

FC. 11727

Donnelley Satellite Graphics Limited

Accounts 31 December 1995
together with directors' report

Registered number: FC011727

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Notice of meeting

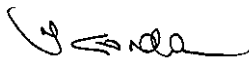
Notice is hereby given that the annual general meeting of Donnelley Satellite Graphics Limited will be held at the offices of the company at Boroughbridge Road, York at 12 p.m. on 30 May 1996 for the following purposes:

As ordinary business:

1. To receive and approve the directors' report and the accounts for the year ended 31 December 1995.
2. To appoint directors.
3. To transact any other ordinary business of an Annual General Meeting.

Boroughbridge Road
York
YO2 5SS

By order of the Board,



T. Gordon

Secretary

8 May 1996

Directors' report

For the year ended 31 December 1995

The directors present their annual report on the affairs of the company together with the accounts for the year ended 31 December 1995.

Principal activity and business review

The principal activity of the company continues to be the leasing of manufacturing equipment to other members of the Donnelley Holdings Limited group of companies.

Results and dividends

Results are as follows:

	£
Retained profit at 31 December 1994	750,408
Loss for the year	(277,265)
Dividends paid	(421,000)
Retained profit at 31 December 1995	<u>52,143</u>

Directors and their interests

The directors who served during the year are as shown below:

P.J. Berridge	
P.A. Kiveal	(resigned 17 November 1995)
A.L. Walker	(appointed 17 November 1995)

The directors do not have any interests required to be disclosed under Section 234 of the Companies Act 1985.

Directors' responsibilities

The directors are responsible for preparing accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' report (continued)

Directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fixed assets

Information relating to changes in tangible fixed assets is given in note 7 to the accounts.

Boroughbridge Road
York
YO2 5SS

By order of the Board,



T. Gordon

Secretary

8 May 1996

Profit and loss account

For the year ended 31 December 1995

	Notes	1995 £	1994 £
Turnover (continuing activities)	2	250,308	480,636
Cost of sales		447,881	479,293
Gross (loss) profit		(197,573)	1,343
Other operating expenses		920	4,060
Operating loss (continuing activities)		(198,493)	(2,717)
Interest receivable and similar income		36	20
Interest payable and similar charges	3	16,848	22,808
Loss on ordinary activities before taxation	4	(215,305)	(25,505)
Tax on loss on ordinary activities	6	(61,960)	160,000
(Loss) profit for the year		(277,265)	134,495
Dividends paid		421,000	458,000
Retained loss for the financial year		(698,265)	(323,505)
Retained profit, at 31 December 1994		750,408	1,073,913
Retained profit, at 31 December 1995		52,143	750,408

A statement of total recognised gains and losses is not presented as there are no recognised gains or losses other than the results shown above.

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

31 December 1995

	Notes	1995 £	1994 £
Fixed assets			
Tangible assets	7	1,034,155	1,482,036
Current assets			
Debtors	8	20,718	271,187
Cash at bank and in hand		2,665	1,880
		23,383	273,067
Creditors: Amounts falling due within one year	9	91,881	181
Net current (liabilities) assets		(68,498)	272,886
Total assets less current liabilities		965,657	1,754,922
Provisions for liabilities and charges	10	169,000	260,000
Net assets		796,657	1,494,922
Capital and reserves			
Called-up share capital	11	744,514	744,514
Profit and loss account		52,143	750,408
Equity shareholders' funds	12	796,657	1,494,922

Signed on behalf of the Board

P.J. Berridge

Director

8 May 1996

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

31 December 1995

1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and with the preceding year, are set out below.

a. Basis of accounting

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

Under the provisions of Financial Reporting Standard No. 1, the company has not prepared a cash flow statement because its ultimate UK parent company, Donnelley Holdings Limited, has prepared consolidated accounts which include the accounts of the company for the year and which contain a cash flow statement.

b. Tangible fixed assets

Tangible fixed assets are shown at cost, net of depreciation and provision for permanent diminution in value.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life as follows:

Plant and machinery 5% - 25% per annum

The acquisition of certain plant is being financed by means of leases. The plant acquired has been capitalised at its cost and is depreciated in accordance with the above rates. The future liability to the leasing companies has been shown, net of deferred interest, as a liability in the balance sheet. Interest payable to the lessors is being charged against profits at the effective rates of interest for the duration of the primary periods of the leases.

c. Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax has been calculated on the liability method. Deferred tax is provided on timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

d. Turnover

Turnover comprises the value of sales, excluding VAT, of goods and services supplied in the normal course of business.

