

4197

"PA"  
The PRESS ASSOCIATION

ANNUAL REPORT  
AND  
ACCOUNTS  
1992

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## CHAIRMAN'S STATEMENT

This year has been a severe test for the PA group: the winning of our largest single contract - the service to the new ITV teletext franchise holder - contrasted with declining revenues from the evening newspaper market.

Trading profit increased by 1.5% to £4.0 million. Revenue rose by 2.4% and there were further cost-cutting measures throughout the group.

Profit attributable to ordinary shareholders increased by 11.1% to £2.8 million. Your directors propose that the dividend should be maintained at last year's level - 14p per ordinary share.

Future group revenue will benefit from the ten-year teletext contract. (PA had concluded prior long-term agreements with four of the five applicants for the franchise, including the eventual winners, Teletext Limited.) The new PA service began on January 1, 1993.

The revenue from the PA companies servicing the public relations industry fell for the second consecutive year, by 3%, which reflected the recession in their market environment, both in the UK and in Canada.

In May PA, with a majority interest, formed a joint venture company, Telpress UK, with Telpress Italy - a well-established specialist in the manufacture of newswire processing and display equipment. This company will develop new products to assist in the wider sale of PA services and enable PA to act as a broker of other newswires and electronic information sources.

In September PA acquired SportsLink UK Limited, a racing news agency based in Manchester. This acquisition furthers PA's strategy of collecting, marketing, and distributing its own data wherever possible.

## CHAIRMAN'S STATEMENT

Although CRG, our company which supplies text and numerical information camera-ready, continued successfully to expand its range of products, its principal marketplace, the provincial press, remained in recession. Some evening newspapers curtailed their use of national news, while others sought a cheaper alternative.

Earlier this year two shareholders, Northcliffe Newspapers and Westminster Press, launched an experimental in-house news service seeking an alternative to PA. This led to the withdrawal from the Board of two members of those companies, Mr John Aldridge and Mr Frank Barlow, to avoid conflict of interest. I very much hope that their withdrawal will prove to be temporary. The prospects for PA's news service in 1993 depend in large measure on whether these two important customers decide to continue their subscriptions. In view of the immediate uncertainties, the Board has asked me to continue as Chairman beyond the completion of my second year.

Mr Barlow's initial seven year term on the Board expires in May, and it is the Board's wish that, once the current situation is resolved, he should serve a further three years as a non-executive director.

As shareholders will be aware, the group has widened its business activities considerably in recent years through a number of acquisitions and also from developments within PA itself. Your directors believe that, due to the expanding commercial activities of the group and changes in the identity and activities of shareholders, it is now appropriate to make a number of changes to PA's constitution.

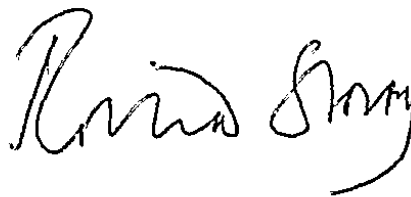
The proposed changes, which would be incorporated in new Articles of Association, are intended to bring the constitution into line with contemporary practice. Your Board believes it is appropriate to appoint non-executive directors with broad business experience, who may be unconnected with any regional newspaper companies. At least three of the directors would continue to be representatives of the provincial press.

## CHAIRMAN'S STATEMENT

Your Board also proposes that the existing requirement for shares to be allotted or transferred only to provincial newspaper publishers be removed, subject to the strengthening of provisions to prevent any individual shareholder gaining too great an influence over the company.

There has been general support for these proposals and, accordingly, the Board is convening an Extraordinary General Meeting formally to adopt new Articles of Association. The meeting will take place immediately following the next Annual General Meeting on May 13, 1993.

Finally, I thank the directors for their support during a year of major challenge and marked success. They join me in expressing their appreciation of the skill and professionalism shown by the staff in implementing new products and in sustaining the quality of existing services - to the benefit of both customers and shareholders.



## CHIEF EXECUTIVE'S REVIEW

The PA's core news agency business continued to be profitable last year, as a result of careful cost control, innovative services, and the signing of important long-term agreements with customers.

By far the most significant success of the year was the launch of the PA teletext service for ITV, a major undertaking for both the technical and editorial teams. This was not simply a direct replacement for the previous national news service provided to Oracle by ITN: it required PA to add greatly to the depth of information held in its news database by creating a further 13 separate regional news services, to the general benefit of all our customers.

The gathering of such a large volume of material required a significant increase in editorial staff, and the introduction of a sophisticated teletext page management system. No longer is it necessary to re-key into teletext format the large amount of numerical information held in the main PA database. Instead, the data is automatically assembled into teletext pages, increasing the speed of transmission and reducing the processing cost.

PA continued, in parallel, to improve the technology used to create and distribute its news agency services.

Selective addressing via satellite has enabled us to broaden the range of service options that can be delivered to individual customers. A notable example is the minor sports service, which is proving particularly popular among morning newspapers.

At the same time, both the speed and definition of the colour picture service has been significantly enhanced, as has the delivery mechanism of the PA graphics services, now used extensively by UK newspapers.

## CHIEF EXECUTIVE'S REVIEW

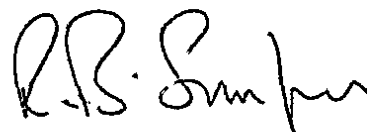
Our new 55% owned subsidiary, Telpress UK, which has the exclusive distribution rights for the newswire processing products created by Telpress Italy, has developed innovative solutions for customers wishing to capture and display simultaneously a variety of different news sources. Telpress equipment also provides the technology for Newsfile 2, the PA's upgraded dial-in news service now available with a sophisticated keyword facility and the capacity to combine PA with any number of other electronic information services.

