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microgen

Microgen Holdings plc annual report and accounts 1990

16 02662

**'Resolve not to be poor:
whatever you have, spend less.
Poverty is a great enemy to human happiness;
it certainly destroys liberty,
and it makes some virtues impracticable
and others extremely difficult.'**

Dr Samuel Johnson

Directors, secretary and advisors

Directors
Showing years of service
Patrick Frank Barbour *Executive Chairman [illegible] years*
Alan Derek Bratchell *Business Development Director 13 years*
Ulf Dietrich Bungo (Germany) *Non Executive Director 19 years*
David Talbot Henry Davenport *Non Executive [illegible] years*
Jan Erik Ronald Jinert (Sweden) *MD Capella AB 19 years*
Douglas Norfolk Lee FCA MBA *Non Executive 17 years*
Gerald Ernest Liddle FCMA *Financial Director 1 year*
John Anthony Thorpe *Group MD 2 years*

Secretary
Gerald Ernest Liddle FCMA

Auditors
Winters
Chartered Accountants
Buchanan House
24–30 Holborn
London EC1N 2[illegible]

Solicitors
Cumberland Ellis Peirs
Columbia House
69 Aldwych
London WC2B 4RW

Bankers
National Westminster Bank plc
1 St James's Square
London SW1Y 4[illegible]

Stockbrokers
Schroder Securities Limited
120 Cheapside
London EC2V [illegible]

Registrars
Stenhford Cross Registrars Limited
Broseley House
Newlands Drive
Witham
Essex CM8 [illegible]

Registered office
New Lodge
Drill Road
Windsor
Berkshire SL4 4RJ

Group profile

The Objectives

Quality earnings to give financial security to employees and shareholders, through the provision of high quality services to a wide spread of permanent customers for whom we process essential, regular work.

Above average and consistent growth to provide increasing rewards for employees and shareholders, through organic growth and by acquisition

Satisfying and rewarding employment to create the environment where employees can have satisfaction and fun in their work and the opportunity to take on new challenges.

The Strategy

Our strategy is to provide Information Management Services to enable our customers to increase their efficiency by reducing management involvement and costs in essential administrative areas.

The Business

Established in its present form in 1972, the Group has grown organically and through more than 30 related acquisitions so that today it serves 5,800 regular customers through 38 bureaux in 7 countries and employs 700 people.

The customers, many of whom are blue chip, are spread throughout government, public utilities, finance, publishing, commerce and industry.

The services all involve the production, distribution, storage and retrieval of information. The information processed for customers includes invoices, statements, pay records, price lists, electoral rolls, directories and short run publications.

The processes which are provided by bureaux cover:

Computer processing:
Text, graphics
Composition indexing
List manipulation
Computer aided phototypesetting

Printing
Laser, offset litho
Computer Output Microfilm,
Traditional microfilm

Finishing, fulfilment
Fold, bind, envelope, frank

Retrieval systems
Readers, reader printers
Computer-aided retrieval
Optical disc

The main processes are Computer Output Microfilm, Laser Printing, and Computer-Aided Phototypesetting, all of which are processes for the high speed recording of computer data from magnetic tape or floppy disk.

The organisation consists of three main operating companies covering the United Kingdom and Ireland, Scandinavia and Germany.

Each company sets its own objectives, plans and budgets and is responsible for its own profits growth both organic and by acquisition. Each managing director's reward is directly related to the profits his company produces for shareholders.

The Holdings Board sets strategy and approves objectives, plans and budgets. It monitors results through reports and regular review meetings

Chairman's review 1990

Turnover + 5%
Pretax profits + 18%
Earnings per share + 22%
Recommended dividend per share + 4%

Continuing business
Turnover + 18%
Pretax profits + 14%

Dividends

The directors recommend a final dividend of 4.8p per share payable on 8 April 1991 to shareholders who are registered on 1 March 1991 making a total dividend for the year of 7p per share. Earnings per share are 13.5p providing cover of 1.9 times.

Operations

Solid progress has been made in the last year in the United Kingdom, Scandinavia and Germany in expanding the basic business and evolving Microgen into a provider of Information Management Services.

The new management in the United Kingdom and Germany has settled in well and is now making an impact.

We have disposed of Imagen and Microgen Equipment and Supplies, businesses which no longer fitted our strategy. These disposals, less closure costs, largely account for the extraordinary item.

The acquisition of the COM businesses of Microscribe and Hoskyns further strengthened the United Kingdom base, and a further Anacomp distributorship in Finland completed our exclusive coverage throughout Scandinavia. These acquisitions have had little effect on the year's results as they were purchased towards the end of the period. They should contribute about £3 million to turnover in a full year.

