

HEWLETT-PACKARD LIMITED  
(Registered Number 690597)

REPORT AND ACCOUNTS

31 OCTOBER 1992



## HEWLETT-PACKARD LIMITED

### REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their annual report and the audited accounts for the year ended 31 October 1992.

#### RESULTS AND DIVIDENDS

The consolidated results for the year are shown on page 5. The Directors recommend that no dividend be paid and that the loss for the year of £4,793,000 (1991: £10,871,000) be deducted from reserves.

#### PRINCIPAL ACTIVITIES

The Group's principal activities are the design, manufacture, marketing and servicing of measurement and computation products and systems, to help its customers improve their personal and business effectiveness.

#### REVIEW OF THE BUSINESS

Fiscal year 1992 was another challenging year for Hewlett-Packard Limited. Operating in a difficult economic climate and a rapidly changing market the Group reported a pre-tax loss of £7,419,000.

Hewlett Packard's strong product portfolio continued to gain wide acceptance, generating record UK and export turnover of £497,042,000 and £215,573,000 respectively.

The Computer Peripherals Division near Bristol had a very good year and is well positioned to exploit future opportunities based upon the Digital Audio Tape (DAT) technology.

South Queensferry continued to develop products for the growing telecommunications market and is well placed to maximise future opportunities.

The Group maintained its reputation for customer service, support and satisfaction. New product offerings continue to be of an excellent standard providing a strong base for future growth prospects.

In October 1992, Hewlett-Packard Limited issued 61,729,000 ordinary shares for cash to fund working capital requirements.

During the year Hewlett-Packard Limited purchased Avantek Limited, a company based in Surrey, for a consideration of £453,000 settled by the issue of 453,000 ordinary shares. The Company also acquired the UK computer systems and services business of Texas Instruments for £3,444,000.

#### RESEARCH AND DEVELOPMENT

The Group maintained an extensive programme of engineering and software research and development at each of its major sites in the UK, in addition to the special activities of the Bristol Research Centre.

## HEWLETT-PACKARD LIMITED

### REPORT OF THE DIRECTORS (Continued)

#### TANGIBLE FIXED ASSETS

The movements in tangible fixed assets are shown in note 10 to the accounts. The Directors are aware that the market value of certain of the Group's land and buildings is currently less than their book value but they do not consider this to represent a permanent diminution in value and hence no provision has been made in the accounts. A valuation of the entire property portfolio has not been performed.

#### EMPLOYEE INVOLVEMENT

The Group continues to place importance upon the education and development of its people.

There is a well developed employee involvement programme within the Group. Employees receive regular newsletters.

All employees' training and development is supported by continuing in-service education. All employees who have completed minimum periods of service are eligible to join both profit share and share purchase schemes of the Hewlett-Packard Company.

#### EMPLOYMENT OF DISABLED EMPLOYEES

All applications from disabled persons are fully considered. Should an employee become disabled, it is the Group's practice to continue their current employment where possible or offer suitable alternatives.

#### DONATIONS

Donations to UK charities and educational establishments amounted to £67,000 (1991: £85,000).

The Group made no political donations (1991: £Nil).

#### DIRECTORS

The Directors of the Company during the year are detailed below:

DA Baldwin CBE (Chairman)  
JT Golding (Managing Director)  
F Mariotti (Vice Chairman)  
RW Anderson (USA) (resigned 19 June 1992)  
RD Gill (resigned 21 December 1992)  
Professor KG Lumsden (resigned 21 December 1992)  
F MacKenzie CBE  
J Taylor (appointed 19 June 1992)  
R Smelek (USA) (appointed 21 December 1992)

According to the register required to be kept under Section 325 of the Companies Act 1985 none of the Directors had any beneficial interest in the shares of the Company at the beginning or end of the financial year. The board wishes to express their appreciation for the service of Mr Anderson, Mr Gill and Professor Lumsden as Directors.

Hewlett-Packard operates a worldwide Directors' liability insurance scheme.

# HEWLETT-PACKARD LIMITED

## REPORT OF THE DIRECTORS (Continued)

### TRANSACTION WITH DIRECTOR

An interest-free house purchase loan was made by the Company to the following, prior to appointment as a Director. This loan was made under the employees' loan scheme and was repaid during the year.

