

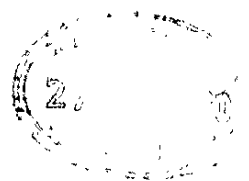
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THOMSON NEWSPAPERS LIMITED

31 December 1978



THOMSON NEWSPAPERS LIMITED

DIRECTORS' REPORT

The directors present their report and accounts of the company for the year ended 31 December 1978.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the printing of newspapers for a subsidiary. In addition, the company holds shares in subsidiaries and other investments and receives income therefrom.

RESULTS FOR THE YEAR

The loss for the year after taxation amounts to £21,199 which after deducting from retained profits brought forward of £54,271 leaves retained profits to be carried forward of £33,072. No dividend is proposed.

SUSPENSION OF PUBLICATION

As a result of the suspension of publication of the newspaper printed for a subsidiary company on 2 December 1978 the printing was discontinued and did not recommence until 17 November 1979. Under the terms of the contract all costs incurred by the company during suspension were rechargeable to the subsidiary company.

The costs incurred by the subsidiary during the period of suspension in 1978 amounted to approximately £4.0million. Further substantial costs were incurred in 1979 pending republication and the additional finance to meet them was provided by The Thomson Organisation Limited.

DIRECTORS

The directors during the year were as set out below:

WM Brown
GC Brunton
James Evans
WC Golding
Sir Denis Hamilton
MJ Hussey

- resigned 17 July 1978
- appointed 8 December 1978

DIRECTORS' INTERESTS

None of the directors had a beneficial interest in the shares of the company. GC Brunton, J Evans, WM Brown and Sir Denis Hamilton are directors of The Thomson Organisation Limited and their interest in the shares of group companies are shown in those accounts. Interests of other directors in shares of group companies at the beginning and at the end of the year are as follows:

Shares of International Thomson
Organisation Limited (ITOL) (and
related shares of Thomson British
Holdings Limited (TBH)

At 8 December 1978
(date of appointment)
and at 31 December 1978

	<u>Common</u>	<u>Convertible redeemable preference</u>
MJ Hussey	3,256	9,768
In addition the following indirect interests in shares are held through private companies:		
MJ Hussey	12,192	36,575

EMPLOYEES

The average weekly number of persons employed during the year by the company in the United Kingdom was 2,438 (1977 - 2,389). The aggregate remuneration paid in 1978 to employees totalled 13,307,235 (1977 - £10,644,873).

AUDITORS

A resolution proposing the re-appointment of Price Waterhouse & Co., as auditors of the company will be made at the Annual General Meeting.

By Order of the Board

MC CROWLIE
Secretary

X *Arthur Hamilton*

James Evans
JE

19 December 1978

Enclosed a true copy of the Directors Report

AUDITORS' REPORT TO THE MEMBERS OF
THOMSON NEWSPAPERS LIMITED

In our opinion the accounts on pages 4 to 11 which have been prepared under the historical cost convention give, under that convention, a true and fair view of the state of the company's affairs at 31 December 1978 and of its loss and source and application of funds for the year then ended and comply with the Companies Acts 1948 and 1967.

PRICE WATERHOUSE & CO.
Chartered Accountants

19 December 1978

X *John's Hamilton* +

James Evans +

Enclosed a true copy of the Auditors Report

THOMSON NEWSPAPERS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 DECEMBER 1978

	<u>1977</u>	
	<u>£23,529,013</u>	<u>£22,186,472</u>
TURNOVER		
TRADING LOSS FOR THE YEAR (Note 3)	(454,838)	(439,466)
PROFIT ON SALE OF PLANT AND MACHINERY	863	9,950
DIVIDENDS RECEIVABLE FROM SUBSIDIARIES (GROSS)	225,000	680,000
(LOSS)/PROFIT BEFORE TAXATION	<u>(228,975)</u>	<u>250,484</u>
TAXATION (Note 6)	207,776	230,485
(LOSS)/PROFIT AFTER TAXATION	<u>(21,199)</u>	<u>480,969</u>
PROPOSED DIVIDEND	-	260,000
RETAINED(LOSS)/PROFIT FOR THE YEAR (Note 10)	<u>£(21,199)</u>	<u>£220,969</u>

THOMSON NEWSPAPERS LIMITED

BALANCE SHEET - 31 DECEMBER 1978

		<u>1977</u>
FIXED ASSETS (Note 7)		
Plant, machinery and equipment	2,196,031	1,423,959
GROUP INTEREST (Note 8)	1,236,374	2,935,282
CURRENT ASSETS		
Debtors	18,187	38,546
Unquoted investments (Note 9)	826	826
Cash and bank balances	<u>417,054</u>	<u>2,822</u>
	436,067	42,194
CURRENT LIABILITIES		
Creditors	486,740	485,664
Bank overdraft	-	684,477
Proposed dividend	-	260,000
	<u>486,740</u>	<u>1,430,141</u>
NET CURRENT LIABILITIES	(50,673)	(1,387,947)
	<u>£3,381,732</u>	<u>£2,971,294</u>
Representing:		
SHARE CAPITAL		
Authorised, issued and fully paid: 1,000,000 shares of £1 each	1,000,000	1,000,000
CAPITAL RESERVE	1,343,229	1,343,229
PROFIT AND LOSS ACCOUNT (Note 10)	33,072	54,271
GOVERNMENT GRANTS	103,997	110,901
DEFERRED TAXATION (Note 11)	901,434	462,893
DIRECTORS		
J Evans		
M Hussey		
	<u>£3,381,732</u>	<u>£2,971,294</u>

James Hamilton
James Evans
 JE

✓
 Certified a true copy of the Balance Sheet

THOMSON NEWSPAPERS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1978

			1977
SOURCE OF FUNDS			
Profit before taxation		(228,975)	250,484
Included above, but not involving the movement of funds:			
Depreciation	112,290		124,815
Transfer from government grants	<u>(6,904)</u>	105,386	<u>(6,904)</u>
			117,911
FUNDS GENERATED FROM OPERATIONS		(123,589)	368,395
FUNDS FROM OTHER SOURCES			
Disposal of fixed assets	9,092		745
Increase in group interests	<u>2,362,457</u>	2,371,549	<u>-</u>
			745
TOTAL FUNDS GENERATED IN THE YEAR		2,247,960	369,140
APPLICATION OF FUNDS			
Increase in group interests	-		368,957
Taxation	17,232		16,768
Purchase of fixed assets	893,454		423,788
Dividend paid	<u>260,000</u>	<u>(1,170,686)</u>	<u>(809,513)</u>
		£1,077,274	£(440,373)
MOVEMENT IN WORKING CAPITAL			
Decrease in debtors		(20,359)	(34,712)
Increase in creditors		(1,076)	(31,187)
Movement in net liquid funds:			
Increase in cash balance	414,232		1,637
Decrease/(increase) in bank overdrafts	<u>684,477</u>	<u>1,098,709</u>	<u>(376,111)</u>
		£1,077,274	£(440,373)

THOMSON NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1978

I ACCOUNTING POLICIES

(1) Group accounts

Group accounts are not submitted as Thomson Newspapers Limited is a wholly owned subsidiary of another company incorporated in Great Britain. A statement showing the company's share of the profits and net assets of the subsidiary companies is given in note 7.

(2) Fixed assets

Fixed assets are stated at cost and depreciation is provided on a straight line basis over the estimated useful lives of these assets. The rates are as follows:

Plant and machinery	-	4 to 33 years
Furniture and fittings	-	5 to 10 years
Motor vehicles	-	4 years

(3) Government grants

Grants in respect of capital expenditure are credited to profit and loss account over the estimated average life of the relevant fixed assets.

(4) Deferred taxation

Deferred taxation has been provided on:

- a Timing differences between the depreciation treatment for accounts purposes of certain fixed assets and the related taxation allowances:
- b other timing differences.

Provision for taxation deferred at 31 December 1972 was made at the rate of corporation tax then current and transfers to and from the provision since that date have been made at the rates of tax current in the year of transfer. No adjustment is made to provisions in prior years to take account of subsequent changes in the rate of corporation tax.

(5) Turnover

Turnover consists of the aggregate amount charged to a subsidiary company under a contract for printing.

(6) Pensions

The group has pension plans covering most employees. Costs are provided for, and funded, based on actuarial valuations. Based on an actuarial valuation as at 30 June 1978 unfunded past service costs amounted to approximately £1.69 million and are being funded and charged to trading profit over nineteen years.

THOMSON NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1978 (CONTINUED)

3	TRADING LOSS	1978	1977
		£	£
	Trading loss is after crediting: Transfer from government grants	6,904	6,904
	After charging:	112,290	124,815
	Depreciation	603,723	603,723
	Hire of plant and machinery		
	Auditors' remuneration (the 1977 credit reflects the overprovision of £3,465 in respect of 1976)	<u>4,050</u>	<u>(639)</u>

4	DIRECTORS' AND SENIOR EMPLOYEES' EMOLUMENTS	1978	1977
		£	£
	Emoluments of directors	3,000	2,583
	Fees		
	Management services including pension contributions	<u>2,648</u>	<u>-</u>
		<u>5,648</u>	<u>2,583</u>

Apart from fees of £1,000 the emoluments of the Chairman were borne by holding companies. The highest paid director received emoluments, excluding pension contributions of £1,839. All other directors received emoluments in the range of £0 - £2,500 (1978 - 2; 1977 - 2).

Employees earnings over £10,000 per annum were:	1978	1977
	Number	Number
£10,000 - £12,500	36	44
£12,501 - £15,000	43	5
£15,001 - £17,500	5	-

5 SUSPENSION OF PUBLICATION

As a result of the suspension of publication of the newspaper printed for a subsidiary company on 2 December 1978 the printing was discontinued and did not recommence until 17 November 1979. Under the terms of the contract all costs incurred by the company during the suspension were rechargeable to the subsidiary company.