The Invoice Management Service has been successfully introduced in the United Kingdom and Germany. Full sales teams are now trained and in place. The service, which we believe has great potential, will be extended to Scandinavia later in the year.

The Community Charge Service has been through its first cycle and an enormous amount has been learned by the authorities and ourselves. As a result, major changes have been made in operational procedures and automated finishing equipment installed. We are, therefore, in a good position to offer an extensive service to local authorities to ease their administrative burdens for the 1991 Community Charge programme.

Our Optical Disk strategy has been further refined and this product is now included in the range of solutions we can offer our customers in relation to their information handling needs.

People

The management team has been further strengthened with the appointment of Angus Stormonth-Darling, UK New Services Sales Director, previously Sales Manager Aeroprint Ltd; and Mark Wood, UK Finance Director, previously Finance Director Perseverance Mill Group.

In July Brian Shears, previously Company Secretary, resigned. We thank him for his contribution over the last 5 years.

Substantial investment has been made in training and management development which has been well received at all levels. This should not only increase our efficiency but also develop the management and skills needed for future expansion.

People have reacted with enthusiasm to the new challenges which have arisen from change. On behalf of shareholders, I thank everyone for their dedication, contribution and good humour, and for maintaining a high standard of service to our customers.

Cash

The net cash position has improved by £1,635,000 during the year leaving the Group with net borrowings of only £33,000.

Prospects

The underlying strength of the business, whereby we receive regular repeat income from continuing clients, has enabled us to increase revenue despite the economic recessions in the United Kingdom and Scandinavia.

The disposal of the peripheral businesses has increased the quality of earnings and enabled us to concentrate on developing our strategy of providing Information Management Services.

Although the current economic conditions must have an impact on our business, the three acquisitions will start to contribute this year and further acquisitions will be pursued in line with our strategy.

We believe that the continuing extension of the range of services to our customer base, together with the strengthening of our management team, should enable us to achieve our objective of solid, sustained growth when the recession eases.

P F Barbour Chairman

Consolidated profit and loss account for the year ended 31 October 1999

Notes		[illegible]	[illegible]
2	**Turnover**	47,115	45,071
	Operating expenses	(20,321)	(21,710)
4	Staff costs	(14,010)	(12,145)
	Depreciation	(3,908)	(3,893)
3	**Operating profit**	8,876	7,323
6	Interest receivable	140	123
7	Interest payable	(512)	(267)
	Profit before taxation	8,504	7,179
8	Taxation	(3,243)	(2,835)
	Profit after taxation	5,261	4,344
	Minority interests	(33)	(41)
		5,228	4,303
9	Extraordinary items	802	(851)
10	**Profit available to shareholders**	6,030	3,452
11	Dividends	(2,723)	(2,575)
22	**Retained profit for period**	3,307	877
24	Earnings per share	13.5p	11.1p
11	Dividend per share	7.0p	6.7p

Balance sheets as at 31 October 1990

Notes		Group 1990 £'000	Group 1989 £'000	Company 1990 £'000	Company 1989 £'000
	Fixed assets				
12	Tangible assets	12,738	11 162	–	–
13	Investments	–	–	1,066	1,780
		12,738	11,162	1,066	1,780
	Current assets				
14	Stocks	1,791	3,406	–	–
15	Debtors	10,747	10,515	8,568	7,982
	Cash at bank and in hand	4,083	3,117	17	16
		16,621	17,038	8,585	7,998
16	**Creditors** due within one year	(15,405)	(15,648)	(3,346)	(2,848)
	Net current assets	1,216	1,390	5,239	5,150
	Total assets less current liabilities	13,954	12,552	6,305	6,930
17	**Creditors** due after more than one year	(2,014)	(1,512)	–	–
18	Deferred taxation	(1,229)	(1,305)	–	–
	Net assets	10 711	9 735	6,305	6,930
	Capital and reserves				
19	Called up share capital	1,949	1,893	1,949	1,893
20	Share premium account	754	510	754	510
21	Other reserves	180	180	–	–
22	Profit and loss account	7,597	6,886	3,602	4,527
	Interest of Microgen shareholders	10,480	9,469	6,305	6,930
	Minority interests	231	266	–	–
	Total shareholders interests	10,711	9,735	6,305	6,930

P.F. Barbour.