	Date of loan	Balance outstanding at year end	
		<u>1992</u>	<u>1991</u>
Mr J T Golding	January 1984	-	£9,969

### AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to be re-appointed and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

By order of the Board  
Richard D Thompson



Secretary  
21 December 1992

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**REPORT OF THE AUDITORS TO THE  
MEMBERS OF HEWLETT-PACKARD LIMITED**

We have audited the accounts on pages 5 to 21 in accordance with Auditing Standards.

We have audited the accounts on pages 5 to 21 in accordance with the provisions of the Companies Act 1985. In our opinion the accounts give a true and fair view of the state of affairs of the Company and Group at 31 October 1992 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Pice Waterhouse

21 December 1992

**PRICE WATERHOUSE**  
Chartered Accountants  
and Registered Auditor

# HEWLETT-PACKARD LIMITED

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 1992

	<u>1992</u> £'000	<u>1991</u> £'000
<b>TURNOVER (Note 2)</b>	712,615	663,283
Cost of sales	(606,336)	(564,287)
	<hr/>	<hr/>
<b>GROSS PROFIT</b>	106,279	98,996
Distribution costs	(88,450)	(83,551)
Administrative expenses	(19,448)	(19,071)
Other operating income (Note 4)	16	102
	<hr/>	<hr/>
<b>OPERATING LOSS (Note 5)</b>	(1,603)	(3,524)
Interest receivable and similar income	1,690	235
Interest payable (Note 7)	(7,506)	(10,306)
	<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	(7,419)	(13,595)
Taxation on loss on ordinary activities (Note 8)	2,626	2,724
	<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE YEAR (Note 19)</b>	(4,793)	(10,871)
	<hr/>	<hr/>

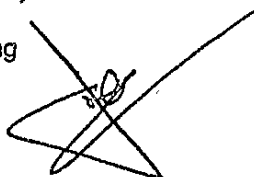
# HEWLETT-PACKARD LIMITED

## BALANCE SHEETS AT 31 OCTOBER 1992

	Group		Company	
	<u>1992</u> £'000	<u>1991</u> £'000	<u>1992</u> £'000	<u>1991</u> £'000
<b>FIXED ASSETS</b>				
Tangible assets (Note 10)	157,726	149,542	134,627	131,696
Investments (Note 11)	3,590	3,590	4,243	3,790
	<hr/>	<hr/>	<hr/>	<hr/>
	161,316	153,132	138,870	135,486
	<hr/>	<hr/>	<hr/>	<hr/>
<b>CURRENT ASSETS</b>				
Stocks (Note 12)	54,134	54,869	53,772	54,869
Debtors (Note 13)	123,527	112,062	147,815	129,329
Cash at bank and in hand	2,071	3,337	1,539	3,197
	<hr/>	<hr/>	<hr/>	<hr/>
	179,732	170,268	203,126	187,395
	<hr/>	<hr/>	<hr/>	<hr/>
<b>CREDITORS</b> (amounts falling due within one year) (Note 14)	(204,311)	(232,466)	(195,903)	(227,707)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	(24,579)	(62,200)	7,223	(40,312)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	136,737	90,932	146,093	95,174
	<hr/>	<hr/>	<hr/>	<hr/>
<b>CREDITORS</b> (amounts falling due after more than one year) (Note 15)	(12,560)	(10,120)	(12,560)	(10,120)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b> (Note 17)	(7,252)	(21,030)	(10,717)	(21,456)
	<hr/>	<hr/>	<hr/>	<hr/>
	116,925	59,782	122,816	63,598
	<hr/>	<hr/>	<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>				
Called up share capital (Note 18)	104,772	42,590	104,772	42,590
Reserves (Note 19)	12,153	17,192	18,044	21,008
	<hr/>	<hr/>	<hr/>	<hr/>
	116,925	59,782	122,816	63,598
	<hr/>	<hr/>	<hr/>	<hr/>

