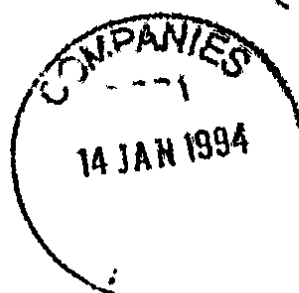


HEWLETT-PACKARD LIMITED  
(Registered Number 690597)

REPORT AND ACCOUNTS

31 OCTOBER 1993



## **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 1993.

### **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 profit for the year of £48,968,000 (1992: loss of £4,793,000) be transferred to 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**

Hewlett-Packard Limited's results for 1993 are very encouraging. Our continued investment in research and development has helped to develop a strong portfolio generating record UK and export turnover of £701 million (1992: £497 million) and £324 million (1992: £216 million) respectively. This growth was led by the Computer Products Organisation which had an outstanding year driven by excellent growth in HP desktops and laserjets.

Despite operating in a difficult economic climate, the Group reported a pre-tax profit of £82,512,000 (1992: loss of £7,419,000).

During the year Hewlett-Packard Limited purchased Colorado Memory Systems (Europe) Limited for a consideration of £165,000 to be settled in cash. The Company also acquired the entire issued share capital of BT&D Technologies Limited for a consideration of £5 and subsequently subscribed for an additional £27,449,000 of share capital.

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.

### **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 amount 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 £95,000 (1992 £87,000).

The Group made no political donations (1992 £Nil)

#### DIRECTORS

The Directors of the Company, during the year were

DA Baldwin CBE (Chairman)  
JT Golding (Managing Director)  
F Manotti (Vice Chairman)  
RD Gill (resigned 21 December 1992)  
Professor KG Lumsden (resigned 21 December 1992)  
F MacKenzie CBE  
J Taylor  
R Smetek (USA) (appointed 21 December 1992)  
GD McLean (appointed 21 December 1992)

## HEWLETT-PACKARD LIMITED

### REPORT OF THE DIRECTORS (Continued)

#### DIRECTORS (Continued)

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 Gill and Professor Lumsden as Directors.

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

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company or Group will continue in business

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### 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

15 December 1993

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Ansaphone: (0753) 850838  
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Telecopier (0753) 864826  
DX 3812 Windsor



We have audited the accounts on pages 5 to 22 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

As described on page 3, the Company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's and Group's circumstances, consistently applied and adequately disclosed.

### Opinion

Dee. Watchman

15 December 1993

1. The following information is being furnished to you for your information only. It is not to be used for any other purpose. It is not to be distributed outside your organization. It is not to be used for any other purpose. It is not to be distributed outside your organization. It is not to be used for any other purpose. It is not to be distributed outside your organization.

# HEWLETT-PACKARD LIMITED

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 1993

	<u>1993</u> £'000	<u>1992</u> £'000
TURNOVER (Note 2)	1,024,919	712,615
Cost of sales	(819,366)	(606,336)
	<hr/>	<hr/>
GROSS PROFIT	205,553	106,279
Distribution costs	(103,342)	(88,450)
Administrative expenses	(16,946)	(19,448)
Other operating income (Note 4)		16
	<hr/>	<hr/>
OPERATING PROFIT/(LOSS) (Note 5)	85,265	(1,603)
Interest receivable and similar income	2,700	1,690
Interest payable (Note 7)	(5,353)	(7,506)
	<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	82,612	(7,419)
Taxation on profit/(loss) on ordinary activities (Note 8)	(33,644)	2,626
	<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE YEAR (Note 18)	48,968	(4,793)
	<hr/>	<hr/>

There are no recognised gains or losses other than the profit/(loss) for the year

# HEWLETT-PACKARD LIMITED

## BALANCE SHEETS AT 31 OCTOBER 1993

	Group		Company	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
<b>FIXED ASSETS</b>				
Tangible assets (Note 10)	179,815	157,726	140,106	134,627
Investments (Note 11)	3,590	3,590	31,857	4,243
	<hr/>	<hr/>	<hr/>	<hr/>
	183,405	161,316	171,963	138,870
	<hr/>	<hr/>	<hr/>	<hr/>
<b>CURRENT ASSETS</b>				
Stocks (Note 12)	80,082	54,134	74,119	53,772
Debtors (Note 13)				
- amounts due in one year	145,765	111,637	177,022	129,895
- amounts due after one year	13,634	11,890	13,099	17,920
Cash at bank and in hand	63,945	2,071	61,626	1,539
	<hr/>	<hr/>	<hr/>	<hr/>
	303,426	179,732	325,866	203,126
<b>CREDITORS (amounts falling due within one year) (Note 14)</b>	(310,477)	(204,311)	(297,464)	(195,903)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	(7,051)	(24,579)	28,402	7,223
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	176,354	136,737	200,365	146,093
	<hr/>	<hr/>	<hr/>	<hr/>
<b>CREDITORS (amounts falling due after more than one year) (Note 15)</b>	(15,419)	(12,560)	(15,419)	(12,560)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>PROVISIONS FOR LIABILITIES AND CHARGES (Note 16)</b>	(5,869)	(7,252)	(7,922)	(10,717)
	<hr/>	<hr/>	<hr/>	<hr/>
	155,046	116,925	177,024	122,816
	<hr/>	<hr/>	<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>				
Called up share capital (Note 17)	104,772	104,772	104,772	104,772
Reserves (Note 18)	50,274	12,153	72,252	18,044
	<hr/>	<hr/>	<hr/>	<hr/>
	155,046	116,925	177,024	122,816
	<hr/>	<hr/>	<hr/>	<hr/>

Approved by the Board on 15 December 1993

  
J. T. Golding  
Director

# HEWLETT-PACKARD LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 1993

	1993	1992
	£'000	£'000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES (Note A)	99,080	(58,175)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	2,569	1,690
Interest paid	<u>(3,343)</u>	<u>(6,527)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(774)	(4,837)
TAXATION		
Corporation tax paid	(161)	(2,088)
INVESTING ACTIVITIES		
Payments to acquire tangible fixed assets	(47,072)	(40,361)
Cash and cash equivalents acquired on Purchase of subsidiary undertakings (Note F)	98	610
Receipts from sales of tangible fixed assets	<u>3,069</u>	<u>3,912</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(43,885)</u>	<u>(35,839)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	54,260	(100,937)
FINANCING		
Issue of ordinary share capital		61,720
Loans from group undertakings	57,330	1,410
Installment loans repaid		<u>(452)</u>
Other loans repaid	<u>(27,449)</u>	<u>—</u>
NET CASH INFLOW FROM FINANCING (Note D)	<u>29,881</u>	<u>62,687</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (Note B)	84,141	(38,250)



# HEWLETT-PACKARD LIMITED

## NOTES TO THE CASH FLOW STATEMENT

### A RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	<u>1993</u> £'000	<u>1992</u> £'000
Operating profit/(loss)	85,265	(1,603)
Depreciation charge	35,435	28,044
Loss on sale of tangible fixed assets	144	435
(Increase)/decrease in stocks	(21,860)	1,224
(Increase)/decrease in investment in finance leases	(2,518)	5,192
Increase in debtors	(34,547)	(10,601)
Increase/(decrease) in creditors	38,524	(67,088)
Decrease in pension commitments	(1,363)	(13,778)
	<hr/>	<hr/>
	99,080	(58,175)

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

	<u>1993</u> £'000	<u>1992</u> £'000
Balance at 1 November	(81,575)	(43,325)
Net cash inflow/(outflow) (Note C)	84,141	(38,250)
	<hr/>	<hr/>
Balance at 31 October	2,566	(81,575)

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

	<u>1993</u> £'000	<u>1992</u> £'000	Change in year £'000
Cash at bank and in hand	63,945	2,071	61,874
Bank overdrafts and short-term loans	(61,379)	(83,646)	22,267
	<hr/>	<hr/>	<hr/>
	2,566	(81,575)	84,141
	<hr/>	<hr/>	<hr/>
	<u>1992</u> £'000	<u>1991</u> £'000	Change in year £'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)
	<hr/>	<hr/>	<hr/>
	(81,575)	(43,325)	(38,250)

