

**APPENDIX 1.1**  
*(referred to in paragraph 1.5)*

**Submission of evidence by third parties**

Abbey National Building Society  
Association for Payment Clearing Services  
Bank of England  
Bank of Scotland  
Barclays Bank PLC  
\*Bemrose Security Printing  
Central Trustee Savings Bank Ltd  
Children Nationwide Appeal Society  
Co-operative Bank PLC  
\*De La Rue Company PLC  
The Football League Executive Staffs' Association  
Foreign Banks Association (including EEC Bank)  
National Girobank  
Halifax Building Society  
Her Majesty's Stationery Office  
\*Kenrick & Jefferson Ltd  
Lloyds Bank PLC  
Midland Bank PLC  
National Westminster Bank PLC  
The Royal Bank of Scotland  
The Post Office  
George Waterstons & Sons Ltd  
Woolwich Equitable Building Society  
Yorkshire Bank PLC

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\*In addition, these security printers assisted us in the survey mentioned in paragraph 1.7. Three other printers, Metal Box PLC, Rochford Thompson (International) Ltd and the British Printing and Communication Corporation PLC took part in the same survey.

APPENDIX 2.1  
(referred to in paragraph 2.2)

## The cheque clearing system in the United Kingdom

1. The Association for Payment Clearing Services (APACS) came into operation on 1 December 1985. It was set up by the banks to oversee and manage the payment clearing systems which had previously been under the control of the Committee of London Clearing Bankers.

2. APACS currently has 14 settlement members in the three operational clearing companies under its umbrella:

- (a) Cheque and Credit Clearing Company, which operates the high volume paper clearings through the Clearing House, and has nine settlement members (Bank of England, Barclays Bank, Co-operative Bank, National Girobank, Lloyds Bank, Midland Bank, National Westminster Bank, the Royal Bank of Scotland, and Trustee Savings Bank);
- (b) BACS (formerly Bankers' Automated Clearing Services), which carries out electronic clearing of direct debits, standing orders etc, and has 12 settlement members (the nine banks already listed plus Bank of Scotland, Clydesdale Bank and Coutts & Co); and
- (c) the CHAPS and Town Clearing Company, which operates the high-value same-day clearings (electronic credit transfers through CHAPS and paper debits through the Town Clearing), and has 14 members (the 12 banks already listed plus Citibank and Standard Chartered Bank).

3. Cheques may be processed in three ways: through the inter-bank clearings; through the inter-branch clearings (ie between branches of the same bank); or as a house item (ie cheques which are encashed or presented at the account-holder's branch and do not therefore pass through a clearing).

4. Most inter-bank cheques are processed through the General Clearing, although the Town Clearing does handle some high value cheques:

(a) *General Clearing*

This is based on the collecting bank branch (ie the branch at which the cheque has been paid in) presenting the cheque for payment to the drawee or paying bank branch (ie the branch which holds the account on which the cheque is drawn) via the banks' respective clearing departments. Each bank branch sends cheques for collection to its clearing centre in London, where cheques destined for other banks are amalgamated. Each cheque will have been encoded with the amount of that cheque. The cheques are then exchanged with the other banks, which agree the amounts concerned, sort the cheques into branch order and pass them to the branches on which they are drawn. Settlement takes place on a net basis, the figures being agreed at the Clearing House, and is made by adjustment to the balances held by the members at the Bank of England. The time-cycle for the General Clearing is normally three business days. Cheques paid in at a bank branch on day 1 are exchanged on day 2 with settlement taking place, and customers' accounts being updated, on day 3.

(b) *Town Clearing*

Town Clearing is the system for same-day exchange and settlement of large value (£10,000 and over) cheques drawn on and paid into clearing bank branches within the designated Town Clearing area of the City. The system operates to a strict time-table. Each of the banks sorts eligible cheques drawn on the other member banks into bundles known as charges. These charges are then delivered to the respective representatives of the other banks at the Clearing House. The total of the cheques in a charge will then be agreed by the receiving bank and the cheques sorted into branch order and taken to the branches on which they are drawn for scrutiny before payment. At the end of the clearing each bank agrees the total of cheques presented with each receiving bank. Unpaid cheques must be returned that day to the presenting bank through the Clearing House.

5. The other clearing channels are:

(a) *Inter-branch cheques*

Some 20 per cent of all cheques in 1985 were drawn on the same bank into which they were paid and were dealt with through the inter-branch systems of the respective banks. These items are sent by the individual branches to the banks' Head Offices or clearing departments where they are listed, sorted into branch order and relisted before dispatch on the same day. The clearing cycle is, however, the same as that for inter-bank items, namely three business days.

(b) *Scottish and Irish cheques*

Cheques drawn in England and Wales on branches of banks with Head Offices in Scotland are cleared by sending them direct to Edinburgh or Glasgow or via their London offices. Similarly, cheques drawn on branches of banks in Northern Ireland are sent direct to the Irish bank acting as agent for the London clearing bank. Banks in Scotland and Northern Ireland process their own cheques through clearings in Edinburgh and Belfast respectively. The clearings in Edinburgh cover cheques drawn on accounts held at branches of the Bank of Scotland, Clydesdale Bank, Scottish TSB, and the Scottish branches of the Royal Bank of Scotland. The clearings in Belfast process cheques drawn on the Northern Ireland branches of the Allied Irish Banks, Bank of Ireland, Northern and Ulster Banks.