CRG has continued to expand both the scope and sophistication of its camera-ready products, particularly in the area of complete newspaper supplements. The confidence in, and reliance upon, CRG is eloquently demonstrated by the willingness of newspapers to receive a complete supplement in camera-ready form, delivered from CRG according to a planned schedule only minutes before edition time.

With the acquisition of SportsLink, previously the PA's main source of greyhound racing information, the PA is now ideally positioned to expand and develop still further its sports and racing services, offering regionalised output to the print media and a new range of products elsewhere. In recognition of the synergy between SportsLink and CRG, which provides a range of camera-ready sports data, Stuart Hall has been appointed managing director of both companies.

His place as managing director of Two-Ten Communications has been taken by Paul McFarland, previously the PA's head of marketing. The PA's development manager, Roger Macdonald, has now added marketing to his responsibilities, thereby strengthening the vital bridge between product development and increased sales revenue.

Greater flexibility in tailored services, and a determination to develop a wider range of products that offers still greater value for money, will help PA to maintain its pre-eminent position both among UK news agencies and in PR support businesses. By their dedication and professionalism, our staff have continued to demonstrate the capability to make PA more responsive to the needs of our customers.



## NOTICE OF MEETING

### TO THE ORDINARY SHAREHOLDERS

Notice is hereby given that the One Hundred and Twenty-Fifth Annual General Meeting of The Press Association Limited will be held at the Albemarle Suite, Grosvenor House, 86 Park Lane, London WC1A 3AA on Thursday May 13, 1993 at 12.00 noon for the following purposes:

1. To receive the Directors' Report and Accounts for the year ended December 31, 1992.
2. To declare a dividend.
3. To reappoint the auditors and to authorise the directors to fix their remuneration.
4. To fix the remuneration of the directors.

By Order of the Board

Richard Henry  
Secretary  
85 Fleet Street  
London EC4P 4BE

A member of the company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member.

April 19, 1993



## DIRECTORS AND ADVISERS

### BOARD OF DIRECTORS

#### Chairman

**Sir Richard Storey Bt BA LLB (Age 56)\***  
Joined Board 1986. Chairman, Portsmouth & Sunderland Newspapers plc. Former President, the Newspaper Society. Chairman, York Health Services Trust. Director, Fleming Enterprise Investment Trust plc

#### Vice-Chairman

**Frank Barlow (Age 63)\***  
Joined Board 1986. Managing Director and Chief Operating Officer, Pearson plc. Formerly Chief Executive, The Financial Times and Westminster Press. Chairman, BskyB and Director, the Economist

#### John Philip Airdridge (Age 55)\*

Joined Board 1990. Chairman and Managing Director, Leicester Mercury Group Ltd and Director, Northcliffe Newspapers. Former President, the Newspaper Society

**Geoffrey Henry Charles Copcman DL (Age 56)\***  
Joined Board 1987. Chief Executive, Eastern Counties Newspapers Group Ltd. Director, Norwich Union Insurance Group and East Anglian Radio

**Richard Charles Henry TD FCA (Age 52)**  
Finance Director and Secretary 1989. Joined PA 1984. Previously Managing Consultant, Coopers & Lybrand Associates

#### Henry John Roche (Age 59)\*

Joined Board 1988. Chairman and Chief Executive, The Guardian & Manchester Evening News plc. Chairman, The Press Standards Board of Finance. Deputy Chairman, Trans World Communications. Director, Good Morning Television

#### Robert Brian Simpson (Age 48)

Chief Executive 1990. Joined PA 1979. Appointed to the Board 1989. Chairman, CRG Communications Group, SportsLink, Two-Ten Communications and Tellex Monitors. Formerly Managing Director, University Microfilms (part of the Xerox Corporation)

#### George Michael Toulmin (Age 49)\*

Joined Board 1989. Chairman and Chief Executive, United Provincial Newspapers Ltd, Director, United Newspapers plc, and Chairman, Link House Publications. Chairman, Regional Daily Advertising Council

#### Colin Thomas Webb (Age 54)

Editor-in-Chief 1986. Joined Board 1989. Previously Deputy Editor, The Times, and Editor, the Cambridge Evening News

\*Non-Executive Board member

### CONSULTATIVE COMMITTEE

The following, with the Board, constitute the Consultative Committee

Donald B Anderson

James Evans

Timothy D Morris DL

David K Snedden

### SOLICITORS

Biddle & Co  
1 Gresham Street  
London EC2V 7BU

### AUDITORS

Robson Rhodes  
186 City Road  
London EC1V 2NU

### BANKERS

Lloyds Bank plc  
Law Courts Branch  
222 Strand  
London WC2R 1BB

### REGISTERED OFFICE

85 Fleet Street  
London EC4P 4BE  
  
Registered No. London 4197

## REPORT OF THE DIRECTORS

The directors present their annual report together with the accounts for the year ended December 31, 1992

### Principal Activities and Business Review

In the period under review there has been no significant change in the activities of the group which continue to be principally those of providing news and news photographs to the provincial and national press and broadcasting companies. A review of the business is contained in the Chief Executive's report.