Approved by the Board on 21 December 1992

J T Golding  
Director



# **HEWLETT-PACKARD LIMITED**

## **CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 1992**

	<u>1992</u>		<u>1991</u>	
	£'000	£'000	£'000	£'000
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES (Note A)</b>		(58,175)		46,605
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>				
Interest received	1,690		235	
Interest paid	(6,527)		(9,174)	
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		(4,837)		(8,939)
<b>TAXATION</b>				
Corporation tax paid		(2,086)		(10,473)
<b>INVESTING ACTIVITIES</b>				
Payments to acquire tangible fixed assets	(40,361)		(33,128)	
Cash and cash equivalents acquired on purchase of subsidiary undertaking (Note F)	610		-	
Receipts from sales of tangible fixed assets	<u>3,912</u>		<u>2,562</u>	
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<u>(35,839)</u>		<u>(30,566)</u>
<b>NET CASH OUTFLOW BEFORE FINANCING</b>		(100,937)		(3,373)
<b>FINANCING</b>				
Issue of ordinary share capital	61,728		-	
Loans from group undertakings	1,410		10,120	
Instalment loans repaid	<u>(452)</u>		<u>(416)</u>	
<b>NET CASH INFLOW FROM FINANCING (Note D)</b>		<u>62,687</u>		<u>9,704</u>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (Note B)</b>		<u>(38,250)</u>		<u>6,331</u>



# HEWLETT-PACKARD LIMITED

## NOTES TO THE CASH FLOW STATEMENT

### A RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1992</u> £'000	<u>1991</u> £'000
Operating loss	(1,603)	(3,524)
Depreciation charge	28,044	24,132
Loss on sale of tangible fixed assets	435	510
Decrease/(increase) in stocks	1,224	(5,610)
Decrease in investment in finance leases	5,192	10,173
(Increase)/decrease in debtors	(10,601)	6,439
(Decrease)/increase in creditors	(67,088)	6,136
(Decrease)/increase in pension commitments	(13,778)	8,349
	<u>(58,175)</u>	<u>46,605</u>

### B ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	£'000
Balance at 1 November 1991	(43,325)
Net cash outflow (Note C)	(38,250)
	<u>(81,575)</u>
Balance at 31 October 1992	(81,575)

### C ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1992</u> £'000	<u>1991</u> £'000	<u>Change</u> <u>in year</u> £'000
Cash at bank and in hand	2,071	3,337	(1,266)
Bank overdrafts and short-term loans	(83,646)	(46,662)	(36,984)
	<u>(81,575)</u>	<u>(43,325)</u>	<u>(38,250)</u>

Short-term loans represent advances from banks repayable within 3 months from the date of the advance.

### D ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	<u>Share capital</u> £'000	<u>Loans</u> £'000
Balance at 1 November 1991	42,590	10,572
Cash inflow from financing	61,729	958
Shares issued for non-cash consideration	453	-
	<u>104,772</u>	<u>11,530</u>
Balance at 31 October 1992	104,772	11,530

# HEWLETT-PACKARD LIMITED

## NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

### E PURCHASE OF SUBSIDIARY UNDERTAKINGS

<u>Avantek</u>	£'000
Net assets acquired:	
Tangible fixed assets	214
Stocks	489
Debtors	1,344
Cash at bank and in hand	610
Taxation	(24)
Creditors	(2,426)
	<hr/>
	207
Goodwill	246
	<hr/>
	453
	<hr/>
Satisfied by:	
Shares allotted	453
	<hr/>

The subsidiary undertaking acquired during the year absorbed £276,000 of the Group's net cash flows, primarily through operating activities.

#### Texas Instruments

The Company acquired for £3,444,000 the UK computer systems and service business of Texas Instruments. The consideration, which was equal to the fair value of the assets acquired, will be settled for cash after the year-end.

### F ANALYSIS OF NET OF CASH AND CASH EQUIVALENTS IN RESPECT OF THE PURCHASE OF SUBSIDIARY UNDERTAKINGS

	£'000
Cash at bank and in hand acquired	(610)
	<hr/>
Net inflow of cash and cash equivalents in respect of purchase of subsidiary	(610)
	<hr/>

## HEWLETT-PACKARD LIMITED

### NOTES TO THE ACCOUNTS

1

#### ACCOUNTING POLICIES

##### Consolidation principles

The Group accounts include the results, assets and liabilities of the Company and its subsidiaries, other than Apollo Computer (UK) Limited as set out in note 11, and are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. Newly acquired subsidiaries are consolidated from the effective date of their acquisition.

##### Turnover

Turnover consists of sales in the year of equipment, parts and services at the amounts invoiced, excluding value added tax, less returns and discounts, together with income from leased equipment.

##### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost. Depreciation is calculated on the cost of tangible fixed assets in accordance with the methods and estimated useful lives set out below:

Freehold buildings and long leasehold property - declining balance - over approximately 40 years.

Short leasehold property - straight line - over the period of the lease.

Equipment - sum of the digits - three to ten years.

Equipment rented under operating leases - sum of the digits - three to five years.

No depreciation is provided on freehold land or property under construction.

##### Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes appropriate overheads.

##### Goods sold under warranty

Provision is made in the accounts for costs anticipated to arise during the unexpired warranty periods on goods sold.

##### Finance leases

Amounts receivable in respect of finance leases to customers are stated after deduction of the interest element of the income relating to the unexpired portion of the lease. The interest element of the income from such leases is taken to the profit and loss account over the term of the lease using the actuarial method after tax.

##### Operating leases

Rentals receivable/payable on operating leases are credited/charged to the profit and loss account on a straight line basis.

# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 1 ACCOUNTING POLICIES (Continued)

#### Goodwill

Goodwill arising on consolidation, being the difference between the fair value of the consideration given and the aggregate of the fair values of the separable net assets acquired, is written off against reserves in the year of acquisition.

#### Deferred taxation

Deferred tax liabilities are provided using the liability method in respect of timing differences only where it is expected that the liability will become payable within the foreseeable future. Deferred tax assets are not recognised.

#### Foreign currencies

Monetary assets and liabilities in foreign currency are translated to sterling at the rate of exchange ruling at the balance sheet date. Trading transactions are translated at the rate of exchange ruling at the date of the relevant transaction.

#### Research and development

Expenditure on research and development, including the development of software, is written off to revenue as incurred.

### 2 SEGMENTAL INFORMATION

Turnover, loss before tax and net assets are all attributable to United Kingdom operations. The Group operates within one industry segment, the design, manufacture, marketing and servicing of measurement and computation products and systems.

The analysis of turnover from United Kingdom operations is as follows:

	<u>1992</u>		<u>1991</u>	
	£'000	£'000	£'000	£'000
Turnover in the United Kingdom		497,042		461,514
Turnover overseas:				
United States of America	84,524		75,985	
Europe	108,794		106,321	
Other	<u>22,255</u>		<u>19,463</u>	
		215,573		201,769
		<u>712,615</u>		<u>663,283</u>

Turnover overseas includes sales to the ultimate holding company and fellow subsidiaries of £213,691,000 (1991 : £201,769,000).

# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 3 LEASES

	<u>1992</u> £'000	<u>1991</u> £'000
Aggregate rentals receivable in respect of:		
Finance leases	10,870	14,861
Operating leases	13,168	7,841
	<hr/>	<hr/>
	24,038	22,702
	<hr/>	<hr/>

### 4 OTHER OPERATING INCOME

	<u>1992</u> £'000	<u>1991</u> £'000
Government revenue grants receivable	16	102
	<hr/>	<hr/>

### 5 OPERATING LOSS

The operating loss is stated after charging:	<u>1992</u> £'000	<u>1991</u> £'000
Research and development expenditure	14,116	11,456
Depreciation	28,198	24,132
Operating leases - hire of machinery and equipment	9,207	8,552
- hire of other assets	3,188	6,859
Directors' emoluments (Note 6)	214	146
Auditors' remuneration	120	115
Wages and salaries	100,791	96,833
Social security costs	9,333	8,534
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Fees to the auditors for non-audit services amounted to £50,000.