PF Barbour, GE Liddle Directors. Approved by the board of Directors on 19 February 1991

Consolidated source and application of funds 31 October 1990

Source of funds	1990 £000	1989 £000
Group profit before tax	8,504	7,170
Depreciation	3,969	3,862
Exchange adjustments	(52)	272
Minority interest	(68)	17
Deferred taxation reserve adjustment	–	(1,029)
Total generated from operations	12,353	10,301
Funds from other sources		
Increase in creditors	870	943
Investments	–	3
Issue of shares	300	117
Total funds generated	13,523	11,364
Application of funds		
Increase in stocks	(1,615)	1,147
Increase in debtors	212	760
Purchase of goodwill on businesses acquired	2,544	700
Extraordinary items	(981)	851
Tax paid	3,205	2,634
Purchase of tangible fixed assets (net)	5,778	5,346
Decrease in finance leases	151	181
Dividends paid	2,594	2,557
Unsecured 12% loan stock paid	–	175
	11,888	14,351
Increase in net liquid funds	1,635	(2,987)

Net liquid funds comprise cash at bank and in hand less bank overdrafts and loans

The effects of acquisitions and disposals during the year are summarised in note 23

Notes to the accounts 31 October 1990

1 Accounting policies

a Basis of accounting

The accounts have been prepared under the historical cost convention. No profit and loss account is presented for Microgen Holdings plc as provided by Section 230(3) of the Companies Act 1985.

b Basis of consolidation

The consolidated accounts incorporate the accounts of the Company and all of its subsidiaries whose accounts are made up to 31 October annually, except the Scandinavian and German subsidiaries which have been made up to 30 September 1990 to avoid undue delay in the presentation of the Group's accounts.

The results of undertakings acquired during the year are included on an acquisition accounting basis with effect from the dates detailed below:

Microscribe Business Systems Limited, Great Britain, 8 August 1990
DX Com Oy, Finland, 1 April 1990

Goodwill arising on consolidation is written off against reserves in the year of acquisition.

c *Depreciation and amortisation*

Depreciation is provided so as to write off the cost of tangible fixed assets over their estimated useful lives by equal annual instalments at the following rates:

Equipment 20-50%
Motor vehicles 25%
Fixtures and fittings 20%
Improvements to leasehold premises 20%

d Leasing

Tangible fixed assets acquired under finance leases are capitalised and the capital element of outstanding lease rentals is included in creditors. Depreciation is provided on the same basis as owned assets or over *the unexpired portion of the lease if shorter. The interest content of lease rentals is charged in the profit and* loss account. Operating lease rentals are charged in the profit and loss account as incurred.

e Stock

Stock has been valued at the lower of cost and net realisable value.

f Pensions

The Group operates a money purchase pension scheme in respect of the majority of its UK employees. The scheme is a defined contribution scheme and contributions are based on total earnings for the current year. The scheme is funded by payments to a trustee-administered fund completely independent of the Group's finances. The charge for 1990, representing contributions payable by the Company, amounted to £105,489 (1989 £99,226). Appropriate pension arrangements are made for non-UK employees in their respective countries.

g Deferred taxation

Provision is made for deferred taxation, using the liability method, to the extent that it is probable the liabilities will crystallise in the future.

h Fixed asset investments

Investments in subsidiary companies are valued in the accounts of Microgen Holdings plc at cost less amounts written off, which comprise any excess of the purchase consideration over the net assets at the time of acquisition.

Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred.

1 Rates of exchange

Trading transactions by UK based companies within the Group are translated into sterling at the exchange rate ruling when the transaction was entered into; exchange gains or losses thereon being included in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies in respect of UK companies are translated into sterling at the exchange rates ruling at the balance sheet date. On consolidation the balance sheet of each overseas company is converted at the rate of exchange ruling on the balance sheet date of that company and the profit and loss account at the average rate of exchange for the year then ended. Gains and losses arising on the translation of the net assets of overseas subsidiaries into sterling are included as a movement on reserves.

2 Turnover

Turnover represents the invoiced amount of goods and services provided during the year, net of value added tax or country equivalent, and is attributable to the provision of computer output bureau services, the sale of information storage and retrieval equipment, and other micrographics supplies.