### Results and Dividends

The profit for the year on ordinary activities after taxation and minority interest was £2,835,000. It is recommended that this amount be dealt with as follows:

	£'000
Dividend (see note 7)	1,115
Retained profit	<u>1,720</u>
	<u>2,835</u>

### Directors

The following were directors of the Press Association during the year 1992:

Mr J P Aldridge  
Mr F Barlow  
Mr G H C Copeman  
Mr R C Henry  
Mr H J Roche

Mr R B Simpson  
Mr D K Snedden  
Sir Richard Storey Bt  
Mr G M Toulmin  
Mr C T Webb

Having completed his term in office, Mr F Barlow retires at the Annual General Meeting and is not seeking re-election.

Having completed his term in office, Mr D K Snedden retired at the 1992 Annual General Meeting on June 10, 1992.

### Directors' Interest in Shares and Debentures

According to the register kept by the company under Section 325 of the Companies Act 1985, none of the directors was interested in shares in or debentures of the company or its subsidiaries at any time during the financial year.

### Directors' and Officers' Insurance

During the whole of the year the company maintained insurance for directors and certain employees against liabilities in relation to the company.

### Bonus Issue

Following the approval of the shareholders on June 10, 1992, the company increased its authorised share capital to £8,000,000 divided into 8,000,000 ordinary shares of £1 each by creation of an additional 6,750,000 ordinary shares of £1 each ranking pari passu with the existing ordinary shares of £1 each in the capital of the company and using such shares to make a bonus issue to ordinary shareholders in the proportion of 999 new ordinary shares of £1 each for every one ordinary share of £1 each held by such persons.

## REPORT OF THE DIRECTORS

### Freehold Property

The company is advised professionally that the current market value of 85 Fleet Street is about £15 million; its value in the balance sheet is £749,000.

### Charitable and Political Contributions

Charitable donations made by the company in 1992 totalled £1,870. No contribution was made for political purposes.

### Employee Involvement

In addition to regular and ad hoc meetings with representatives of unions and other staff groups, line managers consult their staff departmentally on current developments and proposals for change.

It continues to be group policy to provide equal opportunities for employment, training, and career development for all employees including disabled persons subject to their qualifications and abilities.

All employees receive the house journal and also a copy of the Annual Report and Accounts. Staff are also involved, through their elected representatives, in the conduct of the company's pension fund.

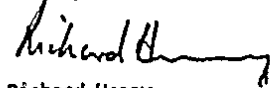
### Taxation Status

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

### Auditors

In accordance with Section 385 of The Companies Act 1985 a resolution to reappoint Robson Rhodes as auditors at a remuneration to be agreed by the directors will be submitted to the Annual General Meeting.

The Report of the Directors was approved by the Board on April 8, 1993 and signed on its behalf by:



Richard Henry

Finance Director and Secretary

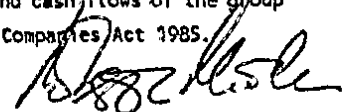


## REPORT OF THE AUDITORS

To the Members of The Press Association Limited

We have audited the financial statements on pages 11 to 25 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at December 31, 1992, and of the profit, total recognised gains, and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Robson Rhodes  
Registered Auditor  
Chartered Accountants

London

April 8, 1993

## GROUP PROFIT AND LOSS ACCOUNT

For the year ended December 31

		1992	1992	1991	1991
				as restated	as restated
	Notes	£'000	£'000	£'000	£'000
Turnover	1				
Continuing operations		34,618		33,931	
Acquisitions		<u>133</u>		<u>-</u>	
			34,751		33,931
Cost of sales	2		<u>(19,692)</u>		<u>(19,222)</u>
Gross profit			15,059		14,709
Net operating expenses	2		<u>(11,012)</u>		<u>(10,722)</u>
Operating Profit	1				
Continuing operations		4,171		3,987	
Acquisitions		<u>(124)</u>		<u>-</u>	
			4,047		3,987
Reorganisation provision in continuing operations			(1,700)		(2,561)
Income from interest in associated undertaking			925		848
Income from fixed asset investments	4		1,033		1,096
Interest receivable and similar income	5		290		258
Interest payable			<u>(48)</u>		<u>(75)</u>
Profit on ordinary activities before taxation			4,547		3,553
Tax on profit on ordinary activities	6		<u>(1,745)</u>		<u>(992)</u>
Profit on ordinary activities after taxation			2,802		2,561
Minority interest			<u>33</u>		<u>(7)</u>
Profit for the financial year			2,835		2,554
Preference dividend	7		<u>-</u>		<u>(3)</u>
Profit attributable to ordinary shareholders			2,835		2,551
Ordinary dividend	7		<u>(1,115)</u>		<u>(1,116)</u>
Retained profit for the financial year	19		<u>1,720</u>		<u>1,435</u>

## STATEMENT OF TOTAL GROUP RECOGNISED GAINS AND LOSSES

For the year ended December 31

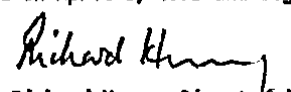
		1992	1991
		£'000	£'000
Profit for the financial year		2,835	2,554
Addition to Special Reserve	8	654	1,342
Currency translation difference on investment in associated undertaking	10	<u>(118)</u>	<u>21</u>
Total recognised gains and losses relating to year		<u>3,371</u>	<u>3,917</u>

# BALANCE SHEETS

As at December 31		Group 1992 £'000	Group 1991 £'000	Company 1992 £'000	Company 1991 £'000
	Notes				
<b>Fixed Assets</b>					
Tangible assets	9	13,093	11,797	10,731	9,321
Investments	10	7,101	5,814	15,876	13,735
		<u>20,194</u>	<u>17,611</u>	<u>26,607</u>	<u>23,056</u>
<b>Current Assets</b>					
Stocks		302	252	54	59
Debtors	11	6,163	6,327	6,277	5,377
Short term deposits		10,903	10,415	10,903	10,415
Cash and cash equivalents		11,126	10,356	10,870	10,281
		<u>28,494</u>	<u>27,350</u>	<u>28,104</u>	<u>26,132</u>
<b>Creditors: Amounts Falling Due within One Year</b>	12	<u>(16,625)</u>	<u>(15,314)</u>	<u>(16,396)</u>	<u>(14,606)</u>
<b>Less Current Assets</b>		<u>11,869</u>	<u>12,036</u>	<u>11,708</u>	<u>11,526</u>
<b>Total Assets Less Current Liabilities</b>		<u>32,063</u>	<u>29,647</u>	<u>38,315</u>	<u>34,582</u>
<b>Creditors: Amounts Falling Due after more than One Year</b>	13	(695)	(243)	(520)	-
<b>Provisions for Liabilities and Charges</b>					
Deferred taxation	14	(699)	(698)	(698)	(698)
Other provisions	15	(2,080)	(1,310)	(1,980)	(1,310)
		<u>28,589</u>	<u>27,396</u>	<u>35,117</u>	<u>32,574</u>
<b>Capital and Reserves</b>					
Called up share capital	16	7,965	8	7,965	8
Share premium account	17	-	1	-	1
Capital redemption reserve	17	-	976	-	976
Special reserve	18	12,057	11,403	12,057	11,403
Profit and loss account	19	8,449	14,855	15,095	20,186
<b>Shareholders' Funds</b>	20	<u>28,471</u>	<u>27,243</u>	<u>35,117</u>	<u>32,574</u>
<b>Minority interest</b>		<u>118</u>	<u>153</u>	<u>-</u>	<u>-</u>
		<u>28,589</u>	<u>27,396</u>	<u>35,117</u>	<u>32,574</u>

The accounts were approved by the Board on April 8, 1993 and signed on its behalf by

  
Sir Richard Storey Bt, Director

  
Richard Henry, Director

# GROUP CASH FLOW STATEMENT

For the year ended December 31

	Notes	1992 £'000	1991 £'000
Net cash inflow from operating activities	22	6,622	5,645
Return on investment and servicing of finance			
Dividends from associated undertaking		367	650
Income from fixed asset investments		404	350
Income on special reserve		988	1,203
Interest received		289	258
Interest payable		(54)	(98)
Dividends paid		(1,115)	(1,119)
Minority interest		(1)	-
		<u>878</u>	<u>1,244</u>
Taxation			
UK Corporation tax paid		(899)	(2,021)
Net after tax cash inflow from revenue activities		<u>6,601</u>	<u>4,868</u>
Investing activities			
Payments to acquire tangible fixed assets		(3,541)	(2,228)
Payments to acquire listed investments		(6,655)	(2,234)
Purchase of subsidiary undertaking	23	(233)	-
Payments in respect of restructuring of subsidiary undertakings		(35)	-
Reorganisation costs		(1,010)	(3,494)
Receipts from sale of tangible fixed assets		232	124
Receipts from sale of listed investments		<u>6,028</u>	<u>4,339</u>
		<u>(5,214)</u>	<u>(3,493)</u>
Net cash inflow before financing		<u>1,387</u>	<u>1,375</u>
Financing			
Repayment of bank loans		(16)	(12)
Redemption of loan stock		(37)	(110)
Repayment of preference share capital		-	(146)
Repayment of hire purchase obligations		<u>(76)</u>	<u>(21)</u>
		<u>(129)</u>	<u>(289)</u>
Increase in cash and cash equivalents	24	<u>1,258</u>	<u>1,086</u>

## ACCOUNTING POLICIES

### Basis of Accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards except as noted below. Following the disposal of the company's interest in Reuters Holdings PLC, interest (and related taxation) arising on undistributed cash balances has been included in the Statement of Total Recognised Gains and Losses rather than the profit and loss account. The reason for this presentation is that once taxation liabilities have been determined, surplus funds remaining from the Reuters disposal will be distributed to shareholders. This presentation is a departure from the relevant requirements of Financial Reporting Standard No. 3 (FRS 3) and the Companies Act 1985. In the opinion of the directors, the departure is necessary to enable the profit and loss account to present a true and fair view of the results of the business. The effect of the departure is explained in Note 8 to the accounts. The comparative numbers have been restated in some instances in order to comply with other requirements of FRS 3, which has been adopted for the first time in these accounts.

### Basis of Consolidation

The group accounts are a consolidation of the audited accounts of the company and its subsidiaries, the principal ones of which are listed in note 10(c). No profit and loss account is presented for The Press Association Limited as provided by S230 of the Companies Act 1985.

### Turnover

Turnover comprises subscriptions for and sales of news services, press release services and media monitoring.

### Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. The charge takes into account relief that will accrue on the ultimate payment of the provisions for building repairs. Provision is made under the liability method for deferred taxation only to the extent that it is probable that the tax will become payable in the foreseeable future.

### Depreciation

Depreciation of fixed assets, where currently provided, is on a straight line basis calculated at annual rates estimated to write off each asset over the term of its useful life. Depreciation is charged from the date assets are acquired. The rates generally in use range from 10% to 33% per annum. It is the company's policy to maintain the structure of its Fleet Street premises and to make good wear and tear as it is incurred, for which purpose a provision for periodic major expenditure is maintained. No depreciation is provided.

### Stocks

Stocks comprise stationery and other consumables and are valued at cost less a deduction in respect of specific obsolete items.

### Associated Undertakings

Associated undertakings comprise investments in undertakings where the group has a shareholding of between 20% and 50%, and has significant influence over the

commercial and financial policy. The group share of the result of its investment in an associated undertaking is included in the consolidated profit and loss account. In the consolidated balance sheet the investment in the associated undertaking is included at the group share of the net assets of the associated undertaking as at the year end.

### Foreign Currencies

Assets and liabilities denominated in foreign currency are translated into sterling at the rate of exchange ruling at December 31. Exchange differences arising from the restatement of the net investment in overseas associated undertakings are taken directly to reserves. The trading results of overseas associated undertakings are translated into sterling using the average exchange rate for the period, and the difference in relation to closing rates is taken directly to reserves. All other currency differences are taken to the profit and loss account.

### Pensions

The group operates a defined benefits scheme for the benefit of the majority of its employees, under which contributions are paid by group companies and employees to provide pension and other benefits expressed in terms of percentage of basic salary. The contribution payments made by the group are charged against profits on a basis that seeks to spread the cost over the average of the estimated working lives of all its contributing employees.

# NOTES TO THE ACCOUNTS

## 1 Analysis of Group Turnover and Operating Profit before Taxation

	1992 £'000	1991 £'000
Turnover		
News services	26,712	25,656
PR support services	8,039	8,275
	<u>34,751</u>	<u>33,931</u>
Operating Profit		
News services	2,689	2,301
PR support services	(86)	244
Rental income	1,444	1,442
	<u>4,047</u>	<u>3,987</u>

The news services result, after making an internal charge for rent of £826,000 (1991 £823,000) for the occupation of 85 Fleet Street, was a profit of £1,863,000 (1991 £1,478,000).

## 2 Analysis of Group Operating Costs

	1992			1991 (as restated)		
	Continuing £'000	Acquisitions £'000	Total £'000	Continuing £'000	Acquisitions £'000	Total £'000
Cost of sales	19,566	126	19,692	19,222	-	19,222
Net operating expenses						
Distribution costs	303	-	303	340	-	340
Administration costs	11,612	131	11,743	11,778	-	11,778
Other operating income	(1,034)	-	(1,034)	(1,396)	-	(1,396)
	<u>10,881</u>	<u>131</u>	<u>11,012</u>	<u>10,722</u>	<u>-</u>	<u>10,722</u>

	1992 £'000	1991 £'000
Administration costs include		
The group audit fee	50	68
Total payments to the auditors for non-audit services amounted to £89,000 (1991 £89,000).		

## 3 Directors' and Staff Costs

Group emoluments of the company's directors		
fees	65	59
other emoluments	271	268
	<u>336</u>	<u>327</u>

The emoluments of directors, excluding pension contributions but including, where applicable, performance related bonuses\*, were as follows:

chairman	13	11
highest paid director	110*	107*

The number of other directors whose remuneration fell within the bands stated

	Number	Number
up to £5,000	1	-
£5,001 - £10,000	5	6
£10,001 - £15,000	1*	1*
£15,001 - £20,000	1*	1*



# NOTES TO THE ACCOUNTS

	1992	1991
	£'000	£'000
<b>3 Directors' and Staff Costs (continued)</b>		
Staff costs, including directors		
wages and salaries	14,928	15,840
social security costs	1,319	1,333
pension costs	815	635
	<u>17,062</u>	<u>17,808</u>

	Number	Number
Average number of directors and staff employed by the group during the year		
news services	493	513
PR support services	279	285
	<u>772</u>	<u>798</u>

Formal actuarial valuations of the pension scheme are carried out triennially by Lane Clark & Peacock, consulting actuaries, using the projected unit method. The most recent valuation was carried out at December 31, 1990. The principal assumptions adopted in the valuation were that, over the long term, the annual rate of return on investments would be 2% higher than the annual increase in total pensionable remuneration and 4.5% higher than the annual increase in present and future pension payments. The market value of the scheme's assets at December 31, 1990 was £38 million and the actuarial value of those assets represented 99% of the value of the benefits accrued to members allowing for expected future increases in earnings. In order to bring the assets to 100% of the value of the benefits accrued to members, the contributions have been increased from January 1, 1992 and a reduction factor from age 63 on early retirement has been re-introduced from June 1, 1991.

	£'000	£'000
<b>4 Income from Fixed Asset Investments</b>		
Listed investments	397	425
Profit on disposal of fixed asset investments	636	671
	<u>1,033</u>	<u>1,096</u>

<b>5 Interest Receivable and Similar Income</b>		
Interest on deposits	<u>290</u>	<u>258</u>

# NOTES TO THE ACCOUNTS

	1992 £'000	1991 £'000
<b>6 Tax on Profits on Ordinary Activities</b>		
Corporation tax		
current year at 33% (1991 33.25%)	1,288	571
deferred taxation (see note 14)	1	20
tax credits on franked investment income	38	47
	<u>1,327</u>	<u>638</u>
prior year adjustment	2	(28)
share of associated undertaking's taxation	416	382
	<u>1,745</u>	<u>992</u>
<b>7 Dividend</b>		
Preference dividend		
at 4.55% per share (paid)	-	3
	<u>-</u>	<u>3</u>
Ordinary dividend		
at 14p per share (proposed) (1991 14p equivalent)	1,115	1,115
other	-	1
	<u>1,115</u>	<u>1,116</u>
<b>8 Addition to Special Reserve</b>		
Interest receivable on short term deposits	997	2,020
Corporation tax	(343)	(678)
	<u>654</u>	<u>1,342</u>

This interest arises on surplus funds retained following the disposal of the company's investment in Reuters Holdings PLC in 1989. When taxation liabilities arising from the disposal have been determined, the remaining surplus funds will be distributed to shareholders.