### 6 DIRECTORS' EMOLUMENTS

	<u>1992</u> £'000	<u>1991</u> £'000
Fees	33	28
Management remuneration	181	118
	<hr/>	<hr/>
	214	146
	<hr/>	<hr/>

# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 6 DIRECTORS' EMOLUMENTS (continued)

The emoluments of the highest paid Director were £136,552 (1991: £103,513) and the Chairman were £Nil (1991: £Nil). The number of other Directors whose emoluments fell within the bands shown was as follows:

	<u>1992</u>	<u>1991</u>
Up to £5,000	2	3
£5,001 to £10,000	2	2
£10,001 to £15,000	1	-
£20,001 to £25,000	-	1
£40,001 to £45,000	1	-
	<u>      </u>	<u>      </u>

### 7 INTEREST PAYABLE

On loans and overdrafts repayable  
within five years:  
- bank loans and overdrafts  
- amounts owed to group undertakings

<u>1992</u> £'000	<u>1991</u> £'000
1,673	3,847
5,833	6,459
<u>      </u>	<u>      </u>
7,506	10,306
<u>      </u>	<u>      </u>

### 8 TAXATION ON LOSS ON ORDINARY ACTIVITIES

Corporation tax at 33% (1991: 33.42%)  
Prior year adjustments  
Deferred tax - current year

<u>1992</u> £'000	<u>1991</u> £'000
(3,071)	2,142
445	(317)
-	(4,549)
<u>      </u>	<u>      </u>
(2,626)	(2,724)
<u>      </u>	<u>      </u>

The tax credit differs from the statutory rate principally due to the non-recognition of a deferred tax asset.

### 9 HEWLETT-PACKARD LIMITED PROFIT AND LOSS ACCOUNT

In accordance with Section 230(1)(b) of the Companies Act 1985, Hewlett-Packard Limited has not presented its own profit and loss account. Of the Group loss for the year, £2,964,000 has been dealt with in the accounts of the holding company.

# HEWLETT PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 10 TANGIBLE ASSETS

	<u>Property</u> £'000	<u>Property</u> <u>under</u> <u>construction</u> £'000	<u>Equipment</u> £'000	<u>Total</u> <u>Company</u> £'000	<u>Equipment</u> £'000	<u>Equipment</u> <u>rented under</u> <u>operating</u> <u>leases</u> £'000	<u>Total</u> <u>Group</u> £'000
<u>Cost</u>							
At 31 October 1991	127,171	4,216	92,420	223,807	-	27,370	251,177
Additions on acquisition of subsidiary	-	-	-	-	214	-	214
Additions	2,995	4,381	17,185	24,561	4	15,951	40,516
Reclassifications	1,933	(2,334)	401	-	-	-	-
Disposals	(2,072)	(42)	(13,339)	(15,453)	-	(2,891)	(18,344)
At 31 October 1992	130,027	6,221	96,667	232,915	218	40,430	273,563
<u>Depreciation</u>							
At 31 October 1991	21,674	-	70,437	92,111	-	9,524	101,635
Provision for the year	5,198	-	12,461	17,659	75	10,310	28,044
On additions	-	-	155	155	-	-	155
On disposals	(840)	-	(10,797)	(11,637)	-	(2,360)	(13,997)
At 31 October 1992	26,032	-	72,256	98,288	75	17,474	115,837
<u>Net book amount</u>							
At 31 October 1992	103,995	6,221	24,411	134,627	143	22,956	157,726
At 31 October 1991	105,497	4,216	21,983	131,696	-	17,846	149,542

Included within equipment in the Company are assets subject to short-term rental agreements with a cost of £5,574,000 (1991: £2,374,000) and accumulated depreciation of £1,719,000 (1991: £738,000).

	1992			1991
	Cost £'000	Depreciation £'000	Net £'000	Net £'000
<u>Analysis of property</u>				
Freehold land	37,313	-	37,313	35,127
Freehold buildings	89,329	24,409	64,920	61,581
Long leaseholds	-	-	-	6,429
Short leaseholds	3,385	1,623	1,762	2,360
	130,027	26,032	103,995	105,497

# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 11 INVESTMENTS

	Group		Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£'000	£'000	£'000	£'000
Group undertakings:				
£1 ordinary shares at cost	-	-	653	200
Investment in Apollo				
Computer (UK) Limited	3,590	3,590	3,590	3,590
	<u>3,590</u>	<u>3,590</u>	<u>4,243</u>	<u>3,790</u>

The Group companies listed below are wholly owned subsidiaries incorporated and operating in England.