(c) *Agencies*

Two types of agency enable non-clearing banks, such as United Kingdom branches of foreign banks, to use General Clearing.

- (i) A *debit agency* arrangement permits receipt of items only via a particular branch of the clearing bank which acts as agent. Debit agency normally occurs where there is only one office of the non-clearing bank. A clearing bank will be chosen to act as an agent and the non-clearing bank will operate an account in its own name at a convenient branch of the clearing bank. The non-clearing bank will have its own cheques printed and these will bear a full and standard MICR code line with the sorting code of the clearing bank branch and the account number of the non-clearing bank's account. Except for the sorting code there is not necessarily any other indication of any connection with a clearing bank. Cheques drawn on this account

will be handled in exactly the same way as cheques drawn on other accounts at the same branch, save that the clearing bank does not decide the fate of the cheques. On receipt at the branch they will be passed to the non-clearing bank in order that its customers' accounts may be updated. As all the MICR figures on the cheques are for use by the clearing bank, there is no code line data available for the non-clearing bank to use to update its own customers' accounts, but, as probably only one office is concerned, the debits are sufficiently few to be posted on a manual basis.

- (ii) A *full agency* arrangement permits, in effect, receipt of items centrally from the agent's clearing centre, if that is the choice of the non-clearing bank. In effect the non-clearing bank is serviced in the same way as a branch of the clearing bank agent for the receipt of items. Full agency arrangements will normally occur with non-clearing banks with several branches, or sizeable volumes. The non-clearing bank will be allocated a unique sorting code number for each of its branches, but these will be drawn from within the numbers allocated to the clearing bank acting as agent. Thus if the clearing agent is Lloyds, the sorting code numbers will be of the form 30-XX-XX. The cheques of the non-clearing bank will be encoded and handled through the clearing system just like Lloyds Bank cheques. The advantage to the non-clearer is that its own customers' account numbers with itself can be incorporated within code line, and so full data capture from the cheque can be automated.

(d) *Building societies*

Building societies have accounts with particular branches of the clearing banks, and draw cheques on them in the normal way. At present some also issue their customers with personalised cheque books which enable them to draw on these accounts too.

## APPENDIX 2.2

*(referred to in paragraphs 2.9 and 2.15)*

### **Cheque purchasing policies of main clearing banks**

1. The only banks which at present buy their personalised cheques from both Norton Opax and McCorquodale are Barclays Bank and the Royal Bank of Scotland. The following paragraphs summarise the cheque purchasing policies of the major United Kingdom banks. In several instances these policies are now quite different from those which were applied until only recently.

#### **Barclays Bank**

2. During 1983–84 Barclays Bank moved gradually from a central library system of cheque book supplies (ie some 6.5 million individually printed cheque books were kept centrally ready to be sent on request to account-holders) to the trigger order system it now uses (a request for a new cheque book is triggered automatically according to the frequency with which the account-holder uses cheques).

3. In 1985 Barclays awarded a three-year contract to five suppliers, and together with its in-house printing facility (which currently produces about 10 per cent of the bank's requirements) it currently has six sources of supply.

4. Orders are centrally collated by the bank and sent to printers on magnetic tape. A five-day turnaround is normally required, except for about one-quarter of orders which are for 24-hour turnaround (for new accounts or in response to a customer's request).

#### **Lloyds Bank**

5. Lloyds Bank maintains a branch library system of storing personalised cheques until required by customers. It collates branch requirements centrally and places daily orders for cheques using punched cards—the information on the punched cards is converted by the supplier to magnetic tape form to instruct the printing machines. Orders are placed on a five-day turnaround basis.

6. The bank currently obtains personalised cheques from four suppliers. Whilst it retains an in-house printing facility, it does not at present print any of its personalised cheque needs. In 1986 the bank for the first time placed an order (with McCorquodale, which began supplying Lloyds cheques during May 1986) as a result of competitive quotations from a number of suppliers.

#### **Midland Bank**

7. The Midland Bank changed from a library system to a trigger recorder system during 1984–85. Orders are centrally collated and sent to suppliers on magnetic tape. Cheque books are despatched directly to the customer on a 24-hour turnaround basis.

8. The bank currently obtains its personalised cheques from two suppliers. The bank has not so far put its business to tender and its current suppliers are subject to annual reviews. During 1985 the bank switched about one-quarter of

its purchases from one printer to another. Although the Midland Bank does not have an in-house cheque printing facility, its Scottish subsidiary, the Clydesdale Bank, does.

### **National Westminster Bank**

9. The National Westminster Bank moved from a branch cheque system (ie cheque books were personalised only with the branch address and code number, and the account details were printed at the branch) to full personalisation in 1983-84.

10. The bank has its own in-house printing facility and it was here that it first introduced its own programmes for the laser printing of cheques (the EPOCH system). When the bank subsequently put its cheque printing requirements to tender it specified in some detail, based on its in-house experience, how the cheques were to be printed. With identical production systems at each of its four main suppliers the bank can easily switch work from one supplier to another.