For these reasons, the interest and related taxation provision have been excluded from the profit and loss account of the company, as explained in the accounting policies.

# NOTES TO THE ACCOUNTS

## 9 Tangible Assets

	Freehold and Leasehold Property £'000	Commun- ications Equipment £'000	Other Equipment and Motor Vehicles £'000	Total £'000
<b>Group</b>				
<b>Cost</b>				
at January 1, 1992	6,787	6,613	7,102	20,502
on acquisition of subsidiary	-	46	6	52
additions during the year	43	1,523	1,975	3,541
disposals during the year	-	(577)	(567)	(1,144)
transfers	16	-	(16)	-
at December 31, 1992	6,846	7,605	8,500	22,951
<b>Depreciation</b>				
at January 1, 1992	3	4,980	3,722	8,705
on acquisition of subsidiary	-	7	2	9
provided during the year	78	661	1,326	2,065
adjustments for disposals	-	(572)	(349)	(921)
transfers	16	-	(16)	-
at December 31, 1992	97	5,076	4,685	9,858
<b>Net book value</b>				
at December 31, 1992	6,749	2,529	3,815	13,093
at December 31, 1991	6,784	1,633	3,380	11,797
<b>Company</b>				
<b>Cost</b>				
at January 1, 1992	6,515	5,558	3,935	16,008
additions during the year	43	1,427	1,310	2,780
disposals during the year	-	(506)	(253)	(759)
at December 31, 1992	6,558	6,479	4,992	18,029
<b>Depreciation</b>				
at January 1, 1992	-	4,371	2,316	6,687
provided during the year	75	514	703	1,292
adjustments for disposals	-	(506)	(175)	(681)
at December 31, 1992	75	4,379	2,844	7,298
<b>Net book value</b>				
at December 31, 1992	6,483	2,100	2,148	10,731
at December 31, 1991	6,515	1,187	1,619	9,321

Included in freehold and leasehold property is the company's Head Office at 85 Fleet Street.

# NOTES TO THE ACCOUNTS

10 Investments		Group 1992 £'000	Group 1991 £'000	Company 1992 £'000	Company 1991 £'000
	Notes				
Listed investments	10(a)	6,470	5,207	6,470	5,207
Investment in associated undertaking	10(b)	631	607	-	-
Investment in subsidiary undertakings	10(c)	-	-	9,406	8,528
		<u>7,101</u>	<u>5,814</u>	<u>15,876</u>	<u>13,735</u>

(a) Listed investments	UK £'000	Overseas £'000	Total £'000
Cost			
at January 1, 1992	2,304	2,903	5,207
additions during the year	2,565	4,090	6,655
disposals during the year	(1,520)	(3,872)	(5,392)
at December 31, 1992	<u>3,349</u>	<u>3,121</u>	<u>6,470</u>
Market value			
at December 31, 1992	<u>4,362</u>	<u>3,658</u>	<u>8,020</u>
at December 31, 1991	<u>2,959</u>	<u>3,298</u>	<u>6,257</u>

Listed investments are directly held by Phildrew Nominees Limited, the nominee company for Phillips & Drew Fund Management Limited, or by agents acting to its order, on behalf of The Press Association Limited.

The investments held directly by Phildrew Nominees Limited on behalf of The Press Association Limited are in designated accounts, and, at all times, can be specifically identified. The investments held by agents on behalf of Phildrew Nominees Limited are not registered in the name The Press Association Limited. They are held by agents to the order of Phildrew Nominees Limited and are not designated to the account of The Press Association Limited. The Press Association Limited's investments held in this manner have a market value of £4.6 million as at December 31, 1992 and in relation to these holdings the auditors of Phildrew Nominees have confirmed to Phillips & Drew Fund Management Limited that they are satisfied with the company's internal controls in respect of the investments held by agents.

## (b) Investment in associated undertaking

The investment comprises a 50% (1991 50%) interest in the common shares of Canada NewsWire Inc, a company incorporated in Canada. The activity of the company is that of a news release agency. The excess of the cost of the investment over the group's share of the net assets attributed to the holding has been written-off as goodwill.

	£'000
Share of net assets as at January 1, 1992	607
Loss on exchange	(118)
Share of retained profit (after dividends paid of £366,000)	<u>142</u>
At December 31, 1992	<u>631</u>

## NOTES TO THE ACCOUNTS

### (c) Investment in subsidiary undertakings

The principal subsidiary undertakings included at cost are as follows:

Company	Activity	Interest	Place of Registration
CRG (Communications) Group Ltd	News services	100% (direct)	England and Wales
SportsLink UK Ltd	News services	100% (direct)	England and Wales
Telpress UK Ltd	News services	55% (direct)	England and Wales
Two-Ten Communications Ltd	PR support services	100% (direct)	England and Wales
Tellex Monitors Ltd	PR support services	94% (indirect)	England and Wales

All of the subsidiaries operate in Great Britain.

