

Report of the directors for the 53 weeks ended 5th November 1988

Activities

The principal activities of the Company are

- i) the ownership of factory and other properties which are leased to Gestetner Manufacturing Limited and others, and
- ii) the holding of shares in subsidiary companies whose principal activities are the worldwide distribution of paper imaging products and related systems.

Business review

During the period, further reorganisations took place within the Group under which the Company disposed of the entire share capitals of thirteen subsidiaries to a Netherlands subsidiary at a value of £25,670,000 and one subsidiary to an American subsidiary at a value of £6,428,000 satisfied in full by the issue of further shares in those companies. In addition, the subsidiary trading in Japan was sold and two subsidiaries were liquidated. The resultant surplus over original cost, £26,034,000 has been credited to extraordinary items.

The accounts also reflect the disposal of land at Tottenham vacated during the year by Gestetner Manufacturing Limited, a fellow subsidiary. The surplus on disposal, £2,271,000, has been credited to extraordinary items.

Share capital

During the period 5,000,000 shares were issued at £1 each fully paid to the Company's shareholders and a further £14,999,998 was capitalised out of Profit and Loss Account and distributed to shareholders by way of bonus issue.

Results and dividends

The profit and loss account for the 53 weeks ended 5th November 1988, prepared on the historical cost basis of accounting modified to include the revaluation of certain assets, shows a profit after taxation and extraordinary items of £34,050,000 (1987 - £41,765,000).

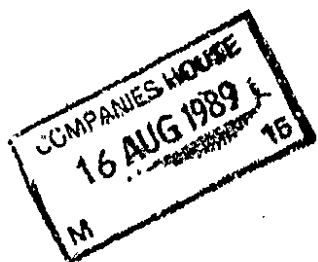
An interim dividend of £4,000,000 was paid in October 1988 and the directors recommend that no further dividend should be paid.

Tangible fixed assets

Additions to fixed assets represent the transfer of certain plant and equipment from Gestetner Holdings PLC in October 1988. Disposals represent land at Tottenham as indicated above.

Fixed asset investments

The Company's shareholdings in subsidiary companies have been revalued at 5th November 1988 and the revaluation incorporated into these accounts (note 9).



GESTETNER INVESTMENTS LIMITED

Report of the directors (continued)

Directors

The directors of the Company who served during the period were

Mr. D. Gestetner
Mr. A. Graham (appointed 4th October 1988)
Mr. D.J. Harbut (resigned 30th September 1988)
Mr. R.L.E. Lewis

There were no contracts subsisting during or at the end of the period in which any director is or was materially interested which are or were significant in relation to the Company's business.

Directors' shareholdings

No director had any interest in the shares of the Company. The declared interests of the directors in shares of Gestetner Holdings PLC requiring disclosure were

	<u>Beginning of period</u>		<u>End of period</u>	
	Ordinary shares	Share options	Ordinary shares	Share options
Mr. R.L.E. Lewis	1,350	15,000	1,350	15,000

Share options to subscribe for ordinary shares at 109.8p per share were granted in May 1985 under the Gestetner Executive Share Option Scheme. The options are exercisable up to May 1995.

Accounting date

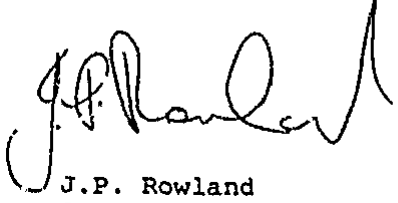
The Company's accounting date is being fixed at 31st October. The present accounting date is the first Saturday following 30th October.

Auditors

Deloitte Haskins & Sells are retiring as auditors of the Company at the Annual General Meeting and will not be seeking re-election. They have indicated that there are no circumstances connected with their retirement which they consider should be brought to the notice of the members and creditors of the Company.

In accordance with Section 384(1) of the Companies Act 1985, a resolution to appoint Price Waterhouse as auditors will be placed before the Annual General Meeting of the Company.

On behalf of the Board


J.P. Rowland
Secretary

210 Euston Road
London, NW1 2DA
17th March 1989

GESTETNER INVESTMENTS LIMITED

Report of the auditors to the members of Gestetner Investments Limited

We have audited the accounts on pages 4 to 13 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 5th November 1988 and of the profit and source and application of funds for the 53 weeks then ended and comply with the Companies Act 1985.

