Acquisition which is being amortized on a straight-line basis over 40 years, consistent with industry practice. The Company's accounting policy regarding the assessment of the recoverability of the carrying value of goodwill is to review the carrying value of goodwill if the facts and circumstances suggest that it may be impaired If this review indicates that goodwill will not be recoverable, as determined based on the undiscounted future cash flows of the Company, the carrying value of goodwill will be reduced to its estimated fair value Accumulated amortization of intangible assets related to businesses acquired was $6 6 million and $5 3 million in 1996 and 1995, respectively

Impairment of Long-Lived Assets:

The Company accounts for the impairment of long-lived assets under Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of ("SFAS 121") SFAS 121 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount The adoption of SFAS 121 did not impact the results of operations of the Company

Advertising:

The Company expenses advertising costs as incurred. Amounts charged to advertising expense totaled $2 1 million, $1 2 million and $0 9 million for the years ended December 31, 1996, 1995 and 1994, respectively.

Earnings Per Share:

Earnings per share has been computed using the weighted average number of common shares outstanding For periods prior to the Merger, the weighted average number of shares outstanding reflect the number of shares issued to Mafco Consolidated Holdings in the Merger. The dilutive effect of options outstanding under the Company's stock option plan is not material

Interest Rate Swaps:

The Company entered into interest rate swap agreements to modify the interest characteristics of its outstanding debt from a fixed to a floating rate basis These agreements involve the receipt of fixed rate amounts in exchange for floating rate interest payments over the life of the agreement without an exchange of the underlying principal amount. The differential to be paid or received is accrued as interest rates change and recognized as an adjustment to interest expense related to the debt. The related amount payable to or receivable from counterparties is included in accrued expenses. To the extent previous interest rate swap agreements have been terminated, the resulting gain is being recognized over the remaining original life of the terminated agreements The fair values of the swap agreements (See Note 8), are not recognized in the financial statements

Issuance of Subsidiary Stock: