

**THE SPECTATOR (1828) LIMITED**

**Financial Statements**

**for the year ended**

**31 December 1999**



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**Company Registration No. 1232804**

**'THE SPECTATOR (1828) LIMITED**

**Report and accounts for the year ended 31 December 1999**

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# **THE SPECTATOR (1828) LIMITED**

## **Directors**

J G Cluff *Chairman*  
B J E Amiel  
Hon C M Black PC OC  
D W Colson  
D C Fildes OBE  
K Fortier  
The Lord King of Wartnaby  
Sir Patrick Sheehy  
The Lord Tebbit PC CH

## **Secretary**

A J Davies

## **Registered Office**

56 Doughty Street  
London WC1N 2LL

## **Auditors**

KPMG Audit Plc  
PO Box 695  
8 Salisbury Square  
London EC4Y 8BB

# **THE SPECTATOR (1828) LIMITED**

## **Report of the directors**

The directors present their report and the accounts of the company for the year ended 31 December 1999.

## **Activities**

The company's principal activity is the publication of *The Spectator* magazine.

## **Review of business and future prospects**

The company showed a profit after tax for the year of £460,159 compared to £539,025 in 1998.

## **Results for the year**

The results for the year are set out in the profit and loss account on page 7.

The directors do not recommend the payment of a dividend (1998: Nil). Profit for the year retained in the company is £460,159 (1998: £539,025).

## **Year 2000**

The financial and the apple system used are Year 2000 compliant. A sum of £15,000 was spent on year 2000 modification which was funded as part of the normal IT operation of the company.

## **Directors**

The directors who served during the year are as shown on page 3.

The company's articles of association do not require the retirement of directors by rotation or the re-election at a general meeting of directors appointed by the board.

Of the directors in office on 31 December 1999, Mr Black, Mr Colson and Lord King were also directors of Telegraph Group Limited ("Group"), the company's immediate parent company. Their interests in shares of Group are disclosed in the register kept by Group pursuant to Section 325 of the Companies Act 1985 ("the Act"). None of the other directors had any such interests.

None of the directors had a beneficial interest in any contract to which the company was a party during the year.

## **Statement of directors' responsibilities in respect of the financial statements**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

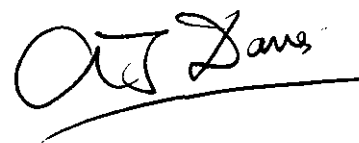
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Act. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Elective resolutions**

At the annual general meeting held in 1991, the members invoked section 379A of the Act by passing elective resolutions:

- (i) as permitted by section 252 of the Act, to dispense with the laying of accounts and reports before the company in general meeting;
- (ii) as permitted by section 366A of the Act, to dispense with the holding of annual general meetings; and
- (iii) as permitted by section 386 of the Act, to dispense with the obligation to appoint auditors annually.

By Order of the Board



**A J Davies**  
*Secretary*

56 Doughty Street  
London WC1N 2LL

18 May 2000

**THE SPECTATOR (1828) LIMITED**

**Report of the auditor, KPMG Audit Plc,  
to the members of The Spectator (1828) Limited**

We have audited the financial statements on pages 7 to 14.

**Respective responsibilities of directors and auditors**

As described on pages 4 and 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

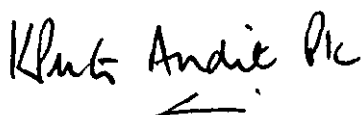
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*  


**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor  
London

*31 May 2000*

**THE SPECTATOR (1828) LIMITED**

**Profit and loss account**

**for the year ended 31 December 1999**

	Notes	1999 £	1998 £
Turnover	2	6,102,479	5,714,742
Cost of sales		(2,973,129)	(2,770,394)
GROSS PROFIT		3,129,350	2,944,348
Other operating expenses	3	(2,591,945)	(2,287,014)
OPERATING PROFIT	4	537,405	657,334
Interest receivable and similar income	5	164,630	186,348
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		702,035	843,682
Tax on profit on ordinary activities	6	(241,876)	(304,657)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE YEAR		460,159	539,025

Results for the year arise from continuing operations.

With the exception of the retained profit for the year, there were no other movements in shareholders' funds.

The historic cost profit and loss is the same as that shown above.

The notes on pages 9 to 14 form part of these accounts.