11. These new laser-printing cheque production systems (to the bank's specifications) became operational in 1984, and five-year contracts were entered into with its suppliers commercially in January 1985.

### **The Royal Bank of Scotland**

12. The Royal Bank of Scotland operates two different systems of cheque supply in its branches according to whether or not they are branches of the former Williams and Glyn's Bank.

13. In the former Williams and Glyn's branches the branch library system is used and personalised cheques are ordered from suppliers on punched cards. Cheque books are dispatched on a three-day turnaround basis. The bank has two suppliers of these cheques, McCorquodale, and Norton Opax.

14. In the Scottish branches the bank uses the branch cheque system, and each branch operates a Datacard Automatic Cheque Book Printer to add customer details to branch personalised cheques. These cheques are supplied by five different printers (including McCorquodale).

### **Trustee Savings Bank (TSB)**

15. Both the TSB in Scotland and in England and Wales have recently begun to operate in-house cheque personalising facilities. The balance of requirements (almost two-thirds) are ordered by punched cards from four suppliers. These are then despatched to the TSB (on a 24-hour or five-day turnaround basis as required) for distribution to account-holders.

### **National Girobank**

16. Cheques are ordered from two suppliers to whom contracts were awarded in 1985 after competitive tender (the previous contract, for four years, went to the same two suppliers, (Norton Opax and Kenrick and Jefferson)). The contracts require that one supplier should be capable of producing the bank's total requirements in the event of production difficulties at the other supplier's plant.

## Cheque personalisation equipment

### Cheque personalisation

1. As mentioned in paragraph 2.17, there are six stages in the printing of personalised cheques. In terms of the equipment used the personalisation stages translate into distinct operations:

(a) *Computer control*

Most orders for cheques are now received on magnetic tapes from the banks. The information on the banks' tapes is then converted into a form suitable to drive the particular personalising system used and to control the orders.

(b) *Personalisation with ordinary ink*

Cheques with the standard background already printed are overprinted with the bank's branch address and sorting code number, and the customer's name. Different printing machines differ considerably in the quality of the overprinting

(c) *Magnetic encoding*

Each cheque is printed in magnetic ink with a unique code line comprising the cheque number, branch sorting code, and account number. The banks all require, for accuracy and to meet fine tolerances, that these code lines be printed by the impact method.

(d) *Binding*

Cheque collation in sequence, together with a frequency marking leaf, re-order forms and other documents (as specified by the bank), and front and back covers, wire-stitching (or stapling) and edge taping.

(e) and (f) *Enveloping and dispatch*

Most cheques are now dispatched by the printer directly to the account-holder and the information received from the bank includes the account-holder's full postal address

### Personalisation equipment: the three main systems

2. There are several different methods of cheque personalisation currently in use in the United Kingdom. Here we describe in turn three high-volume systems which between them produce over three-quarters of the cheques supplied to United Kingdom banks.

3. The *ACP system* (see Figure 1) is the only one which converts the base stock into bound cheque books in one process. It is fed by a row of hoppers containing cut-to-size printed base stock of cheques, credit slips, covers etc. Under computer control the base stock passes a number of fixed position print-heads which apply the personalisation details and encoding. The collated and printed leaves are then collected at the stitching and binding end of the machine and the complete cheque books are collected and made ready for enveloping and dispatch. Because of the

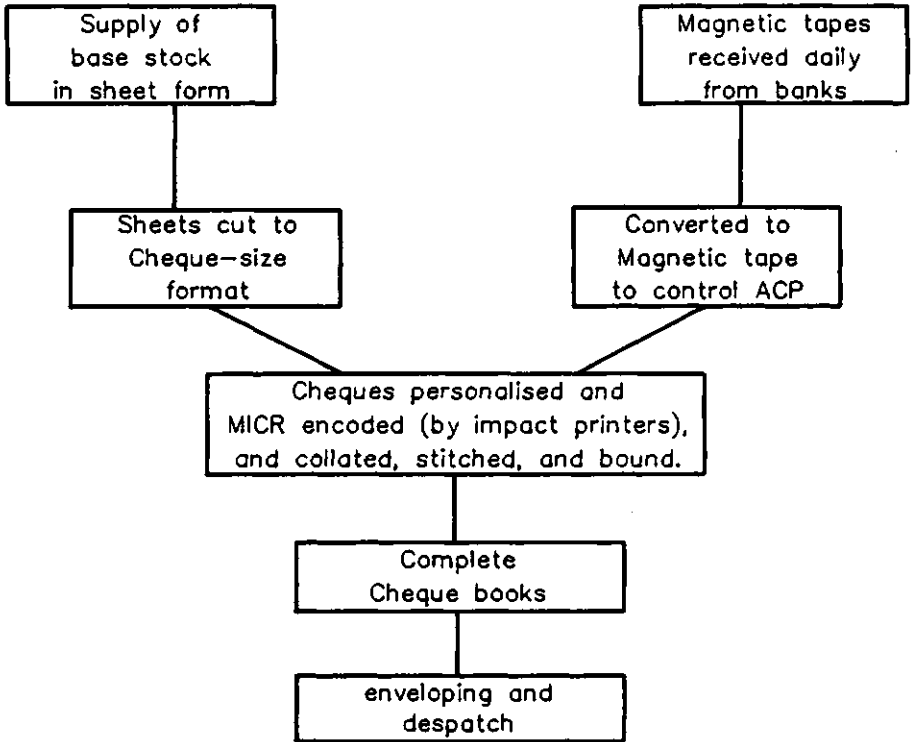
fixed position print-heads these machines have few alternative uses. McCorquodale uses about 11 ACP machines, each of which has a full annual output of about 100 million cheques (double shift basis).