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

# HEWLETT-PACKARD LIMITED

## NOTES TO THE CASH FLOW STATEMENT (Continued)

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

	1993		1992	
	Share capital	Loans	Share Capital	Loans
	£'000	£'000	£'000	£'000
Balance at 1 November	104,772	11,530	42,590	10,572
Cash inflow from financing	-	57,330	61,729	958
Shares issued for non-cash consideration	-	-	453	-
Loans arising on acquisition of subsidiaries	-	27,449	-	-
Other loans repaid	-	(27,449)	-	-
Balance at 31 October	104,772	68,860	104,772	11,530

### E PURCHASE OF SUBSIDIARY UNDERTAKINGS

	Colorado Memory Systems (Europe) Limited	BT&D Technologies Limited	Total
	£'000	£'000	£'000
Net assets acquired			
Tangible fixed assets	11	13,674	13,685
Stocks	-	4,088	4,088
Debtors	256	3,791	4,047
Cash at bank and in hand	63	35	98
Taxation	(49)	-	(49)
Creditors and loans	(174)	(32,377)	(32,551)
Goodwill	107	(10,789)	(10,682)
	56	10,789	10,847
	165	-	165
Settled by			
Deferred cash consideration	165	-	165

The subsidiary undertakings acquired during the year absorbed £25,990,000 of the Group's net cash flows, primarily through the repayment of loans.

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

	£'000
Cash at bank and in hand acquired	98

## HEWLETT-PACKARD LIMITED

### NOTES TO THE ACCOUNTS

#### 1 ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

##### 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. 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 over three to ten years
Equipment rented under operating leases	· sum of the digits over 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. Long-term contracts are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Profits are recognised on a prudent basis when the outcome of a contract can be assessed with reasonable certainty. Full provision is made for foreseeable losses.

##### 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 over the term of the lease.

# 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 currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. 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 as incurred

#### Pension costs

The cost of pensions in respect of the Group's defined benefit plan is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the plan. Variations from regular cost are spread over the average future service lives of employees in the plan

#### Financial Reporting Standard No. 3

The aggregate results of acquisitions have not been separately disclosed as such amounts are immaterial to the accounts

### 2 SEGMENTAL INFORMATION

The analysis of turnover from United Kingdom operations is as follows

	<u>1983</u>		<u>1992</u>	
	£'000	£'000	£'000	£'000
Turnover in the United Kingdom		701,363		497,042
Turnover overseas				
United States of America	153,418		84,524	
Rest of Europe	143,728		108,794	
Other	<u>26,412</u>		<u>22,255</u>	
		<u>323,556</u>		<u>215,573</u>
		1,024,919		712,615

# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 2 TURNOVER (Continued)

Turnover overseas includes sales to the ultimate parent company and fellow subsidiaries of £320,290,000 (1992 : £213,691 000).

Turnover, profit/(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.

3	LEASES	1993 £'000	1992 £'000
	Aggregate rentals receivable in respect of:		
	Finance leases	11,777	10,870
	Operating leases	17,418	13,168
		<hr/>	<hr/>
		29,195	24,038
		<hr/>	<hr/>

4	OTHER OPERATING INCOME	1993 £'000	1992 £'000
	Government revenue grants receivable	-	18
		<hr/>	<hr/>

5	OPERATING PROFIT/(LOSS)	1993 £'000	1992 £'000
	The operating profit/(loss) is stated after charging:		
	Research and development expenditure	19,001	14,116
	Depreciation	35,435	28,198
	Operating leases - hire of machinery and equipment	9,822	9,207
	- hire of other assets	3,822	3,188
	Auditors' remuneration - audit services	131	120
	Wages and salaries	106,320	100,791
	Social security costs	9,563	9,333
	Other pension costs	8,899	9,850

Fees to the auditors for non-audit services amounted to £95,701 (£50,000).