Geographical analysis of turnover and attributable profit before taxation and minority interests	Turnover 1990 £000	Turnover 1989 £000	Profit 1990 £000	Profit 1989 £000
United Kingdom and Ireland	26 300	28 749	5 253	4 372
Scandinavia	15 251	11 627	2 745	2 334
Germany	5 564	4 [illegible]34	566	473
	47 115	45 071	8 564	7 179

3 Operating profit

This is stated after charging	1990 £000	1989 £000
Directors' emoluments (see note 5)	517	457
Auditors' remuneration	136	115
Depreciation of tangible fixed assets		
Owned	3 757	3 7[illegible]6
Owned, included in extraordinary items	[illegible]	-
Leased	151	177
Leasing and rental charges	220	255
Profit on sale of tangible fixed assets	(63)	(31)

4 Staff

The average weekly number of employees	1990 number	1989 number
United Kingdom and Ireland	439	443
Scandinavia	161	14[illegible]
Germany	93	98
	[illegible]	688

note 4 continued

Staff emoluments	1990 £000	1989 £000
Salaries	11 752	10 282
Social security costs	2 085	1 720
Other pension costs	173	143
	14 010	12 145

UK employees other than directors with earnings over £30,000 fell into the following bands:	1990 number	1989 number
£30,001 – £35,000	2	2
£35,001 – £40,000	5	3
£40,001 – £45,000	2	3
£45,001 – £50,000	1	2
£50,001 – £55,000	–	1
£55,001 – £60,000	–	1
£60,001 – £65,000	–	1

5 Directors

Directors' emoluments:	1990 £000	1989 £000
Remuneration	441	384
Pension contributions	76	33
Compensation for loss of office	–	40
	517	457

The emoluments of directors other than those who discharge their duties outside of the UK (excluding pension contributions):		
The Chairman	–	–
The highest paid director	85	54

Other UK directors' remuneration fell into the following bands:	1990 number	1989 number
£0 – £5,000	3	3
£25,001 – £30,000	–	1
£35,001 – £40,000	1	–
£40,001 – £45,000	1	2
£45,001 – £50,000	–	1
£70,001 – £75,000	1	–

The following fees were payable to companies in which the named person has a substantial interest in respect of their services and expenses.

	1990 £	1989 £
P E Barbour	63 554	63 554
D N Lee	15,680	14 360
	79,234	77 914

6 Interest receivable

	1990 £'000	1989 £'000
Bank	128	120
Other	12	3
	140	123

7 Interest payable

Bank overdraft	488	234
Finance lease charges	24	33
	512	267

8 Tax on profit on ordinary activities

Based on the taxable profit for the year		
UK Corporation tax at 35%	1,755	1,765
Overseas taxation	1,474	1,214
Prior year adjustment for		
UK taxation	9	(22)
Overseas taxation	35	(48)
Transfer from deferred taxation	(30)	(74)
	3,243	2,835

9 Extraordinary items

Profits on disposal or closure of subsidiaries and businesses	777	-
Acquisition costs	(5)	(12)
Amount recovered from fraud loss previously written off	209	(839)
	981	(851)
Accelerated depreciation of equipment	(233)	-
Taxation	54	-
	802	(851)

10 Profit available to shareholders

Dealt with in the accounts of the Company	1,798	2,594
Retained by subsidiaries	4,232	858
	6,030	3,452

11 Dividends

	Ordinary shares 1990	Ordinary shares 1989	Dividend per share 1990	Dividend per share 1989	Amount 1990 £000	Amount 1989 £000
Interim	38 715 190	37 853 770	2 2p	2 2p	852	833
Final	38 986 683	38 715 190	4 8p	4 5p	1 871	1 742
			7 0p	6 7p	2 723	2 575

12 Tangible fixed assets

	Leasehold improvements £000	Equipment £000	Fixtures fittings £000	Motor vehicles £000	Total £000
Cost					
At 1 November 1989	1 496	18 414	1 384	1 950	23 244
Exchange adjustment	(5)	76	(1)	(2)	68
	1 491	18,490	1,383	1,948	23 312
Additions	642	4 660	253	776	6 331
Disposals	(207)	(829)	(231)	(641)	(1 908)
At 31 October 1990	1 926	22,321	1 405	2 033	27 720
Depreciation					
At 1 November 1989	1,080	9 399	897	706	12 082
Exchange adjustment	-	42	-	-	42
	1 080	9 441	897	706	12 124
Charge for the year	174	3 107	181	507	3 969
Disposals	(184)	(658)	(106)	(381)	(1 329)
Permanent diminution	-	233	-	-	233
At 31 October 1990	1 070	12 122	972	832	14 997
Net Book Value					
31 October 1989	416	9 015	487	1 244	11 162
31 October 1990	856	10 198	433	1 251	12 738

The net book value for equipment above includes assets held under finance leases of £166 000 (1989 £390 000)

13 Investments

	Group 1990 £000	Group 1989 £000	Company 1990 £000	Company 1989 £000
In subsidiary companies				
As at 1 November 1989	-	-	1 780	1 780
Acquisition at cost	-	-	1 857	-
Write-down	-	-	(1,717)	-
Disposal		-	(854)	
	-	-	1 066	1 780

24 Earnings per share

Earnings per share are based on the net attributable profit of £5 228 000 (1989 £4 303 000) available to Ordinary shareholders before extraordinary items and on share capital of 38 760 563 Ordinary shares (1989 38 690,049 Ordinary shares) being the weighted average number of shares in issue during the year.

Earnings per share calculated on a fully diluted basis are not materially different from the figures shown above.

25 Contingent liabilities

The final tranche of consideration to a maximum of £250 000 for the purchase of Microscribe Business Systems Limited is due on 8 August 1991 based on its sales revenue for the twelve months ended on that day and any balance due will be paid in cash.

A writ of summons has been issued in the District Court in Amsterdam by the vendors of Microstore Holding BV claiming approximately DFL 1,200 000 (£367 000) against Microgen Holdings plc in respect of Microgen's aborted acquisition of their Company. The Company has been advised that it has a good defence to the claim and therefore no provision has been made in these Accounts.

Receivables Services Corporation plc has issued a writ against four companies in the Group for £156 016. A defence has been lodged together with a counter claim of £142 000 in respect of debts collected on behalf of Group companies but not yet paid over. No provision has been made in these Accounts in respect of this claim.

26 Capital commitments

	1990 £000	1989 £000
At 31 October the Group had the following capital commitments		
Contracted for	455	52
Authorised but not contracted for	1 387	132

The Company had no commitments.

27 Operating leases

	Land and buildings 1990 £000	Other 1990 £000	Land and buildings 1989 £000	Other 1989 £000
At 31 October the Group had the following annual lease commitments which expire				
Within one year	275	143	184	115
In the second to fifth years inclusive	671	217	493	244
After five years	466	2	625	16
	1 412	362	1 302	375

The Company had no commitments.

28 Borrowings

Bank loans due within one year include £1 585 000 which are secured by specific charges and floating charges over all assets. Additionally there are composite cross guarantees amongst the various Group companies.

The Company has guaranteed loans and overdraft facilities of its subsidiary companies at 31 October 1990 totalling £7 236,000 (1989 £6 763 803).

20 Share premium account

	Group 1990 £000	Group 1989 £000	Company 1990 £000	Company 1989 £000
At 1 November 1989	510	682	510	682
Premium on issue of shares for:				
Acquisitions	244	16	244	16
Executive share options		113		113
	754	510	754	510

21 Other reserves

At 1 November 1989	180	169	-	
Transfer from profit and loss account	-	11		
	180	180	-	-

The Group's other reserves include £165,000 (1989:£165,000) in respect of overseas subsidiaries maintained in accordance with local requirements and a discount arising on acquisition of subsidiaries

22 Profit and loss account

At 1 November 1989	6 886	7 492	4 520	4 520
Retained profits for financial year	3,307	877	(918)	22
Foreign exchange adjustments	(52)	272	-	
Goodwill written off	(2,544)	(700)		
Adjustment to carrying value of investment in Microgen Equipment and Supplies Limited	-	(15)		(15)
Adjustment to deferred taxation	-	(1,020)		-
Transfer to other reserves	-	(11)	-	-
	7,597	6 886	3 602	4 527

Overseas subsidiaries have untaxed reserves, the Group's share of which amounts to £633,000 (1989 £613 000) which would become taxable if distributed

23 Goodwill

The fair value of assets acquired and the goodwill arising from acquisitions and disposals is shown below

	Acquisitions £000	Disposals £000
Net assets		
Tangible fixed assets	157	230
Stocks	88	1 618
Creditors	(12)	-
Goodwill	2 544	1 400
	2 777	3 248
Consideration		
Shares issued	300	
Cash	2 477	3 248
	2 777	3 248

17 Creditors due after more than one year

	Group 1990 £000	Group 1989 £000	Company 1990 £000	Company 1989 £000
Bank loans due 1 to 2 years	1,022	184	-	
Bank loans due 2 to 5 years	942	1,172	-	
Obligations under finance leases due 1 to 5 years	50	156	-	
	2,014	1,512	-	-

18 Deferred taxation

	Full potential liability 1990 £000	Provision made 1990 £000	Full potential liability 1989 £000	Provision made 1989 £000
Fixed assets	705	705	715	715
Other timing differences	688	688	731	731
Advance corporation tax	(164)	(164)	(141)	(141)
	1,229	1,229	1,305	1,305

The provision for deferred taxation has been calculated at the rates of corporation tax at which the liability is expected to crystallise.