Neil Carter

London
71 March 1989

DELOITTE HASKINS & SELLS
Chartered Accountants

GESTETNER INVESTMENTS LIMITED

Profit and loss account for the 53 weeks ended 5th November 1988



	Note	1988 £000	1987 £000
Trading profit	2	3,724	4,262
Interest	3	(325)	(233)
Profit before exceptional items		<u>3,399</u>	<u>4,029</u>
Exceptional items	4	2,449	(255)
Profit on ordinary activities before taxation		<u>5,848</u>	<u>3,774</u>
Taxation	5	(103)	(361)
Profit on ordinary activities after taxation		<u>5,745</u>	<u>3,413</u>
Extraordinary items after taxation	6	28,305	38,352
Profit for the financial period		<u>34,050</u>	<u>41,765</u>
Dividend	7	(4,000)	(3,000)
Transfer to reserves	16	<u>30,050</u>	<u>38,765</u>

GESTETNER INVESTMENTS LIMITED

Balance sheet as at 5th November 1988

	Note	1988		1987	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	8	1,515		2,090	
Investment in subsidiaries	9	100,538		95,150	
			102,053		97,240
Current assets					
Debtors	10	27,509		28,932	
Cash at bank and in hand		55		223	
		27,564		29,155	
Creditors: due within one year					
Loans and overdrafts	11	2,871		3,883	
Other creditors	12	40,198		50,732	
		43,069		54,615	
Net current liabilities			(15,505)		(25,460)
Total assets less current liabilities			86,548		71,780
Provisions for liabilities and charges	14		(2,193)		(1,180)
			84,355		70,600
Capital and reserves					
Called up share capital	15		20,000		-
Revaluation reserve	16		460		21,755
Profit and loss account	16		63,895		48,845
			84,355		70,600

The accounts on pages 4 to 13 were approved by the Board of Directors on 17th March 1989 and are signed on its behalf by


 A. Graham
 R.L.E. Lewis


} Directors

GESTETNER INVESTMENTS LIMITED

Statement of source and application of funds for the 53 weeks ended 5th November 1988

	1988 £000	1987 £000
Source of funds		
Trading profit	3,724	4,262
Depreciation	50	103
Disposal of properties	8,428	-
Disposal of investments	-	251
	<u>12,202</u>	<u>4,616</u>
Purchase of investments	(5,000)	-
Extraordinary items	4,926	(1,629)
	<u>12,128</u>	<u>2,987</u>
Movement in working capital	(11,580)	(1,104)
Cash flow from operations	548	1,883
Financial costs		
Interest	(325)	(233)
Tax	(116)	(271)
Group relief	(263)	296
Dividends	(4,000)	(3,000)
Movement of funds are financing costs	<u>(4,156)</u>	<u>(1,325)</u>
Shares issued	5,000	-
Movement in net borrowing	<u>844</u>	<u>(1,325)</u>
Loans and overdrafts, net of cash		
at beginning of period	(3,660)	(2,335)
at end of period	(2,816)	(3,660)
Movement in net borrowings	<u>844</u>	<u>(1,325)</u>

Movement in working capital comprises an increase in debtors of £5,027,000 (1987 - reduction of £5,749,000) and a reduction in creditors and provisions of £6,553,000 (1987 - £6,853,000).

GESTETNER INVESTMENTS LIMITED

Notes to the accounts

1. Accounting policies

Basis of accounting

The accounts are prepared under the historical cost convention modified by the revaluation of certain assets.

Consolidation

Group accounts incorporating the results of subsidiary companies are not prepared as the Company is a wholly owned subsidiary of another body corporate incorporated in Great Britain.

Foreign currencies

- i) Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.
- ii) All exchange differences arising during the period are dealt with in arriving at operating profit.

Deferred taxation

Provision is made on the liability basis for all timing differences to the extent that a net liability is expected to arise.

Tangible fixed assets

Tangible fixed assets are stated at cost or subsequent revaluation.

On revaluation, the excess over the net book amount is transferred to revaluation reserve; any deficit from original cost is charged to the profit and loss account. On disposal, the surplus or deficit over original cost, less any depreciation is taken to the profit and loss account.

Following any such revaluation, the lives of buildings are reassessed and depreciation provided on the revalued amount over their estimated remaining lives or 40 years, whichever is less.

Fixed assets are depreciated in equal instalments over their estimated lives as follows:

Freehold land	Nil
Freehold buildings	Up to 40 years
Plant and equipment	Between 3 and 10 years

Fixed asset investments

Fixed asset investments represent, in the main, investments in subsidiary companies.

The value of shareholdings in subsidiary companies, direct and indirect, represent the net assets translated into sterling at rates of exchange ruling at the balance sheet date. Taxation is only provided to the extent that a liability is expected to arise in the foreseeable future.

Provisions

Provision is made for expected future costs from rationalisation and reorganisation plans.