6	DIRECTORS' EMOLUMENTS	1993 £'000	1992 £'000
	Fees	22	33
	Management remuneration	385	181
	Ex-gratia payments on retirement	10	-
		<hr/>	<hr/>
		417	214
		<hr/>	<hr/>

# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 6 DIRECTORS' EMOLUMENTS (Continued)

Included within the ex-gratia payments is an amount of £5,000 taken in the form of PC equipment rather than cash.

The emoluments of the highest paid Director were £158,099 (1992: £136,552) and the Chairman were £Nil (1992: £Nil). In addition the highest paid Director was granted options to subscribe for 3,000 shares in Hewlett-Packard Company at US \$44.06 each exercisable over the 10 years to 19 November 2002 under the terms of the Hewlett-Packard Corporation Stock Option Scheme (1992: 2,300 shares at US \$48.38 each). The number of Directors whose emoluments fell within the bands shown was as follows:

	<u>1993</u>	<u>1992</u>
Up to £5,000	3	3
£5,001 to £10,000	2	2
£10,001 to £15,000	-	1
£15,001 to £20,000	1	-
£40,001 to £45,000	-	1
£105,001 to £110,000	1	-
£115,001 to £120,000	1*	-
£135,001 to £140,000	-	1
£155,001 to £160,000	1	-
	<hr/>	<hr/>

\*This Director was also granted during the year options under the Hewlett-Packard Company Stock Option Scheme to subscribe for 1,800 shares at US \$44.06 each exercisable over the 10 years to 19 November 2002 (1992: Nil).

### 7 INTEREST PAYABLE

	<u>1993</u> £'000	<u>1992</u> £'000
On loans and overdrafts repayable within five years:		
- bank loans and overdrafts	2,670	1,673
- amounts owed to group undertakings	2,683	5,833
	<hr/>	<hr/>
	5,353	7,506
	<hr/>	<hr/>

### 8 TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	<u>1993</u> £'000	<u>1992</u> £'000
Corporation tax at 33% (1992: 33%)	32,544	(3,071)
Prior year adjustments	1,100	445
	<hr/>	<hr/>
	33,644	(2,626)
	<hr/>	<hr/>

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

# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

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

In accordance with Section 230(1)(b) of the Companies Act 1985, the Company has not presented its own profit and loss account. Of the Group profit for the year, £54,208,000 has been dealt with in the accounts of the parent company.

### 10 TANGIBLE ASSETS

Group	Property £'000	Property under construction £'000	Equipment £'000	Equipment rented under leases £'000	Total £'000
<u>Cost</u>					
At 31 October 1992	130,027	6,221	96,885	40,430	273,563
Additions on acquisition of subsidiaries	10,714	-	2,971	-	13,685
Additions	822	3,728	25,509	17,563	47,622
Reclassifications	4,552	(4,852)	300	-	-
Disposals	(449)	-	(14,114)	(473)	(15,036)
At 31 October 1993	145,666	5,097	111,551	57,520	319,834
<u>Depreciation</u>					
At 31 October 1992	26,032	-	72,331	17,474	115,837
Provision for the year	5,293	-	15,649	14,493	35,435
On additions	-	-	550	-	550
Reclassifications	(73)	-	73	-	-
On disposals	(320)	-	(11,098)	(385)	(11,803)
At 31 October 1993	30,932	-	77,505	31,582	140,019
<u>Net book amount</u>					
At 31 October 1993	114,734	5,097	34,046	25,938	179,815
At 31 October 1992	103,995	6,221	24,554	22,956	157,726

# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 10 TANGIBLE ASSETS (Continued)

Company	Property under Construction		Equipment	Total
	Property £'000	£'000	£'000	£'000
<u>Cost</u>				
At 31 October 1992	130,027	6,221	96,667	232,915
Additions	807	3,728	25,061	29,596
Reclassifications	4,552	(4,852)	300	-
Disposals	(449)	-	(14,101)	(14,550)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 1993	134,937	5,097	107,927	247,961
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>				
At 31 October 1992	26,032	-	72,256	98,288
Provision in the year	5,232	-	15,193	20,425
On additions	-	-	550	550
Reclassifications	(73)	-	73	-
On disposals	(320)	-	(11,088)	(11,408)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 1993	30,871	-	76,984	107,855
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Net book amount</u>				
At 31 October 1993	104,066	5,097	30,943	140,106
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 1992	103,995	6,221	24,411	134,627
	<hr/>	<hr/>	<hr/>	<hr/>

Included within equipment in the Company are assets subject to short-term rental agreements with a cost of £11,137,000 (1992 : £5,574,000) and accumulated depreciation of £3,939,000 (1992 : £1,719,000)

Analysis of property	1993		1992
	Cost £'000	Depreciation £'000	Net £'000
Freehold land	37,449	-	37,449
Freehold buildings	93,180	28,880	64,300
Short leaseholds	4,308	1,991	2,317
	<hr/>	<hr/>	<hr/>
Total Company property	134,937	30,871	104,066
Long leaseholds	10,729	61	10,668
	<hr/>	<hr/>	<hr/>
Total Group property	145,666	30,932	114,734
	<hr/>	<hr/>	<hr/>



# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 11 INVESTMENTS

	<u>1993</u>	<u>Group</u>	<u>1993</u>	<u>Company</u>
	<u>£'000</u>	<u>1992</u>	<u>£'000</u>	<u>19923</u>
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Shares in group undertakings:				
At 1 November	-	-	653	200
Additions in year	-	-	27,614	453
	<u>-</u>	<u>-</u>	<u>28,267</u>	<u>653</u>
At 31 October	-	-	28,267	653
Investment in Apollo Computer (UK) Limited	3,590	3,590	3,590	3,590
	<u>3,590</u>	<u>3,590</u>	<u>31,857</u>	<u>4,243</u>
Total investments	3,590	3,590	31,857	4,243

The Group companies listed below are wholly owned subsidiaries registered in England and Wales and operating in Great Britain. All subsidiaries are included in the consolidation except for Apollo Computer (UK) Limited as noted below.

<u>Subsidiary Undertakings</u>	<u>Financial Year End</u>
Hewlett-Packard Finance Limited	31 October
Avantek Limited	31 October
Colorado Memory Systems (Europe) Limited	31 October
BT & D Technologies 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 is involved in the manufacture of microwave devices. Colorado Memory Systems (Europe) Limited is a manufacturer of data storage products. BT&D Technologies Limited is involved in the manufacture of optoelectronic technologies and products. The remaining subsidiaries did not trade during the Group's financial year.

#### Investment

Apollo Computer (UK) Limited 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 1993, in the opinion of the Directors, the carrying value of Apollo was 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 £5,304,000. Apollo Computer (UK) Limited is owed £3,122,000 by the other Hewlett-Packard Limited Group undertakings.

# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 12 STOCKS

	<u>1993</u>	<u>Group</u>	<u>1993</u>	<u>Company</u>
	<u>£'000</u>	<u>1992</u>	<u>£'000</u>	<u>1992</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Raw materials and consumables	47,586	27,185	44,619	26,853
Work in progress	5,129	2,713	3,720	2,706
Finished goods for resale	38,323	24,236	36,736	24,213
Payments on account	(10,956)	-	(10,956)	-
	<u>80,082</u>	<u>54,134</u>	<u>74,119</u>	<u>53,772</u>

Long term contract balances are analysed as follows:

Net cost less foreseeable losses	10,956	-	10,956	-
Less: applicable payments on account	(10,956)	-	(10,956)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 13 DEBTORS

	<u>1993</u>	<u>Group</u>	<u>1993</u>	<u>Company</u>
	<u>£'000</u>	<u>1992</u>	<u>£'000</u>	<u>1992</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Trade debtors	85,768	58,427	77,970	56,557
Amounts owed by subsidiary undertakings	-	-	60,782	45,049
Amounts owed by other group undertakings	40,139	31,748	40,139	30,393
Corporation tax	-	5,368	-	6,721
Other debtors	5,667	6,260	5,269	6,221
Prepayments and accrued income	6,996	3,413	5,961	2,874
Investment in finance leases	20,829	18,311	-	-
	<u>159,309</u>	<u>123,527</u>	<u>190,121</u>	<u>147,815</u>