The costs incurred by the subsidiary during the period of suspension in 1978 amounted to approximately £4.0 million. Further substantial costs were incurred in 1979 pending republication and the additional finance to meet them was provided by The Thomson Organisation Limited.

6	TAXATION	1978	1977
	Taxation based on the results for the year comprises		
	comprise:	17,232	16,768
	Corporation tax at 52%	438,541	203,677
	Deferred taxation	<u>(671,000)</u>	<u>(430,000)</u>
	Group relief receivable (net)	<u>(215,227)</u>	<u>(209,555)</u>
		<u>7,451</u>	<u>(20,930)</u>
	Prior year adjustments	<u>£(207,776)</u>	<u>£(230,485)</u>

THOMSON NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1978 (CONTINUED)

6 TAXATION (CONTINUED)

The taxation charge does not take account of the benefit of tax reliefs £17,232 (1977 - £16,768) credited direct to the pension provisions account in respect of pension fund contributions paid during the year.

Net capital gains tax losses carried forward amount to approximately £1.1 million.

7 FIXED ASSETS

Additions and disposals of plant, machinery and equipment during the year were as follows:

Total cost at 31 December 1977	3,566,916
Additions during the year	893,454
Disposals during the year	(65,203)
Total cost at 31 December 1978	<u>4,395,167</u>
Depreciation at 31 December 1977	2,142,957
Charge for the year	112,290
Disposals	(56,111)
Depreciation at 31 December 1978	<u>2,199,136</u>
Net book amount at 31 December 1978	<u><u>£2,196,031</u></u>

8 GROUP INTEREST

	<u>1978</u>	<u>1977</u>
Shares in subsidiaries at cost less amounts written off	5,075,912	5,075,912
Amounts owing by subsidiaries, including a dividend receivable	<u>2,302,176</u>	<u>3,118,293</u>
	7,378,088	8,194,205
Group relief receivable	<u>1,989,320</u>	<u>1,325,771</u>
	9,367,408	9,519,976
Amount owing to holding company	<u>(8,131,034)</u>	<u>(6,384,694)</u>
	<u><u>£1,236,374</u></u>	<u><u>£2,935,282</u></u>

The principal subsidiary companies, the shares of which are held by Thomson Newspapers Limited, are as follows:

Thomson Newspapers Production Company Limited
The Sunday Times Limited
Thomson Sunday Newspapers Limited
Times Newspapers Limited

The issued shares of the above companies are wholly owned with the exception of Times Newspapers Limited in which 15% of the shares are owned by a third party.

The directors are satisfied that there has been no impairment in value of the interests in subsidiaries which would make further provision necessary at 31 December 1978.

THOMSON NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1978 (CONTINUED)

8 GROUP INTEREST (CONTINUED)

- (1) The net aggregate amount of the net profits (losses) of the subsidiaries, so far as concerns the members of the company, before deducting development expenditure charged to capital reserve in earlier years.

	Profits in respect of financial year of subsidiaries ended		
	31 December 1978	Other years	Total
Dealt with in the company's accounts for the year 1978 amounted (after charging taxation) to	225,000	-	225,000
Not dealt with in this company's accounts for the year 1978 amounted (after charging taxation) to	<u>(620,144)</u>	<u>1,450,396</u>	<u>1,830,252</u>
	<u>£(395,144)</u>	<u>£1,450,396</u>	<u>£1,055,252</u>

- (2) The net assets of the subsidiaries at 31 December 1978, so far as they concern members of the company, before deducting loans of £2,302,176 from Thomson Newspapers Limited, amount to £4,025,544 including £1,388,835 in respect of goodwill and copyrights.
- (3) Certain plant included in the balance sheet of a subsidiary has been charged as part security for £2,370,000 first mortgage debenture stock 1983/88 in The Thomson Organisation Limited.

9 INVESTMENTS

	1978	1977
Unquoted investments at cost, less amounts written off	<u>£826</u>	<u>£826</u>
Directors' valuation	<u>£826</u>	<u>£826</u>

10 PROFIT AND LOSS ACCOUNT

Balance at 31 December 1977	54,271
Loss for the year	<u>(21,199)</u>
	<u>£33,072</u>

11 DEFERRED TAXATION

	1978	1977
Accelerated capital allowances	892,434	453,893
Other timing differences	<u>9,000</u>	<u>9,000</u>
	<u>£901,434</u>	<u>£462,893</u>

THOMSON NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1978 (CONTINUED)

12 PROVISION FOR PENSIONS

	<u>1978</u>	<u>1977</u>
Grant from holding company	15,906	15,479
Less: Contributions paid to a pension scheme in respect of past service less taxation thereon	<u>15,906</u>	<u>15,479</u>
	£-	£-

The company in conjunction with The Thomson Organisation Limited and certain fellow subsidiaries, having entered into schemes to provide pensions to employees, is jointly and severally liable with other parties for the employers' contributions payable thereunder.

13 ULTIMATE HOLDING COMPANY

Thomson Equitable Corporation Limited, incorporated in Canada, is the ultimate holding company of Thomson Newspapers Limited.

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