The Company had no liability

19 Share capital

	1990	1989
Ordinary shares of 5p each at 31 October		
Authorised 45,000,000	£2,250,000	£2,250,000
Issued and fully paid: 38,986,683 (1989:37,862,770)	£1,949,334	£1,893,139

On 21 February 1990, 852,420 shares were issued, credited as fully paid up at a price of 120p each, as the final deferred consideration for the acquisition of MPCS Limited

On 31 August 1990 271,493 shares were issued, credited as fully paid up at a price of 110.5p each as part of the consideration for the acquisition of Microscribe Business Systems Limited

The following grants of options have been made under the Rules of the Microgen Holdings plc Executive Savings Related and Irish Savings Related Share Option Schemes and had not lapsed at the balance sheet date

Scheme	Exercise dates	Option price	Number of shares
Executive	November 1990 – March 2000	125p – 498p	1,134,405
Savings Related	April 1991 – November 1997	91p – 367p	216,515
Irish Savings Related	November 1995	103p	13,748

During the year, no shares have been issued in respect of the exercise of options granted under the Share Option Schemes listed above.

note 13 continued

The Company's principal trading subsidiaries, which undertake similar activities as described in the Directors' Report, are set out below and are all wholly owned except Capella Oy and Capella Teknik Oy which are 80% owned.

	Country of incorporation and operation
Capella AB	Sweden
Capella COM-Data A/S	Denmark
Capella Data-Inform A/S	Norway
Capella Teknik AB	Sweden
Capella Teknik A/S	Denmark
Capella Oy (formerly Data-COM Finland Oy)	Finland
Capella Teknik Oy	Finland
Eurocom-Depora Informationssysteme GmbH	Germany
Imagen Limited	Great Britain
Microgen Equipment and Supplies Limited	Great Britain
Microgen Investments Limited	Great Britain
Microgen (Ireland) Limited	Ireland
Microgen UK Limited	Great Britain

14 Stocks

	Group 1990 £000	Group 1989 £000	Company 1990 £000	Company 1989 £000
Raw materials	779	748	-	-
Equipment and consumables	1,012	2,658	-	-
	1,791	3,406	-	-

15 Debtors

	Group 1990 £000	Group 1989 £000	Company 1990 £000	Company 1989 £000
Trade debtors	9,046	9,490	-	-
Owed by Group companies	-	-	7,944	7,401
Other debtors	1,071	601	624	581
Prepayments and accrued income	630	424	-	-
	10,747	10,515	8,568	7,982

Other debtors include an amount recoverable after one year of £460,000 (1989 £440,000) representing the excess of advance corporation tax not set off against the deferred tax provision.

16 Creditors due within one year

	Group 1990 £000	Group 1989 £000	Company 1990 £000	Company 1989 £000
Bank loans and overdrafts	2,152	3,429		
Obligations under finance leases	95	149	-	
Trade creditors	4,284	3,449	-	-
Owed to Group companies	-		514	493
Corporation tax	2,718	2,638	908	581
Other taxes and social security costs	1,470	1,279		
Other creditors	131	147	17	16
Accruals	2,684	2,824	36	18
Proposed dividend	1,871	1,742	1,871	1,742
	15,405	15,648	3,346	2,848

Report of the auditors to the members of Microgen Holdings plc

We have audited the financial statements set out on pages 5-16 in accordance with Auditing Standards

In our opinion the financial statements give a true and fair view of the state of the Company's and the Group's affairs at 31 October 1990 and of the result and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985

Winters Winters

Chartered Accountants, Buchanan House, 24-30 Holborn, London EC1N 2JB

19 February 1991

Report of the directors for the year ended 31 October 1990

Results and dividend

The results for the year are set out in the attached financial statements.

The directors recommend the payment of a final dividend of 4.8p per Ordinary share (payable on 8 April 1991 to shareholders registered on 1 March 1991) which, together with the interim dividend of 2.2p per share, will make a total distribution for 1990 of 7.0p per share being £2,723,000 with £3,307,000 being transferred to reserves

Principal activities

The Company is a holding company with the Group's principal activities being covered in the Group profile

Developments in the business

The development of the Group's business during the year and the prospects for its future growth are covered in the Chairman's review

Research and development

Each operating company in the Group carries out research and development as part of its day to day activities in relation to its services according to the markets in which it operates

Employment policies

Full and fair consideration is given to suitable applications for employment from disabled persons. So far as is practical opportunities exist for employees who become disabled either to continue in their existing jobs or to be retrained for other positions. Employee participation is encouraged through periodic company newsletters, informal briefing sessions and discussions at all levels. It is Group policy to encourage equal employment opportunities for all people

Political and charitable donations

No political donations have been made by the Company and its subsidiaries during the year which exceed £200 in aggregate. No charitable donations have been made by the Company and its subsidiaries during the year to UK resident charities which exceed £200 in aggregate.