GESTETNER INVESTMENTS LIMITED

Notes to the accounts (continued)

	1988 £000	1987 £000
2. Trading profit		
Trading profit is arrived at after crediting		
Trading income		
Dividends receivable from subsidiary companies	3,590	2,532
Rents receivable	128	271
Exchange differences	83	1,605
	<u>3,801</u>	<u>4,408</u>
and after charging		
Trading expenses		
Depreciation of tangible fixed assets	50	103
Auditors remuneration	4	2
Other expenses	23	41
	<u>77</u>	<u>146</u>
Trading profit	<u>3,724</u>	<u>4,262</u>
3. Interest		
Interest payable		
Interest payable on amounts due to subsidiaries	946	1,093
Interest receivable		
Interest receivable on amounts due from subsidiaries	545	804
Other interest receivable	76	56
	<u>621</u>	<u>860</u>
Net interest expense	<u>325</u>	<u>233</u>
4. Exceptional items		
Provision against equity investment in associated company	-	255
Revaluation of investments in subsidiaries	2,449	-
	<u>2,449</u>	<u>255</u>

CRSTETNER INVESTMENTS LIMITED

Notes to the accounts (continued)

	1988 £000	1987 £000
5. Taxation		
United Kingdom		
Corporation tax at 35%		
Current	1,200	1,425
Double taxation relief	(1,200)	(1,335)
	<u>-</u>	<u>90</u>
Overseas taxation	103	271
Taxation on the profit of the period	<u>103</u>	<u>361</u>
The taxation charge on the profit of the period has been (reduced) increased by		
Income not taxable	(1,452)	(562)
Disallowable revenue expenditure	66	35
Dividends from subsidiaries to the extent that they are tax free	(558)	(513)
Deferred taxation for which no provision is considered necessary	-	86
	<u>(1,944)</u>	<u>(954)</u>
6. Extraordinary items		
Surplus arising on disposal or liquidation of shareholdings in subsidiary companies net of taxation £300,000 (1987 - nil) and after release of £20,759,000 (1987 - £14,051,000) from revaluation reserves	26,034	34,557
Surplus arising on disposal of property net of taxation in 1987 of £200,000 (1988 - nil) and after release of £536,000 (1987 - £335,000) from revaluation reserves	2,271	3,795
	<u>28,305</u>	<u>38,352</u>
7. Dividend		
Declared and paid 28th October 1988	<u>4,000</u>	<u>3,000</u>

CREDITRICE INVESTMENTS LIMITED

Notes to the accounts (continued)

8. Tangible fixed assets

	Freehold land and buildings £000	Plant and equipment £000	Total £000
Cost or valuation			
At beginning of period	2,304	-	2,304
Disposals	(750)	-	(750)
Transfer from holding company	-	270	270
At end of period	<u>1,554</u>	<u>270</u>	<u>1,824</u>
Valuation 1983			
Cost	1,405	-	1,405
	149	270	419
Depreciation			
At beginning of period	214	-	214
Disposals	(70)	-	(70)
Transfer from holding company	-	115	115
Charge for period	50	-	50
At end of period	<u>194</u>	<u>115</u>	<u>309</u>
Net book value			
At beginning of period	2,090	-	2,090
At end of period	<u>1,360</u>	<u>155</u>	<u>1,515</u>

The Company's freehold land and buildings were revalued at 30th June 1983. If freehold land and buildings had not been revalued they would have been included at the following amounts.

	1988 £000	1987 £000
Cost		
Aggregate depreciation	1,062 (1,004)	1,276 (1,114)
	<u>58</u>	<u>162</u>

WESTERN INVESTMENTS LIMITED

Notes to the accounts (continued)

	1988 £000	1987 £000
9. Investment in subsidiaries		
Cost or valuation		
At beginning of period	95,150	90,861
Additions	38,258	35,027
Disposals	(35,319)	(14,516)
Revaluation	2,449	(15,967)
Provision against equity investment	-	(253)
At end of period	<u>100,538</u>	<u>95,150</u>

The investment in subsidiaries represents the net assets translated into sterling at rates of exchange ruling at the balance sheet.

If no revaluation had been made, they would have been included at the following amounts:

Cost	108,142	47,429
Aggregate amounts written off	(20,492)	(17,161)
	<u>87,650</u>	<u>30,268</u>

Details of the principal subsidiaries are set out in note 17.