4. The *Checktronic system* (see Figure 2), developed by Check Technology Corporation Inc and available for the last three or so years, offers sharply defined character printing. This is an ion deposition system in which a charged pattern of dots is placed on a rotating drum which transfers it to paper. It is then fixed by heat and pressure. The machine is sheet-fed from hoppers and computer control determines the sequence of sheets to be fed into the machine for printing. The collated cheque books in sheet form are then collected for transfer to a separate (or integrated) stitching, binding and cutting line. Both McCorquodale and Norton Opax use Checktronic machines, as do several other cheque printers. Each machine has a full annual output of about 30 million cheques (double shift basis).

5. Another fairly recently available system is that of the *laser printer* (see Figure 3). As with the Checktronic machine, the personalisation details are printed using a non-impact printing technique. The required information is 'written' on a rotating drum by a laser beam. As the drum continues to rotate this pattern collects charged toner powder, which is then transferred to the paper and fixed by heat and pressure. The machine is fed from a reel of continuous cheque base stock which is rewound after personalisation and transferred to the MICR impact-encoding machine. Norton Opax uses these laser printers, as do several other cheque printers. Each laser printer, together with the other necessary equipment, has a full annual output of about 158 million cheques per year (on a double shift basis). An advantage of both the Checktronic and laser printer systems is that they can both be easily adapted to print documents other than cheques.

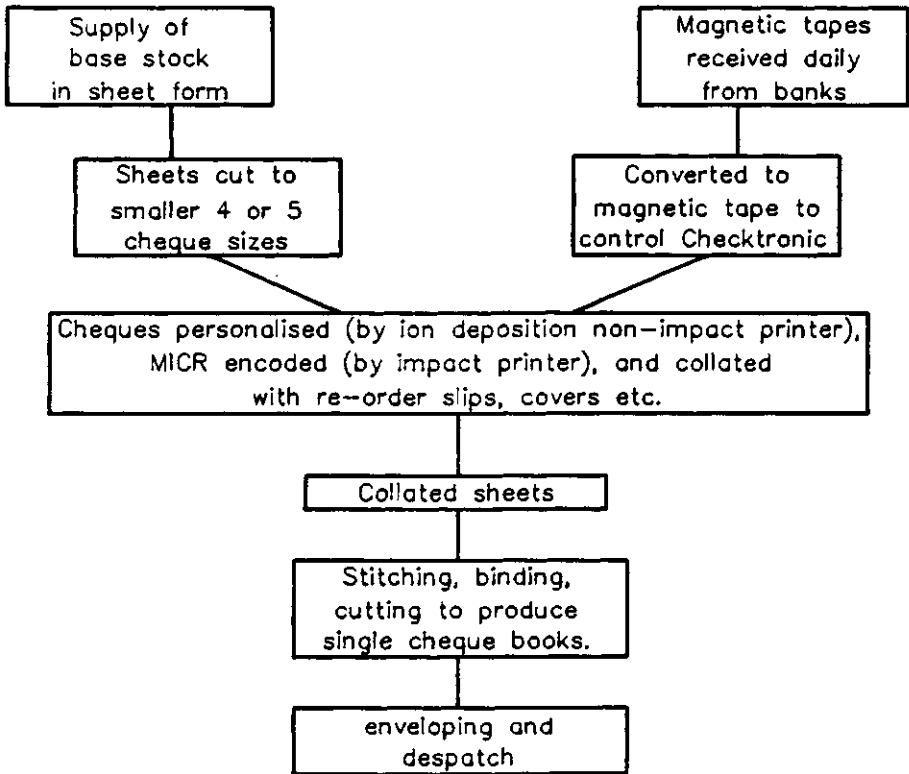
FIGURE 1

**Automated Cheque Personaliser (ACP)**



Source: McCorquodale.

