRENT LIABILITIES			
Bank borrowings	(6)	4,227,991	4,984,999
Creditors and accrued charges		67,428	47,946
Taxation		961,260	682,012
		<u>5,256,679</u>	<u>5,714,957</u>
NET CURRENT (LIABILITIES)		(5,210,653)	(5,621,695)
BALANCES WITH THE GESTETNER GROUP OF COMPANIES	(7)	(7,377,803)	(7,289,393)
INVESTMENTS IN SUBSIDIARIES	(8)	87,705,000	95,401,000
ASSOCIATED COMPANIES	(9)	728,000	884,000
FIXED ASSETS	(10)	6,014,448	6,165,051
		<u>£81,858,992</u>	<u>£89,538,963</u>

M. Barnett
 J.A. Barnett } Directors
 R.L.E. Lewis }

R.L.E. Lewis

GESTETNER INVESTMENTS LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
5½ WEEKS ENDED 1ST NOVEMBER 1980

	£	<u>1979</u> £
FUNDS GENERATED		
From operations		
retained profits	2,505,034	3,749,146
depreciation charged	164,348	165,225
profit on sale of freehold property	-	(91,719)
	<u>2,669,382</u>	<u>3,822,652</u>
From outside sources		
bank loans received	-	4,597,145
temporary use of amounts set aside for deferred taxation	(46,500)	37,600
proceeds of sale of freehold property	-	175,000
increase in amounts due to the Gestetner group of companies	88,410	2,398,015
investment grants receivable	2,410	1,379
	<u>£2,713,702</u>	<u>£11,031,791</u>
APPLICATION OF FUNDS		
Reduction of bank loans due to exchange fluctuations	757,008	17,558
Repayment of loans	-	1,924,002
Additions to properties	13,980	6,583
Increase in interests in subsidiaries, excluding result of revaluation of shareholdings in subsidiaries	2,288,680	9,370,383
(Decrease) in working capital	(345,966)	(286,735)
	<u>£2,713,702</u>	<u>£11,031,791</u>
(DECREASE) IN WORKING CAPITAL		
Increase in debtors	27,854	1,496
(Increase)/Decrease in Creditors	(279,248)	61,626
Taxation	(19,482)	(425,792)
	<u>(270,876)</u>	<u>(362,670)</u>
(Decrease)/Increase in bank balances	(75,090)	75,935
	<u>£(345,966)</u>	<u>£(286,735)</u>

GESTETNER INVESTMENTS LIMITED
NOTES TO FINANCIAL STATEMENTS

1. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging :-

	<u>1980</u> £	<u>1979</u> £
interest payable on bank loans	673,747	417,489
on other loans repayable within 5 years	1,107,377	16,133
on loans from subsidiaries	1,781,124	1,108,351
	1,700	2,200
auditors' remuneration	164,348	165,225
directors' remuneration		
depreciation		

2. TAXATION

On profits of the period at 52%

	<u>1980</u> £	<u>1979</u> £
Group relief payable	2,280,000	51,500
Corporation tax	(46,500)	3,322,000
Deferred taxation	271,400	37,600
Overseas taxation	(2,054,000)	545,500
Double taxation relief	450,900	(3,123,500)
Prior period adjustments	56,250	833,100
Corporation tax	68,629	228,500
Group relief	£ 575,779	(234,000)
	<u>£ 575,779</u>	<u>£ 827,600</u>

3. OWNERSHIP

The company's ultimate holding company is Gestetner Holdings Limited, incorporated in England.

4. RESERVES

	<u>Capital</u>	<u>Revenue</u>	<u>Total</u>
at beginning of period	£78,928,414	£9,449,753	£88,378,167
surplus/(deficit) arising on revaluation of shareholdings in subsidiaries	(note 8) (10,024,972)	40,292	(9,984,680)
interest in associated companies	(note 9) (156,000)	-	(156,000)
profits retained in the business	-	2,505,034	2,505,034
	<u>£68,747,442</u>	<u>£11,995,079</u>	<u>£80,742,521</u>

5. DEFERRED TAXATION

The deferred taxation provided in the accounts and the full potential liability for deferred taxation are

	<u>1980</u>		<u>1979</u>	
	<u>Full Potential Liability</u>	<u>Provision Made</u>	<u>Full Potential Liability</u>	<u>Provision Made</u>
accelerated tax allowances on fixed assets	782,000	782,000	741,000	741,000
taxation payable if properties were disposed of at their revalued amounts	610,200	610,200	641,500	641,500
surpluses on disposal of fixed assets subject to rollover relief	17,000	-	17,000	-
short term timing differences	(281,400)	(281,400)	(225,200)	(225,200)
	<u>£1,127,800</u>	<u>£1,110,800</u>	<u>£1,174,300</u>	<u>£1,157,300</u>

6. BANK LOANS

	<u>1980</u>	<u>1979</u>
	<u>£</u>	<u>£</u>
Bank loans		
repayable in one year or less	328,955	-
in one to two years	-	387,854
in more than five years	3,899,036	4,597,145
	<u>£4,227,991</u>	<u>£4,984,999</u>

7. BALANCES WITH THE GESTETNER GROUP OF COMPANIES

	<u>1980</u>	<u>1979</u>
	<u>£</u>	<u>£</u>
Balances with Holding Company	(9,545,425)	(10,910,273)
Balance with Fellow subsidiary	5,984,678	4,631,521
Balances with subsidiaries	(3,817,056)	(1,010,641)
	<u>£(7,377,803)</u>	<u>£(7,289,393)</u>

8. SUBSIDIARIES

The valuation by the directors of shareholdings in subsidiaries, direct and indirect, represents the net assets of those subsidiaries at the balance sheet date translated into sterling where appropriate at the rates of exchange ruling at that date, and after deducting the estimated taxation which would be payable on the realisation of the investments.