Share capital

The share capital of the Company and all changes thereto during the year are shown in note 19 to the accounts

Fixed assets

Changes in fixed assets are set out in note 12 to the accounts

Directors' interests

Details of directors since the previous year end and their interests in the share capital of the Company are as shown below. PF Barbour and AD Bratchell retire by rotation and, being eligible, offer themselves for re-election. Neither of these directors has a service contract of more than one year with the Company or with any of its subsidiaries

The beneficial shareholdings of the directors in the Company are as follows

	Ordinary 31 Oct 90	Executive Options 31 Oct 90	Savings Related Options 31 Oct 90	Ordinary 1 Nov 89	Executive Options 1 Nov 89	Savings Related Options 1 Nov 89
PF Barbour	5 821 620	-		6 031 704	-	
AD Bratchell	68 558	103 747	-	68,558	103 747	
UD Bunge	20 000	102 588	-	20 000	102 588	
DTH Davenport	2 180 000	-	-	2 180 000		-
JER Jonen		102 588	-	-	102 588	
DN Lee	34 709	-	-	34 709	-	
GE Liddle	-	40,040	-	-	-	
JA Thorpe	217,659	123 463	-	7 575	123,433	

DTH Davenport has a non beneficial interest of 1 928 296 Ordinary shares (1989 1,928 296) in his capacity as trustee of PF Barbour's family trust. These shares are also included in PF Barbour's beneficial interest. No other director has non beneficial interests

No transactions by directors took place between 1 November 1990 and 4 February 1991 in the Ordinary shares in the Company

All of the above options have been granted in accordance with, and are exercisable within periods indicated in, note 19 to the accounts

None of the directors had an interest in any material contract in relation to the Group's business at any time during the period

The directors have been informed of the following interests in excess of 3% of the issued share capital at 4 February 1991

Name	Number of shares	% issued share capital
Gartmore Investment Management Limited	2 772 930	7 11
Prudential Corporation Group of Companies	2 437 781	6 25
Investment Subsidiaries of Schroders plc	1 926 7[illegible]	4 94
Legal and General Assurance Society Limited	1 616,880	4 14
Baillie Gifford and Company	1 593 000	4 09
Framlington Group plc	1 574 575	4 04

The directors are not aware of any other share interests of 3% or more at 4 February 1991 other than as shown above under Directors' interests

Non executive directors

DTH Davenport is a director of Barbour Index plc and of Parambe plc

DN Lewis financial director of Barbour Index plc and a director of a number of family controlled companies involved in various activities including property development and mechanical engineering

Significant contracts

There are no significant contracts between the Company or any of its subsidiaries and any corporate substantial shareholder. There are no contracts for the provision of services to the Company or any of its subsidiaries by a corporate substantial shareholder.

Taxation status

The directors have been advised that the Company is not a close company as defined by the Income and Corporation Taxes Act 1988

Auditors

Resolutions to re-appoint Winters as auditors and to authorise the directors to fix their remuneration will be put to the members at the Annual General Meeting.

Annual General Meeting

A resolution will be proposed at the Annual General Meeting covering the following Special Business.

Section 95 of the Companies Act 1985.
As in previous years, further authority is to be taken to modify the statutory pre-emption provisions that apply where new shares are issued for cash. The directors believe that this will provide appropriate flexibility for financing operations of the Group.

By Order of the Board
GE Liddle Secretary
19 February 1991

Notice of meeting

Notice is hereby given that the Annual General Meeting of Microgen Holdings plc will be held at The [illegible] Hind Suite, Barrington House, Gresham Street, London EC2 on 21 March 1991 at 12.00 [illegible] for the following purposes

Ordinary business

1 To receive and, if thought fit, to adopt the Statement of Accounts for the year ended 31 October 1990 and the reports of the directors and auditors thereon.