Of these, amounts due after one year

	<u>1993</u>	<u>Group</u>	<u>1993</u>	<u>Company</u>
	<u>£'000</u>	<u>1992</u>	<u>£'000</u>	<u>1992</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Amounts owed by subsidiary undertakings	-	-	13,099	17,031
Other debtors	-	889	-	889
Investment in finance leases	13,634	11,001	-	-
	<u>13,634</u>	<u>11,890</u>	<u>13,099</u>	<u>17,920</u>

# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

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

	<u>1993</u> £'000	<u>1992</u> £'000	<u>1993</u> £'000	<u>1992</u> £'000
		Group		Company
Bank loans and overdrafts	61,379	83,646	60,591	83,537
Trade creditors	21,416	19,415	18,417	18,003
Amounts owed to other group undertakings	118,332	35,098	118,258	32,508
Other creditors	1,615	1,553	1,379	1,216
Corporation tax	28,164	-	25,893	-
Taxation and social security	18,230	3,044	17,645	2,846
Accruals and deferred income	59,284	61,555	53,224	57,793
Payments on account	2,057	-	2,057	-
	<u>310,477</u>	<u>204,311</u>	<u>297,464</u>	<u>195,903</u>

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

	<u>1993</u> £'000	<u>1992</u> £'000	<u>1993</u> £'000	<u>1992</u> £'000
		Group		Company
Other creditors	3,065	1,030	3,065	1,030
Loans from other group undertakings wholly repayable within 5 years	12,324	11,530	12,324	11,530
	<u>15,419</u>	<u>12,560</u>	<u>15,419</u>	<u>12,560</u>

### 16 PROVISIONS FOR LIABILITIES & CHARGES

	<u>1993</u> £'000	<u>1992</u> £'000	<u>1993</u> £'000	<u>1992</u> £'000
		Group		Company
Pension commitments	5,880	7,252	5,880	7,252
Deferred taxation	-	-	2,033	3,465
	<u>5,880</u>	<u>7,252</u>	<u>7,922</u>	<u>10,717</u>

# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 16 PROVISIONS FOR LIABILITIES & CHARGES (Continued)

The deferred tax balances are analysed as follows:

	Group - Unprovided		Company - Provided	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
	£'000	£'000	£'000	£'000
Accelerated capital allowances	151	(2,982)	(5,054)	(6,257)
Pension commitments	1,943	2,393	1,943	2,393
Other	3,097	2,227	1,078	399
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax asset/(liability)	5,191	1,638	(2,033)	(3,465)
	<hr/>	<hr/>	<hr/>	<hr/>

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

	<u>Group</u>	<u>Company</u>	
	<u>Pension</u>	<u>Pension</u>	<u>Deferred</u>
	<u>commitments</u>	<u>commitments</u>	<u>taxation</u>
	£'000	£'000	£'000
At 1 November 1992	7,252	7,252	3,465
Charge/(credit) for the year	8,899	8,899	(1,432)
Contributions paid	(10,262)	(10,262)	-
	<hr/>	<hr/>	<hr/>
At 31 October 1993	5,889	5,889	2,033
	<hr/>	<hr/>	<hr/>

### 17 CALLED UP SHARE CAPITAL

	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
	<u>Number</u>	<u>Number</u>	<u>£'000</u>	<u>£'000</u>
	( '000)	( '000)		
Authorized:				
Ordinary shares of £1 each	200,000	200,000	200,000	200,000
	<hr/>	<hr/>	<hr/>	<hr/>
Allotted and fully paid				
Ordinary shares of £1 each	104,772	104,772	104,772	104,772
	<hr/>	<hr/>	<hr/>	<hr/>

# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Group	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total Shareholders' Funds	
				1993 £'000	1992 £'000
At 1 November	104,772	17	12,136	116,925	59,782
Issue of shares	-	-	-	-	62,182
Goodwill written-off	-	-	(10,847)	(10,847)	(246)
Profit/(loss) for the year	-	-	48,968	48,968	(4,793)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October	104,772	17	50,257	155,046	116,925
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Company	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total Shareholders' Funds	
				1993 £'000	1992 £'000
At 1 November	104,772	17	18,027	122,816	63,598
Issue of shares	-	-	-	-	62,182
Profit/(loss) for the year	-	-	54,208	54,208	(2,964)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October	104,772	17	72,235	177,024	122,816
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The cumulative amount of goodwill written-off to reserves at 31 October 1993 is £11,093,000 (1992 £246,000)

### 19 COMMITMENTS

	1993 £'000	1992 £'000
Capital expenditure:		
Committed but not provided	10,866	2,812
	<hr/>	<hr/>
Authorized but not committed	1,770	-
	<hr/>	<hr/>

# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 19 COMMITMENTS (Continued)

Leasing commitments:

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

	1993		1992	
	Property £'000	Other £'000	Property £'000	Other £'000
Operating leases which expire:				
Within 1 year	158	4,063	18	3,082
Between 1 and 5 years	1,368	5,964	1,215	4,456
After 5 years	1,634	-	1,635	-
	<hr/>	<hr/>	<hr/>	<hr/>
	3,160	10,027	2,868	7,538
	<hr/>	<hr/>	<hr/>	<hr/>

Forward exchange contracts

At 31 October 1993 the Group and Company had commitments arising from forward exchange contracts entered into in the normal course of business

### 20 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 1 February 1993 was £113,208,000.

The pension costs are assessed in accordance with the advice of an independent qualified actuary. Further, the contributions are determined by the qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 February 1993 and showed that the assets were sufficient to secure 95% of the benefits accrued to members. The company has implemented a policy whereby regular contributions will be paid at the rate required to achieve the funding objective of 100% of the projected funded liability by amortising any deficit at the valuation date over a period of five years. 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 9% per annum and that salary increases would average 7%.

The pension charge for the year was £8,893,000 (1992: £9,650,000). This included £29,000 (1992: £347,000) in respect of the amortisation of experience surpluses that are being recognised over the average remaining service lives of employees.

During the year, the Group made pension contributions of £10,262,000 (1992: £23,428,000). The employees of the Company also made contributions of £518,000 (1992: £nil).

Contributions will continue to be paid in accordance with the consulting actuary's recommendation.

# HEWLETT-PACKARD LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 21 EMPLOYEES

	<u>1993</u> Number	<u>1992</u> Number
The average number of persons employed by the Group during the year was:		
Sales and service	2,198	2,091
Manufacturing and research & development	1,856	1,923
	<hr/>	<hr/>
	4,054	4,014
	<hr/>	<hr/>

### 22 ACQUISITIONS

The group purchased Colorado Memory Systems (Europe) Limited and BT&D Technologies Limited for £165,000 and £5 respectively, during the year. No adjustments were required to be made to the balance sheet amounts of Colorado Memory Systems (Europe) Limited. The adjustments required to the balance sheet amounts of BT&D Technologies Limited, in order to present the net assets at fair values in accordance with group accounting principles, are set out below together with the matching adjustment to goodwill.

	<u>As acquired</u> £'000	<u>Adjustments made</u> £'000	<u>Fair value</u> £'000
Net assets acquired			
Tangible fixed assets	15,945	(2,271)	13,674
Stocks	4,088	-	4,088
Debtors	3,791	-	3,791
Cash at bank and in hand	35	-	35
Creditors and loans	(139,494)	107,117	(32,377)
	<hr/> (115,635)	<hr/> 104,846	<hr/> (10,789)
Goodwill	<hr/> (115,635)	<hr/> 104,846	<hr/> (10,789)
Total consideration			
	<hr/>	<hr/>	<hr/>

The adjustments represent the revaluation of fixed assets and the write-back of balances due to the former shareholders of the company in line with the purchase agreement.

From the dates of acquisition to 31 October 1993, the acquisitions contributed immaterial amounts to turnover and profit. The separate accounts of BT&D Technologies Limited showed a loss of £6,763,000 in the year ended 31 December 1992 and £1.1 million on unaudited accounts, a loss of £1,860,000 in the period from 1 January 1993 to 20 September 1993.

### 23 ULTIMATE PARENT COMPANY

The ultimate parent 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.