10. Debtors

Amounts falling due within one year		
Amounts owed by holding company	8,671	2,349
Amounts owed by fellow subsidiary	2,662	2,655
Amounts owed by subsidiaries	16,138	16,179
Amounts owed by associated companies	-	931
Property in course of disposal	-	6,750
Other debtors	38	50
Prepayments and accrued income	-	10
	<u>27,509</u>	<u>28,924</u>
Amounts falling due after one year		
Other debtors	-	8
	<u>27,509</u>	<u>28,932</u>

11. Loans and overdrafts

Amounts falling due within one year		
Unsecured bank borrowing	2,871	3,883

GESTETNER INVESTMENTS LIMITED

Notes to the accounts (continued)

	1988 £000	1987 £000
12. Other creditors		
Amounts falling due within one year		
Amounts owed to holding company	30,101	30,454
Amounts owed to fellow subsidiary	-	34
Amounts owed to subsidiaries	8,420	18,596
Corporate taxation	1,618	1,331
Group relief	-	263
Other taxes	6	10
Other creditors	53	44
	<u>40,198</u>	<u>50,732</u>

13. Deferred taxation

The full potential deferred tax asset is analysed below:

Short term timing differences	(651)	(651)
Surplus on disposal of tangible fixed assets subject to rollover relief	17	17
	<u>(634)</u>	<u>(634)</u>

14. Provisions for liabilities and charges

A provision has been made for the estimated future costs arising from the vacation of premises in Germany and at Tottenham and the disposal of our Japanese business. The movement during the period is as follows:

At beginning of period	1,180	1,943
Profit and loss account		
Operating profit (exchange differences)	(24)	(33)
Extraordinary items	2,118	740
Applied during period	<u>(1,081)</u>	<u>(1,470)</u>
	<u>2,193</u>	<u>1,180</u>

15. Called up share capital

	Ordinary shares of £1 each. Thousands of shares	£000
Authorised, allotted, issued and fully paid		
At beginning of period	-	-
Subscribed for in period	5,000	5,000
Capitalisation of profit and loss reserves	15,000	15,000
At end of period	<u>20,000</u>	<u>20,000</u>

The company's ultimate holding company is Gestetner Holdings PLC incorporated in Great Britain.

GESTETNER INVESTMENTS LIMITED

Notes to the accounts (continued)

16. Reserves

	Revaluation reserve £000	Profit and loss account £000
At beginning of period	21,755	48,845
Profit of period retained per profit and loss account	-	30,050
Capitalisation of shares		(15,000)
Realised revaluation surpluses released on disposal of Group companies	(20,759)	-
on disposal of property	(536)	-
At end of period	<u>460</u>	<u>63,895</u>

17. Principal subsidiaries

Wholly-owned subsidiaries, direct and indirect, of Gestetner Investments Limited are incorporated and transact business in the following countries:

Subsidiary companies	Incorporated in
Gestetner S.A.C.I.	Argentina
Gestetner Lasers Pty. Limited	Australia
Gestetner Pty. Limited	Australia
Gestetner Buromaschinen-Verkaufsgesellschaft mbH	Austria
Gestetner Bangladesh Limited	Bangladesh
Gestetner SA	Belgium
Gestetner Comercio e Industria Limitada	Brazil
Gestetner Inc.	Canada
Rex-Rotary International Corporation A/S	Denmark (Worldwide)
Lance International SA	France
SA Gestetner	France
GIL Buromaschinen GmbH (formerly Gestetner GmbH)	Germany
Gestetner Limited	Great Britain
Gestetner BV	Holland
Gestetner International Limited	Hong Kong (and China)
Gestetner Limited	Ireland
Gestetner (Israel) Limited	Israel
Gestetner Italia SpA	Italy
Gestetner Limited	Kenya
Gestetner Limited	Malawi
Gestetner Mala_sia Sendirian Berhad	Malaysia
Gestetner SA de C.V	Mexico
Gestetner (Private) Limited	Pakistan
Gestetner SA	Peru
Gestetner Private Limited	Singapore
Gestetner (Proprietary) Limited	South Africa
Gestetner SA	Spain
Gestetner AB	Sweden
Gestetner (Thailand) Limited	Thailand
Gestatner Corporation	U.S.A.
Commonwealth Graphics Limited	U.S.A.
Gestetner SA	Venezuela
Gestetner Limited	Zambia
Gestetner (Pvt) Limited	Zimbabwe

18. Contingent Liabilities

The Company has guaranteed banking facilities made available to certain subsidiaries up to £13,940,000 (1987 - £nil). At 5th November 1988, these facilities had been drawn upon to the extent of £11,427,000 (1987 - £nil). The Company has also guaranteed the indebtedness of a subsidiary to a supplier which, at 5th November 1988, amounted to £944,000 (1987 - £nil).