Details of principal subsidiaries are set out in note 13.

9. ASSOCIATED COMPANIES

The valuation by the directors of shareholdings in associated companies represents the company's share of the net tangible assets of the two associated companies concerned at the balance sheet date translated into sterling at the rates of exchange ruling at that date and after deducting the estimated taxation which would be payable on the realization of those investments.

The investments are listed outside Great Britain and their market value at 1st November 1980 was £659,600 (1979-£492,000).

Details are set out in note 13.

10. FIXED ASSETS

	<u>3rd</u> <u>November</u> <u>1979</u> £	<u>Addi-</u> <u>tions</u> £	<u>Deletions</u> £	<u>Depreci-</u> <u>ation</u> £	<u>1st</u> <u>November</u> <u>1980</u> £
Freehold land and buildings					
cost	30,805	13,980	-	-	44,785
depreciation	12,195	-	-	807	13,002
	<u>18,610</u>	<u>13,980</u>	<u>-</u>	<u>807</u>	<u>31,783</u>
valuation - 1976	6,683,261	-	-	-	6,683,261
depreciation	542,282	-	-	162,684	704,966
	<u>6,140,979</u>	<u>-</u>	<u>-</u>	<u>162,684</u>	<u>5,978,295</u>
Short leasehold premises					
cost	10,922	-	-	-	10,922
depreciation	5,460	-	-	1,092	6,552
	<u>5,462</u>	<u>-</u>	<u>-</u>	<u>1,092</u>	<u>4,370</u>
	<u>£6,165,051</u>	<u>£13,980</u>	<u>-</u>	<u>164,583</u>	<u>£6,014,448</u>
				235	
				<u>£164,348</u>	

11. FLOATING CHARGE ON ASSETS

Under a supplemental trust deed dated 19th May 1976 the assets of the company are subject to a floating charge, not exceeding £500,000, in favour of the Trustees to the holders of the 4½% Debenture Stock 1975/80 of Gestetner Holdings Limited. The outstanding balance of the debenture stock has been redeemed in December 1980.

12. CAPITAL COMMITMENTS

The company had no capital commitments at either 1st November 1980 or 3rd November 1979.

13. PRINCIPAL SUBSIDIARY AND ASSOCIATED COMPANIES AT 1ST NOVEMBER 1980

Following are the principal subsidiaries, direct and indirect, of Gestetner Investments Limited and the company's shareholdings in associated companies. The effective equity holding is 100% in all cases except where indicated otherwise. The companies' principal areas of operation are the respective countries in which they are incorporated unless otherwise stated.

Gestetner Pty. Limited	Australia
Gestetner Buromaschinen Verkaufs GmbH	Austria
Gestetner SA	Belgium
Gestetner (Bermuda) Limited (formerly Gestetner International Limited)	Bermuda (World Wide)
Gestetner Inc.	Canada
Rex-Rotary Holding A/S	Denmark
Rex-Rotary International Corporation A/S	Denmark (World Wide)
Rex-Rotary France SA (60%)	France
SA Gestetner	France
Gestetner GmbH	Germany
Gestetner Holding BV	Holland
Gestetner BV	Holland
Gestetner Limited (60%)	Hong Kong (Japan)
Gestetner Duplicatori SpA	Italy
Gestetner SA	Mexico
Gestetner SA	Peru
Gestetner (Proprietary) Limited	South Africa
Gestetner SA	Spain
Gestetner AB	Sweden
Gestetner (Thailand) Limited	Thailand
Gestetner Duplicators Limited (subsequently renamed Gestetner Limited)	United Kingdom
Gestetner Papers Limited	United Kingdom (World Wide)
Gestetner Corporation	USA
Gestetner de Venezuela SA	Venezuela
Gestetner Duplicators Limited	Zambia (Zambia and Malawi)

Associated companies

Indian Duplicator Company Limited (40%)	India
Gestetner of Ceylon Limited (49%)	Sri Lanka

14. CONTINGENT LIABILITIES

The bank balance represents the balance on a memorandum sub-division of an account between the ultimate holding company, Gestetner Holdings Limited, and its bankers. The company has given, together with its ultimate holding company, a fellow subsidiary and certain of its subsidiaries, an unlimited guarantee, together with charges over its undertaking and assets, both present and future, to the bankers in respect of overdraft facilities made available to the ultimate holding company, Gestetner Holdings Limited. At 1st November 1980 and 3rd November 1979 these facilities were not utilised.