2 To declare a dividend

3 To re-elect PF Barbour, who retires by rotation, as a director of the Company

4 To re-elect AD Bratchell, who retires by rotation, as a director of the Company

5 To re-appoint Winters as auditors, to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which accounts are laid

6 To authorise the directors to fix the remuneration of the auditors

Special business

7 To consider and, if thought fit, pass the following Resolution which will be proposed as a Special Resolution

That the directors of the Company be hereby empowered pursuant to Section 95(1) of the Companies Act 1985, to allot, for cash, equity securities pursuant to the authority conferred on them for the purposes of Section 80 of that Act by the Ordinary Resolution No. 8 already passed at the Annual General Meeting of the Company held on 29 March 1990, as if Section 89(1) of the Companies Act 1985 did not apply to any such allotment, provided that this power shall be limited to.

a The allotment of equity securities in connection with rights issues in favour of holders of Ordinary shares (notwithstanding that by reason of such exclusions or other arrangements as the directors may deem necessary or desirable to deal with problems arising in any overseas territory in connection with fractional entitlements, record dates or otherwise howsoever, the equity securities to be allotted are not offered to all of such holders in proportion to the number of Ordinary shares held by each of them) and

b The allotment of equity securities (otherwise than pursuant to the sub paragraph above) up to an aggregate nominal amount of £97,466, being 5% of the issued share capital of the Company at the balance sheet date

The power conferred hereby shall expire on the date of the next Annual General Meeting of the Company save that the Company may, before the expiry of the power hereby conferred make an offer or agreement which would or might require equity securities to be allotted after such expiry (provided that such allotments would fall within the limit provided for by the said authority if made before such expiry) and the directors may allot equity securities in pursuance of such offer or agreement as if the power hereby conferred had not expired and such power shall be in substitution for all existing powers granted to the directors to allot equity securities for cash as if the said Section 89(1) did not apply to the extent that the same have not been utilised previously

For the purpose of this Resolution words and expressions defined in Section 94 of the Companies Act 1985 shall have the same meaning herein

Proxy form

* I/We

Being (a) Member(s) of the above named Company hereby appoint

†

or failing him the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 21 March 1991 and at any adjournment thereof as directed below

Ordinary business		For	Against
Resolution No 1	To receive and adopt the Accounts for the year ended 31 October 1990	☐	☐
Resolution No 2	To declare a dividend	☐	☐
Resolution No 3	To re-elect P F Barbour as a director	☐	☐
Resolution No 4	To re-elect A D Bratchell as a director	☐	☐
Resolution No 5	To re-appoint the auditors	☐	☐
Resolution No 6	To authorise the Board to fix the remuneration of the auditors	☐	☐
Special business			
Resolution No 7	To exempt the directors from the requirements of Section 89 (pre-emption rights) of the Companies Act 1985 within the stated limits	☐	☐

Date

Signature or Common Seal

* Please insert your full name and address in block capitals.

† Unless you insert the proxy's name in the space provided you will be deemed to have appointed the Chairman of the Meeting

Notes

1 Please indicate with an X in the space provided how you wish your vote to be cast in respect of the Resolutions. In the absence of any specific directions the proxy will vote or abstain at his discretion

2 The instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, under its common seal or under the hand of an officer or attorney duly authorised. A person appointed to act as a proxy need not be a member; a corporation may appoint a representative to attend and vote at the meeting

3 To be effective, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified office copy of such power of authority, must be deposited with Stentiford Close Registrars Limited, Broseley House, Newlands Drive, Witham, Essex CM8 2BR, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof

4 In the case of joint holdings, the vote of the first named holder will be accepted to the exclusion of the other joint holders, and only the first named holder need sign this form

5 Any alteration to this proxy should be initialled.

6 Completion and return of a proxy form will not prevent a member from attending and voting in person if he wishes

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Broseley House
Newlands Drive
Witham
Essex CM8 2BR
England

Second fold

Notes 1 A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and on a poll to vote instead of him. A proxy need not be a member. A proxy form is enclosed for the use of members who are unable to attend the meeting and to be valid must be lodged at the office of Stentford Close Registrars Limited, Bracelay House, Newlands Drive, Witham, Essex CM8 2BR, not later than 48 hours before the time appointed for the meeting. Any power of attorney or other authority under which such form of proxy is executed (or a certified copy thereof) must also be lodged.

2 Completion and return of a proxy form will not prevent a member from attending and voting in person if he wishes.

3 The following documents will be available for inspection at the Registered Office of the Company during normal business hours from the date of this Notice and at the place of the meeting for 15 minutes prior to and until the conclusion of the Annual General Meeting:

the Register of Directors' interests in the Share Capital of the Company
copies of the Directors' Contracts of Service
the Memorandum and Articles of Association of the Company

By Order of the Board
G E Liddle Secretary
24 February 1991
Registered office: New Lodge, Drift Road, Windsor, Berkshire SL4 4RQ

[illegible]

Group Head Office

Denmark

Finland

Germany

Ireland

Norway

Sweden

United Kingdom