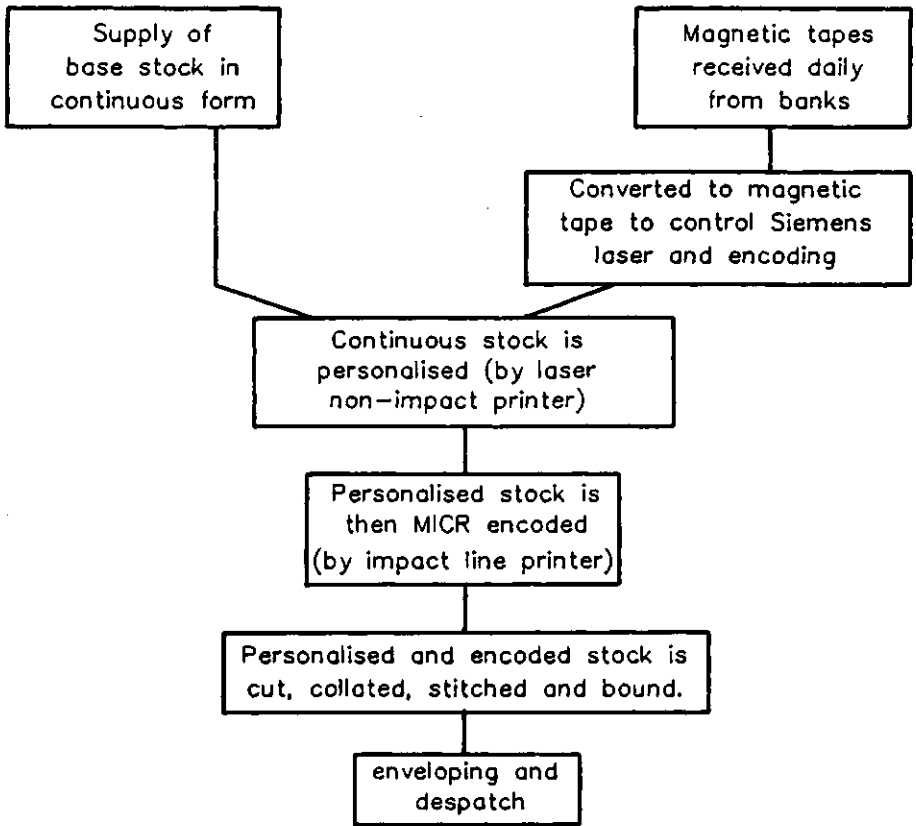
FIGURE 2  
**Checktronic**



Source: McCorquodale.

FIGURE 3

Siemens Laser



Source: McCorquodale.

APPENDIX 2.4  
(referred to in paragraph 2.33)

### Cheque-printing capacity

1. These figures on cheque-printing capacity are based on information from Norton Opax and McCorquodale and from several other cheque printers.

2. The calculations take into account the number of different types of cheque-printing machines operated by each of the main cheque printers and the estimated full operating capacity of each type of machine. In order to determine a realistic practical capacity, we have been advised to make an allowance of about 35 per cent<sup>1</sup> to account for data loading and other make-ready time, breakdowns, and planned maintenance.

3. The resulting estimates, relating to six of the largest cheque printers (excluding McCorquodale and Norton Opax) in the United Kingdom, are given in Table 1. The estimates indicate that the present output of personalised cheques of these six companies is less than two-thirds of their practical capacity. This excess capacity is greatest in the laser, daisy-wheel and line printer systems. Some of these printers could increase their output of personalised cheques by moving to double-shift working instead of single shifts, and others by not printing so many other non-cheque items on these machines. If the personalised cheque-printing capacity of Norton Opax and McCorquodale is included on the same basis as the figures in Table 1 for the six companies, the printing capacity of these eight companies exceeds their annual output by 32 per cent

TABLE 1 Personalised cheque printing: annual capacity on double-shift working of six suppliers, not including Norton Opax and McCorquodale

<i>Type of printing machine</i>	<i>Number in use</i>	<i>Full operating capacity million cheques</i>	<i>Practical capacity million cheques</i>
Laser	10	1,600	1,040
Checktronic	21	630	410
Line (drum)	16	1,010	660
Daisy-wheel	76	610	400
Total	—	3,850	2,500
Estimated current cheque output from this equipment	—	1,530	1,530
Total	—	3,850	2,500
Current output as a percentage of total capacity	—	40%	61%

Source: MMC.

*Notes:*

1. The capacity of cheque-printing machines depends not only on the method of printing employed, but also on the size of the cheques (including counterfoils), the make-up of the cheque books, the capacity of any necessary supporting equipment (such as stitching and binding machines) and the mix of work put through the equipment. For the particular problems in assessing the capacity of laser printers, see paragraphs 5 of this appendix.

2. The machines included are only those which are wholly or mostly dedicated to cheque printing, except for two laser printers operated by Kenrick and Jefferson, who told us (see paragraph 6.32) that they would prefer cheque printing work to their present non-cheque work.

3. As many of these machines can be used for other purposes (eg personalised credit book, payment books, exam certificates etc) the existence of excess capacity in cheque printing does not necessarily mean that the machines are idle for excessive periods.

4. All the capacity figures, being estimates, have been rounded to the nearest 10 million after the calculations were completed.

5. The views of the parties on issues of capacity are at paragraphs 5.26 to 5.30. See also paragraph 5 of this appendix.

<sup>1</sup> The practice in this respect will vary according to the type of machine and the policies and experience of the company using it. In some cases a figure of 20 per cent or less may be more realistic. If a smaller allowance were made for break-downs and other factors in the calculations, it would yield a higher figure for the implied practical capacity.

4. Table 2 shows the cheque-printing capacity of Norton Opax and McCorquodale. McCorquodale already operates some of its ACP machines on a triple-shift basis, while Norton Opax could improve on its current output by about 44 per cent (or about 167 million cheques) without moving to triple-shift working or installing additional machines.