<u>Subsidiary Undertakings</u>	<u>Financial Year End</u>
Hewlett-Packard Finance Limited	31 October
Avantek Limited	31 October
Hewlett-Packard Product Leasing Limited	31 January
Hewlett-Packard Equipment Leasing Limited	30 April
Hewlett-Packard Leasing Limited	31 July

Hewlett-Packard Finance Limited is engaged in the provision of financial services to users of Hewlett-Packard products. Avantek Limited was acquired during the year. Its principal activity is the manufacture of microwave devices. The remaining subsidiaries did not trade during the Group's financial year.

#### Investment

Apollo Computer (UK) Limited, which is incorporated in England and was previously engaged in the manufacture, sale and support of computer systems and software, did not trade during the year. It is the opinion of the Directors that the Company's control is of a short term nature pending liquidation and accordingly the accounts of Apollo Computer (UK) Limited have not been consolidated in the Group accounts.

At 31 October 1992, in the opinion of the Directors, the carrying value of Apollo is not less than the amount at which the investment is stated in the Company and Group balance sheets and on an equity basis the net assets were £5,291,000.



# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 12 STOCKS

	Group		Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£'000	£'000	£'000	£'000
Raw materials and consumables	27,185	27,839	26,853	27,839
Work in progress	2,713	4,214	2,706	4,214
Finished goods for resale	24,236	22,816	24,213	22,816
	<u>54,134</u>	<u>54,869</u>	<u>53,772</u>	<u>54,869</u>

### 13 DEBTORS

	Group		Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£'000	£'000	£'000	£'000
Trade debtors	58,427	56,328	56,557	55,576
Amounts owed by subsidiary undertaking	-	-	45,049	40,147
Amounts owed by other group undertakings	31,748	23,154	30,393	22,962
Corporation tax	5,368	656	6,721	2,526
Other debtors	6,260	5,816	6,221	5,816
Prepayments and accrued income	3,413	2,605	2,874	2,292
Investment in finance leases	<u>18,311</u>	<u>23,503</u>	<u>-</u>	<u>-</u>
	<u>123,527</u>	<u>112,062</u>	<u>147,815</u>	<u>129,329</u>

Of these, amounts due after one year:

Amounts owed by subsidiary undertaking	-	-	17,031	15,166
Other debtors	889	926	889	926
Investment in finance leases	<u>11,001</u>	<u>13,936</u>	<u>-</u>	<u>-</u>
	<u>11,890</u>	<u>14,862</u>	<u>17,920</u>	<u>16,092</u>

# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 14 CREDITORS (Amounts falling due within one year)

	Group		Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see Note 16)	83,646	47,114	83,537	47,114
Trade creditors	19,415	17,444	18,003	16,541
Amounts owed to other group undertakings	35,098	109,595	32,508	109,595
Other creditors	1,553	1,589	1,216	1,253
Taxation and social security	3,044	5,516	2,846	5,082
Accruals and deferred income	61,555	51,210	57,793	48,122
	<u>204,311</u>	<u>232,468</u>	<u>195,903</u>	<u>227,707</u>

### 15 CREDITORS (Amounts falling due after more than one year)

	Group		Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£'000	£'000	£'000	£'000
Other creditors	1,030	-	1,030	-
Loans from other group undertakings wholly repayable within 5 years	11,530	10,120	11,530	10,120
	<u>12,560</u>	<u>10,120</u>	<u>12,560</u>	<u>10,120</u>

# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 16 BANK LOANS & OVERDRAFTS

	Group		Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£'000	£'000	£'000	£'000
Repayable by instalments:				
Within 5 years	-	452	-	452
Repayable other than by instalments:				
Within 5 years	83,646	46,662	85,537	46,662
	<u>83,646</u>	<u>47,114</u>	<u>83,537</u>	<u>47,114</u>

Amounts repayable by instalments represented a bank loan with interest at 9.5% per annum repayable in half-yearly instalments which commenced on 15 January 1986.