11 Debtors	Group 1992 £'000	Group 1991 £'000	Company 1992 £'000	Company 1991 £'000
Trade debtors	2,647	2,927	1,007	909
Amount owed by subsidiary undertakings	-	-	2,135	21
Other debtors	792	2,370	686	3,682
Prepayments and accrued income	2,724	1,030	2,449	765
	<u>6,163</u>	<u>6,327</u>	<u>6,277</u>	<u>5,377</u>

### 12 Creditors: Amounts Falling Due within One Year

Loan stock	110	147	110	147
Trade creditors	1,857	923	1,315	605
Amount owed to subsidiary undertakings	-	-	1,256	841
Corporation tax	9,936	9,278	10,029	9,282
Other taxes and social security	1,125	1,524	768	1,158
Dividend payable	1,115	1,115	1,115	1,115
Accruals and deferred income	1,729	1,449	1,149	663
Other creditors	653	878	554	795
Deferred consideration on acquisition of subsidiary	100	-	100	-
	<u>16,625</u>	<u>15,314</u>	<u>16,396</u>	<u>14,606</u>

### 13 Creditors: Amounts Falling Due after more than One Year

Loans	173	194	-	-
Obligations under hire purchase agreements	2	49	-	-
Deferred consideration on acquisition of subsidiary	520	-	520	-
	<u>695</u>	<u>243</u>	<u>520</u>	<u>-</u>

The amount of £173,000 includes the loans shown below which are secured and are repayable between 1996 and 2010 in monthly instalments:

(a) £127,000 with interest charged at the rate of 2.5% above base rate subject to a minimum rate of 9%.

(b) £46,000 with interest charged at the rate of 7.99%.

The amount of £520,000 in respect of deferred consideration on acquisition of a subsidiary undertaking is due for payment in 1995 and 1996, at which time interest becomes payable, at 2% below Lloyds Bank base rate, on any retention monies.

## NOTES TO THE ACCOUNTS

### 14 Deferred Taxation

	Group £'000	Company £'000
Movement in the year		
At January 1, 1992	698	698
Provided in the year	1	-
At December 31, 1992	<u>699</u>	<u>698</u>

The amount shown above represents the full provision for deferred taxation except for £420,000 (1991 £424,000) in respect of taxation arising on the disposal of a group property deferred indefinitely due to the acquisition of a replacement property. The balances comprise deferred taxation on short-term timing differences.

### 15 Other Provisions

	Building Repairs and Insurance £'000	Reorgan- isation £'000	Total £'000
<b>Group</b>			
At January 1, 1992	510	800	1,310
Transfer from profit and loss account	80	1,700	1,780
Utilised in the year	(6)	(1,004)	(1,010)
At December 31, 1992	<u>584</u>	<u>1,496</u>	<u>2,080</u>
<b>Company</b>			
At January 1, 1992	510	800	1,310
Transfer from profit and loss account	80	1,553	1,633
Utilised in the year	(6)	(957)	(963)
At December 31, 1992	<u>584</u>	<u>1,396</u>	<u>1,980</u>

The provision for building repairs and insurance represents amounts set aside on a regular basis against periodic major expenditure. The provision for reorganisation represents a provision for proposed development and reorganisation costs.

## NOTES TO THE ACCOUNTS

### 16 Called Up Share Capital

	Authorised 1992 £'000	Authorised 1991 £'000	Allotted 1992 £'000	Allotted 1991 £'000
8,000,000 (7,965,000 allotted) ordinary shares of £1 each (previously 421,640 (7,965 allotted) ordinary shares of £1 each)	8,000	422	7,965	8
Undesignated shares to the nominal value of £828,360	-	828	-	-
	<u>8,000</u>	<u>1,250</u>	<u>7,965</u>	<u>8</u>

Having obtained the required shareholder approval on June 10, 1992, the following changes in the company's share capital were made:

- (a) the creation of a further 6,750,000 ordinary shares of £1 each increasing the authorised share capital to £8,000,000;
- (b) the issue of 7,957,035 ordinary shares of £1 each in the proportion of 999 new ordinary shares of £1 each for every one ordinary share of £1 each held.

### 17 Capital Reserves

	Share Premium Account £'000	Capital Redemption Reserve £'000
Group and Company		
At January 1, 1992	1	976
Movement in the year	(1)	(976)
At December 31, 1992	<u>-</u>	<u>-</u>

The movements reflect the amount capitalised during the year as part of the bonus share issue.

### 18 Special Reserve

	Group £'000	Company £'000
At January 1, 1992	11,403	11,403
Transferred in the year (see note 8)	654	654
At December 31, 1992	<u>12,057</u>	<u>12,057</u>

This balance, as adjusted by further interest receipts and after the settlement of taxation liabilities on the Reuters Holdings PLC share disposal, will be available for payment to shareholders as a further special dividend in due course.

# NOTES TO THE ACCOUNTS

## 19 Profit and Loss Account

	Group	Company
	1992	1992
	£'000	£'000
At January 1, 1992	14,855	20,186
Bonus share issue (see note 16)	(6,980)	(6,980)
Currency translation	(118)	-
Goodwill written-off on acquisition of subsidiary	(1,028)	-
Retained profit for the year (after dividends of £1,115,000 - 1991 £1,119,000)	1,720	1,889
At December 31, 1992	<u>8,449</u>	<u>15,095</u>

Included in the group profit and loss account is £449,000 (1991 £307,000) in respect of retained earnings of the associated undertaking. Cumulative goodwill written-off against group reserves is £15,527,000 (1991 £14,499,000).