TABLE 2 Personalised cheque-printing annual capacity of two printers\*

	<i>McCorquodale</i>	<i>Norton Opax</i>
Practical capacity	871	548
Current output	921	381
Output as a percentage of practical capacity†	106%	70%

Source: McCorquodale and Norton Opax.

\*Based on double-shift operation.

†McCorquodale's practical capacity is currently exceeded because some of its ACP machines are being operated on a triple-shift basis.

5. The first laser printer was installed by a commercial printer for cheque production in 1980, to produce cheques for National Girobank. Further laser printers were subsequently installed to meet the requirements for supplying cheques to the National Westminster Bank. The National Westminster Bank had decided to move to Siemens laser printers to produce its cheques and introduced new designs (with a narrower counterfoil) for its cheques and a new composition for its cheque books to maximise the output of the system. When producing non- or narrow-counterfoil cheques this system can personalise two cheques at a time side-by-side. This gives a full operating capacity of more than 150 million cheques per year (double-shift basis). If larger cheques (including cheques with wider counterfoils) are printed, the system can only personalise them one abreast and its capacity is thereby halved. Laser printers are therefore used mostly to personalise National Westminster, National Girobank, and a limited number of other cheques of the appropriate format. For these reasons, McCorquodale has told us that it doubts whether the figure of 1,040 million cheques in Table 1 for the practical capacity of existing laser systems represents capacity acceptable to most banks.

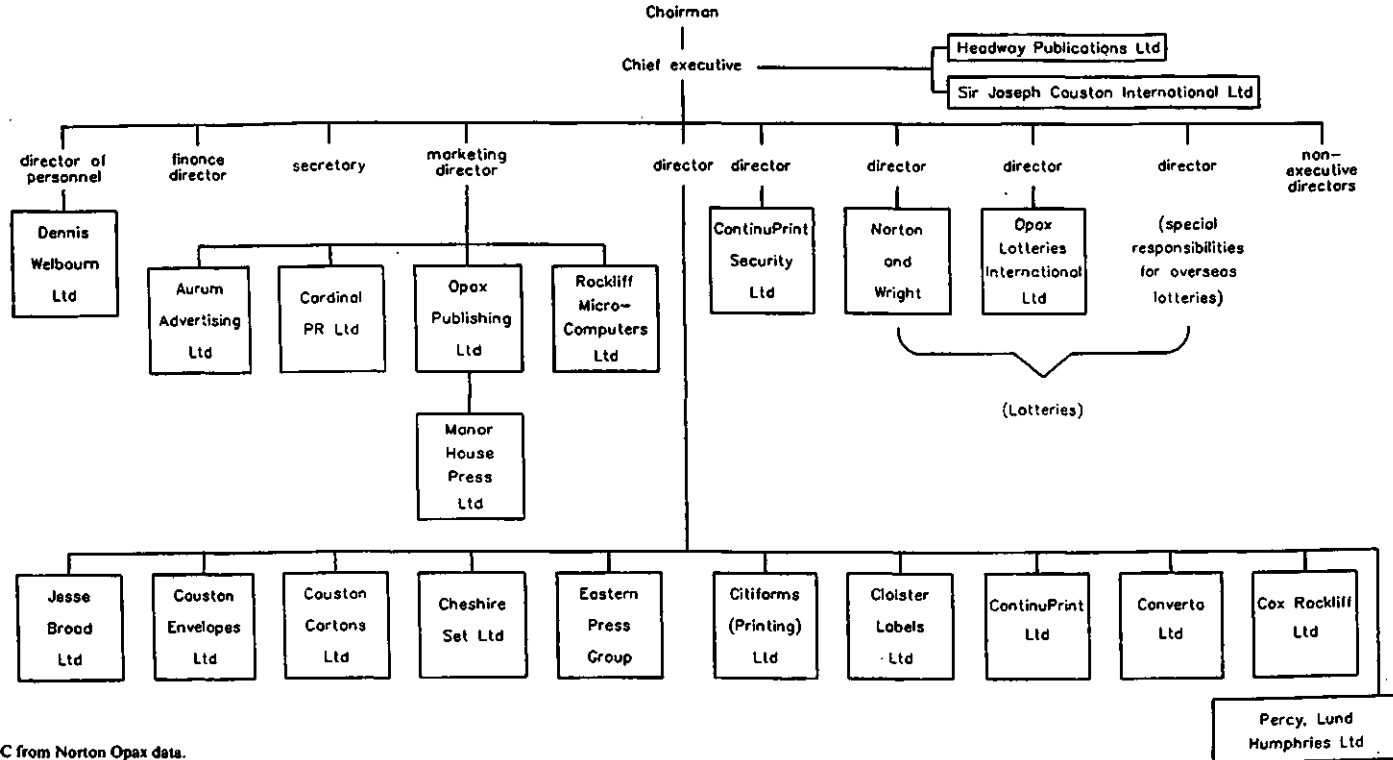
APPENDIX 3.1  
(referred to in paragraph 3.3)