Notes to accounts (continued)

2 Segment information

The analysis of turnover by activity and geographical market has been omitted. All of the company's turnover and profit before taxation arises in the UK and from the company's principal activity.

3 Interest payable and similar charges

	1995 £	1994 £
On bank loans and other loans		
- repayable within five years, not by instalments	<u>16,848</u>	<u>22,808</u>

4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging (crediting):

	1995 £	1994 £
Profit on disposal of fixed assets	-	(84,164)
Depreciation		
- tangible fixed assets (leased)	18,885	103,401
- tangible fixed assets (owned)	<u>428,996</u>	<u>460,056</u>

5 Staff costs

There were no employees or staff costs in the year (1994 - £nil).

No director's remuneration was paid in the year (1994 - £nil).

6 Tax on loss on ordinary activities

The tax charge (credit) is based on the result for the year and comprises:

	1995 £	1994 £
Adjustment of current taxation in respect of prior years	152,960	-
Deferred taxation	(91,000)	(160,000)
	<u>61,960</u>	<u>(160,000)</u>

Current taxation of approximately £19,000 (1994 - £152,000) was eliminated by the surrender of group relief by fellow subsidiary undertakings free of charge.

Notes to accounts (continued)

7 Tangible fixed assets

The movement in the year was as follows:

	Plant and machinery		Total £
	Owned £	Leased £	
Cost			
Beginning of year	6,786,593	8,147,962	14,934,555
Transfers	(73,842)	-	(73,842)
End of year	<u>6,712,751</u>	<u>8,147,962</u>	<u>14,860,713</u>
Depreciation			
Beginning of year	5,563,664	7,888,855	13,452,519
Charge	428,996	18,885	447,881
Transfers	(73,842)	-	(73,842)
End of year	<u>5,918,818</u>	<u>7,907,740</u>	<u>13,826,558</u>
Net book value			
Beginning of year	<u>1,222,929</u>	<u>259,107</u>	<u>1,482,036</u>
End of year	<u>793,933</u>	<u>240,222</u>	<u>1,034,155</u>

8 Debtors

	1995 £	1994 £
Amounts falling due within one year:		
Amounts owed by other group undertakings	20,718	20,718
VAT	-	469
Other debtors	-	250,000
	<u>20,718</u>	<u>271,187</u>

9 Creditors: Amounts falling due within one year

	1995 £	1994 £
Amounts due to other group undertakings	<u>91,881</u>	<u>181</u>

Notes to accounts (continued)

10 Provisions for liabilities and charges

Deferred taxation has been fully provided because in the opinion of the directors it will become payable in the foreseeable future.

Timing differences at 33% (1994 - 33%) are as follows:

	1995 £	1994 £
Excess of tax allowances over book depreciation of fixed assets	<u>169,000</u>	<u>260,000</u>

11 Called-up share capital

Authorised

5,000,000 ordinary shares of nil par value.

Allotted, called-up and fully-paid

2,897 ordinary shares	<u>744,514</u>	<u>744,514</u>
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12 Reconciliation of movements in equity shareholders' funds

	1995 £	1994 £
(Loss) profit for the financial year	(277,265)	134,495
Dividends paid	<u>(421,000)</u>	<u>(458,000)</u>
Net reduction in equity shareholders' funds	(698,265)	(323,505)
Opening equity shareholders' funds	<u>1,494,922</u>	<u>1,818,427</u>
Closing equity shareholders' funds	<u>796,657</u>	<u>1,494,922</u>

13 Place of incorporation

The company is incorporated in the State of Delaware, USA.

14 Ultimate parent company

The company's ultimate parent company is R.R. Donnelley & Sons Company, incorporated in the State of Delaware, USA.

The company's immediate parent company is Donnelley Satellite Services Limited, incorporated in the State of Delaware, USA.

Notes to accounts (continued)

14 Ultimate parent company (continued)

The largest group in which the results of the company are consolidated is that headed by R. R. Donnelley and Sons Company. The smallest group in which they are consolidated is that headed by Donnelley Holdings Limited.

The consolidated accounts of R.R. Donnelley & Sons Company are available to the public and may be obtained from the following address:

R.R. Donnelley & Sons Company
Corporate Communication Department
77 West Wacker Drive
Chicago
Illinois 60601-9521
USA

15 Related party transactions

Included in sales is £250,308 (1994 - £480,636) charged to fellow group undertakings.