### 17 PROVISIONS FOR LIABILITIES & CHARGES

	Group		Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£'000	£'000	£'000	£'000
Pension commitments	7,252	21,030	7,252	21,030
Deferred taxation	-	-	3,465	426
	<u>7,252</u>	<u>21,030</u>	<u>10,717</u>	<u>21,456</u>

The provision for deferred tax is analysed as follows:

	Company	
	<u>1992</u>	<u>1991</u>
	£'000	£'000
Accelerated capital allowances	6,257	7,692
Pension commitments	(2,393)	(6,940)
Other	(399)	(326)
	<u>3,465</u>	<u>426</u>

# **HEWLETT-PACKARD LIMITED**

## **NOTES TO THE ACCOUNTS (Continued)**

### **17 PROVISIONS FOR LIABILITIES & CHARGES (Continued)**

The movement on provisions for liabilities and charges is as follows:

	Group Pension commitments £'000	Pension commitments £'000	Company Deferred taxation £'000
At 1 November 1991	21,030	21,030	426
Charge for the year	9,650	9,650	3,526
Prior year adjustment	-	-	(487)
Contributions paid	(23,428)	(23,428)	-
	<hr/>	<hr/>	<hr/>
At 31 October 1992	7,252	7,252	3,465
	<hr/>	<hr/>	<hr/>

### **18 CALLED UP SHARE CAPITAL**

	Company	
	<u>1992</u> £'000	<u>1991</u> £'000
Ordinary shares of £1 each Authorised	200,000	100,000
	<hr/>	<hr/>
Allotted and fully paid		
At 1 November	42,590	42,590
Shares issued in year:		
- 453,000 as consideration for the acquisition of Avantek Limited	453	-
- 61,729,000 for cash to raise additional working capital	<u>61,729</u>	<u>-</u>
At 31 October	104,772	42,590
	<hr/>	<hr/>

# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

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### RESERVES

	Group		Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
Profit and loss account	£'000	£'000	£'000	£'000
At 1 November	17,175	28,046	20,991	27,596
Deficit for the year	(4,793)	(10,871)	(2,964)	(6,605)
Goodwill	(246)	-	-	-
At 31 October	12,136	17,175	18,027	20,991
Share premium account	17	17	17	17
	12,153	17,192	18,044	21,008

The cumulative amount of goodwill written-off to reserves at 31 October 1992 is £246,000 (1991: £Nil).

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### COMMITMENTS

	<u>1992</u>	<u>1991</u>
	£'000	£'000
Capital expenditure:		
Committed but not provided	2,812	2,226
Authorised but not committed	-	-

#### Leasing commitments:

Group annual commitments under non-cancellable operating leases are set out below.

	1992		1991	
	<u>Property</u>	<u>Other</u>	<u>Property</u>	<u>Other</u>
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within 1 year	18	3,082	5	3,620
Between 1 and 5 years	1,215	4,456	165	5,291
After 5 years	1,635	-	3,471	-
	2,868	7,538	3,641	8,911

#### Forward exchange contracts:

At 31 October 1992 the Group had commitments arising from forward exchange contracts entered into in the normal course of business.

## HEWLETT-PACKARD LIMITED

### NOTES TO THE ACCOUNTS (Continued)

#### 21 PENSIONS

The Group operates a non-contributory defined benefit pension scheme, covering the majority of its employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The market value of the pension fund assets on 31 October 1992 was £92,539,000 (1991: £76,700,000).

The amount charged to the profit and loss account is calculated to spread the cost of pensions over the employees' working lives with the Group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 February 1990 and showed that the assets were sufficient to secure 93% of the benefits accrued to members. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries. It was assumed that the investment returns would be 10% per annum and that salary increases would average 7%.

The pension charge for the year was £9,650,000 (1991: £8,581,000). This included £347,000 in respect of the amortisation of experience surpluses that are being recognised over 15 years, the average remaining service lives of employees.

During the year the Group made pension contributions of £23,428,000. Contributions will continue to be paid in accordance with the consulting actuary's recommendation.

#### 22 EMPLOYEES

	<u>1992</u>	<u>1991</u>
The average number of persons employed by the Group during the year was:		
Sales and service	2,091	2,149
Manufacturing and research & development	1,923	2,040
	<u>4,014</u>	<u>4,189</u>

#### 23 ULTIMATE HOLDING COMPANY

The ultimate holding company is Hewlett-Packard Company, which is incorporated in the United States of America. Copies of the Group accounts of Hewlett-Packard Company can be obtained from 3000 Hanover Street, Palo Alto, California 94304, USA.