**Principal subsidiaries of Norton Opax**

<i>Name</i>	<i>Activity</i>
Causton Cartons Ltd	Carton manufacture
Causton Envelopes Ltd	Envelope making
Citiforms (Printing) Ltd	Business forms printing
Cloister Labels Ltd	Label printing
ContinuPrint Ltd	Printing of business forms
ContinuPrint (Security) Ltd	Security printing
Converta Ltd	Colour printing
Cox Rockliff Ltd	Colour printing
Dennis Welbourn Ltd	Manufacturing stationer
Headway Publications Ltd	Magazine publisher
Jesse Broad Ltd	Colour printing
Longley Properties Ltd	Property holding company
Norton & Wright Ltd	Lotteries and promotional games
Norton & Wright (Properties) Ltd	Property holding company
Opax Publishing Ltd	Magazine publisher
Percy Lund, Humphries & Co Ltd	Colour printing
Rockliff Micro Computers Ltd	Micro-computer distribution
Sir Joseph Causton & Sons PLC	Holding company
Sir Joseph Causton International Ltd	Diary publishing
Devonshire Press Ltd	Printer
The Eastern Press Ltd	Computerised typesetting, printing legal and scientific books and periodicals
The Manor House Press Ltd	Directory publisher

APPENDIX 3.2  
*(referred to in paragraph 3.9)*

**Norton Opax: organisation**



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Source: MMC from Norton Opax data.

APPENDIX 3.3  
(referred to in paragraph 3.14)

**Norton Opax PLC: source and application of funds**

	£'000				
	1982	1983	1984	1985	1986
Funds generated from operations	303	1,283	2,405	4,013	7,197
Funds from other sources:					
Sales of fixed assets	284	102	246	191	925
Issue of shares	—	—	2,315	19,687	348
Sale of investments	244	10	—	—	4,718
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	831	1,395	4,966	23,891	13,188
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Application of funds:					
Purchase of fixed assets	175	654	1,343	3,775	6,757
Acquisition of subsidiaries	—	330	4,727	21,307	—
Tax paid	—	34	429	460	592
Dividends paid	30	105	164	311	869
Reduction in long-term creditors	—	—	—	72	(582)
Purchase of investments	—	—	3	—	—
Goodwill	—	—	680	—	349
Regional Development Grants written off	38	—	—	—	—
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	243	1,123	7,346	25,925	7,985
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Increase/(decrease) in working capital:					
Stocks	(15)	65	209	1,262	853
Debtors	(579)	625	(860)	2,889	5,928
Creditors	357	(5)	(250)	(2,269)	(2,819)
Net liquid funds	825	(413)	(1,479)	(3,916)	1,241
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	588	272	(2,380)	(2,034)	5,203

Source: Norton Opax.

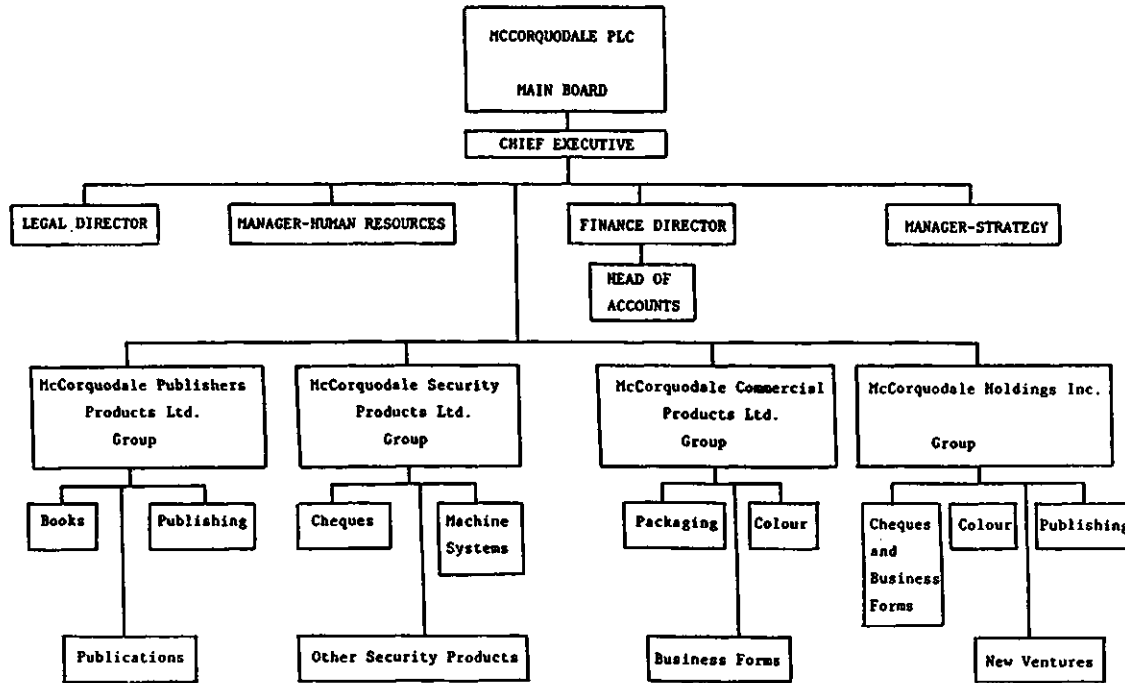
APPENDIX 4.1  
(referred to in paragraph 4.7)