Included in goodwill written-off above is £35,000 relating to additional restructuring costs of subsidiary undertakings capitalised during the year.

## 20 Reconciliation of Movements in Shareholders' Funds

	Group	Group	Company	Company
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Profit for the financial year	2,835	2,554	3,004	2,243
Dividends	(1,115)	(1,119)	(1,115)	(1,119)
	<u>1,720</u>	<u>1,435</u>	<u>1,889</u>	<u>1,124</u>
Goodwill written-off on acquisition of subsidiary undertakings	(1,028)	-	-	-
Purchase by the company of issued preference shares	-	(146)	-	(146)
Addition to Special Reserve	654	1,342	654	1,342
Currency translation difference on investment in associated undertaking	(118)	21	-	-
Net addition to shareholders' funds	<u>1,228</u>	<u>2,652</u>	<u>2,543</u>	<u>2,320</u>
Opening shareholders' funds	<u>27,243</u>	<u>24,591</u>	<u>32,574</u>	<u>30,254</u>
Closing shareholders' funds	<u>28,471</u>	<u>27,243</u>	<u>35,117</u>	<u>32,574</u>

## 21 Commitments

Future capital expenditure authorised but not contracted for	<u>2,279</u>	<u>2,025</u>	<u>1,014</u>	<u>1,387</u>
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# NOTES TO THE ACCOUNTS

## 22 Reconciliation of group operating profit to cash flow from operating activities

	1992 £'000	1991 £'000
Operating profit	4,047	3,987
Depreciation charge	2,065	1,834
Building repairs and insurance provision	80	91
Loss (profit) on sale of tangible fixed assets	(9)	(8)
Decrease (increase) in stocks	(50)	49
Decrease (increase) in debtors	99	482
Increase (decrease) in creditors	390	(790)
	<u>6,622</u>	<u>5,645</u>

## 23 Analysis of the net outflow of cash and cash equivalents in respect of the purchase of subsidiary undertaking

Cash consideration	158	-
Acquisition costs	66	-
Bank overdraft of acquired subsidiary undertaking	9	-
	<u>233</u>	<u>-</u>

## 24 Reconciliation of movements in group cash and cash equivalents with balance sheet items

	1992 £'000	1991 £'000	Charge in year £'000
Short-term deposits	10,903	10,415	488
Cash at bank and in hand	11,126	10,356	770
	<u>22,029</u>	<u>20,771</u>	<u>1,258</u>

# NOTES TO THE ACCOUNTS

## 25 Acquisition of Subsidiary Undertaking

On September 9, 1992 the group acquired 100% of the issued share capital of SportsLink UK Limited. Particulars of the assets and liabilities acquired are listed below at their book values which in the opinion of the directors were not significantly different from their fair values.

	1992 £'000
SportsLink UK Limited	
tangible fixed assets	43
debtors	47
bank overdraft	(9)
creditors	(230)
net liabilities acquired	(149)
goodwill	993
	<u>844</u>
consideration	
cash paid	158
amount retained or deferred	620
acquisition costs	66
	<u>844</u>
The losses after taxation of SportsLink UK Limited have been as follows:	
14 months to December 31, 1992	149
12 months to October 31, 1991	<u>40</u>

## 26 Analysis of Changes in Financing During the Year

	Share Capital £'000	Loans £'000	HP Obligations £'000
Balance at January 1, 1992	8	349	103
Cash outflows from financing	-	(53)	(76)
Bonus issue	7,957	-	-
Balance at December 31, 1992	<u>7,965</u>	<u>296</u>	<u>27</u>

# NINE YEAR FINANCIAL SUMMARY

For the Year Ended  
December 31

	1992	1991	1990	1989	1988	1987	1986	1985	1984
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Results</b>									
Turnover	34,618	33,931	32,320	26,754	23,175	21,525	18,029	15,309	14,014
Profit before taxation	4,547	3,553	2,614	10,137	7,657	5,067	3,534	2,534	1,259
Profit attributable to ordinary shareholders	2,835	2,551	2,344	6,950	5,565	3,624	2,361	1,844	885
<b>Net assets</b>									
Fixed Assets	20,194	17,611	18,930	17,499	19,363	17,773	15,405	14,841	14,170
Net current assets	11,869	12,036	8,639	12,078	2,209	754	1,330	1,818	1,657
Long term creditors	(695)	(243)	(272)	(44)	(29)	(44)	-	-	-
Provisions	(2,779)	(2,008)	(2,560)	(1,696)	(1,125)	(2,114)	(1,927)	(2,332)	(2,627)
	28,589	27,396	24,737	27,837	20,418	16,369	14,808	14,327	13,200
 Profit before tax as a percentage of turnover	13.1%	10.5%	8.1%	37.9%	33.0%	23.5%	19.6%	16.6%	9.0%
Earnings per ordinary share*	35.6p	32.0p	29.4p	87.3p	69.9p	45.5p	29.7p	23.2p	11.1p
Dividends per ordinary share*	14.0p	14.0p	14.0p	19.0p	16.0p	16.0p	12.0p	9.0p	-
Dividend cover	2.54	2.29	2.10	4.59	4.37	2.84	2.47	2.57	-

\*The figures for 1991 and earlier years have been restated following the bonus share issue in 1992.