**McCorquodale PLC: principal United Kingdom subsidiaries**

<i>Name</i>	<i>Principal activity</i>
<i>Security products group</i>	
McCorquodale Security Printers (Basingstoke) Ltd	Cheque printing
McCorquodale Security Printers (Crewe) Ltd	Cheque printing
John Aiken & Son Limited	Cheque printing
McCorquodale Continuous Forms Ltd	Continuous cheque and credit printing
McCorquodale Security Stationery Ltd	Cheque and stationery printing
McCorquodale Forms Composition Ltd	Typesetting and origination
Concetta Ltd	Cheque printing machinery
McCorquodale Security Cards Ltd	Security plastic cards
McCorquodale Confidential Print Ltd	Security printing and lottery ticket and games printing ('Astra Games')
<i>Publishers' products group</i>	
William Clowes Ltd	High quality book printing
Cox and Wyman Ltd	Mass-market paperback printing
S B Datagraphic Ltd	Computer typesetting and graphics
Benham and Company Ltd	Directory and journal printing
Spottiswoode Ballantyne Printers Ltd	Trade magazine and journal printing
McCorquodale Varnicoat Ltd	Colour magazine and catalogue printing
McCorquodale Magazines Ltd	Magazine printing
Magazine Typesetters Ltd	Typesetting
Andover Repro Ltd	Originating
William Clowes Publishers Ltd	Religious publishing
John Wisden and Company Ltd	Publishing
<i>Commercial products group</i>	
John Horn Ltd	Carton manufacturer
McCorquodale (Scotland) Ltd	Label and commercial printing
Stag Plastics Ltd	Plastic packaging tray manu- facturer
Chapman Packaging Ltd	Carton manufacturer

APPENDIX 4.2  
(referred to in paragraph 4.13)

**McCorquodale: organisation**



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APPENDIX 4.3  
(referred to in paragraph 4.17)

**McCorquodale PLC: source and application of funds**

	1981	1982	1983	1984	£'000 1985
Funds generated from operations	7,680	8,903	9,029	9,172	10,266
Funds from other sources:					
Sale of fixed assets	1,048	960	586	1,774	1,848
Issue of shares	—	—	—	10,881	14,991
Additional loan capital	210	129	7,436	4,714	8,028
Leasing	—	473	3,450	2,148	6,467
Repayments of loans	75	—	—	—	303
	9,013	10,465	20,501	28,689	41,903
Application of funds:					
Purchase of fixed assets	4,665	6,521	10,156	12,598	23,025
Development expenditure	—	—	1,912	1,328	1,338
Goodwill on acquisition	—	—	—	—	7,050
Cost of reorganisation and acquisitions	3,182	1,478	2,703	6,262	2,055
Purchase of investments	—	—	1,376	115	139
Cost of abortive acquisition	—	—	108	45	367
Repayment of loan capital plan	946	1,196	1,053	6,466	2,050
Tax paid	868	893	1,298	1,429	1,741
Dividends paid	1,305	1,388	1,554	1,842	2,574
	10,966	11,476	20,160	30,085	40,339
Increase/(decrease) in working capital:					
Stock	(16)	590	(598)	2,851	(285)
Debtors	(463)	475	242	1,719	3,897
Creditors	(932)	1,544	(2,977)	(5,326)	(5,781)
Net liquid funds	(542)	(3,620)	3,674	(640)	3,733
	(1,953)	(1,011)	341	(1,396)	1,564

Source: McCorquodale.

APPENDIX 6.1  
(referred to in paragraph 6.2.)

**Lotteries questionnaire**

The questionnaire contained the following questions:

Did you purchase rub-off or sealed lottery tickets in 1985?

If you did, please specify number purchased and cost of purchase(s).

Do you have a choice of suppliers?

If so, how many?

Do you consider overseas suppliers?

Please indicate how important the following factors are in your choice of supplier:

	<i>Very important</i>	<i>Important</i>	<i>Not very important</i>	<i>Not important at all</i>
Price				
Delivery times				
Choice of games				
Design of games				
Reputation of supplier				

Do you consider that your interests as a customer would be affected if the lottery printing business of Astra Games Ltd was amalgamated with that of Norton and Wright?

APPENDIX 6.2  
(referred to in paragraph 6.36)

**Respondents to questionnaire at Appendix 6.1**

*Football League clubs*

The Scottish Football Association  
The Scottish Junior FA  
Aberdeen  
Arsenal  
Carlisle United  
Celtic  
Leeds United  
Liverpool  
Millwall  
Peterborough United  
Reading  
Saint Johnstone  
Sunderland  
West Ham United  
Wimbledon

*Other sports clubs and their agents*

Kings Lynn Football Club  
Supermatch Lottery (Hitchin, Herts: for local soccer clubs)  
Gloucestershire County Cricket Club  
Warwickshire County Cricket Club  
Yorkshire County Cricket Club  
West Hartlepool Rugby Union Football Club  
British American Football League  
Felbridge Badminton Club

*Local authorities and their agents*

Capital and Counties PLC (Newcastle-upon-Tyne)  
Reading Borough Council

*Charities and their agents*

C B (Trading) Ltd  
Children Nationwide Appeal Society  
National Fund for Research into Crippling Diseases  
National Society for the Prevention of Cruelty to Children