**THE SPECTATOR (1828) LIMITED**

**Balance sheet**  
**at 31 December 1999**

	Notes	1999 £	1998 £
<b>FIXED ASSETS</b>			
Tangible assets	8	611,016	583,141
<b>CURRENT ASSETS</b>			
Stocks	9	15,785	29,554
Debtors	10	3,337,948	2,605,411
Cash at bank and in hand		503,949	803,192
		<u>3,857,682</u>	<u>3,438,157</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	<u>(2,395,362)</u>	<u>(2,408,121)</u>
<b>NET CURRENT ASSETS</b>		<u>1,462,320</u>	<u>1,030,036</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,073,336</u>	<u>1,613,177</u>
<b>Net Assets</b>		<u><u>2,073,336</u></u>	<u><u>1,613,177</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1,403,968	1,403,968
Profit and loss account	13,14	669,368	209,209
<b>Equity shareholders' funds</b>	13	<u><u>2,073,336</u></u>	<u><u>1,613,177</u></u>

Approved by the board on 18 May 2000 and signed on its behalf by:



**J G Cluff (Chairman)**

The notes on pages 9 to 14 form part of these accounts.



# THE SPECTATOR (1828) LIMITED

## Notes to the accounts

31 December 1999

### 1. Accounting policies

#### (a) *Accounting convention*

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

#### (b) *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### (c) *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated to write off the cost on a straight line basis over the expected useful economic lives of the assets which are as follows:

Fixtures and fittings	3-5 years
Property improvements	4-10 years

Property is not depreciated as it has a long expected life and high residual value and the depreciation charge would be immaterial and accordingly no depreciation is required.

#### (d) *Stocks*

Stocks are valued at the lower of cost and net realisable value.

#### (e) *Deferred taxation*

Deferred taxation is provided at the rates of taxation which are expected to apply on all material differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the accounts, except where such differences are expected to continue in the future.

#### (f) *Turnover*

Turnover represents the invoiced amount of goods sold and advertising space provided net of commission, allowances and value added tax.

# THE SPECTATOR (1828) LIMITED

## Notes to the accounts

31 December 1999 - continued

### 1. Accounting policies (continued)

#### (g) Pensions

The company is a participating employer under the Telegraph Staff Pension Plan, a defined contribution pension scheme operated by the immediate parent company, Telegraph Group Limited, the contributions to which are charged to the company's profit and loss account as the company's obligation to pay arises.

#### (h) Cashflow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to produce a cashflow statement as it is a subsidiary undertaking of Hollinger Inc which itself prepares consolidated accounts.

2. Turnover	1999 £	1998 £
Magazine sales and advertising revenue	5,888,612	5,506,398
Other revenue	213,867	208,344
	<u>6,102,479</u>	<u>5,714,742</u>

Analysis by geographical area	%	%
United Kingdom and Eire	84	81
Rest of the world	16	19
	<u>100</u>	<u>100</u>

The directors consider there is only one class of business.

3. Other operating expenses	1999 £	1998 £
Distribution costs	2,091,165	1,750,047
Administrative expenses	500,780	536,967
	<u>2,591,945</u>	<u>2,287,014</u>

4. Operating profit	1999 £	1998 £
The operating profit is stated after charging/crediting:		
Depreciation of tangible fixed assets	34,007	21,054
Auditors' remuneration	7,300	7,000
	<u>41,307</u>	<u>28,054</u>

In addition to the above, the auditors received £4,000 for other services to the company (1998: £3,900).

**THE SPECTATOR (1828) LIMITED**

**Notes to the accounts**

**31 December 1999 – continued**

<b>5. Interest Receivable</b>	<b>1999</b>	<b>1998</b>
	£	£
Loan Interest	137,557	133,434
Bank Interest	27,073	52,914
	<u>164,630</u>	<u>186,348</u>
<b>6. Taxation</b>	<b>1999</b>	<b>1998</b>
	£	£
UK corporation tax at 30.25% (1998: 31%)	(241,130)	(284,044)
Under provision in previous year	(746)	(20,613)
	<u>(241,876)</u>	<u>(304,657)</u>
<b>7. Emoluments of the directors and employees</b>	<b>1999</b>	<b>1998</b>
	£	£
(a) Total emoluments, including pension contributions of the directors:		
As directors	11,000	11,000
Other emoluments	108,330	123,492
	<u>119,330</u>	<u>134,492</u>
<b>Emoluments of the highest paid director:</b>		
Salary and benefits	67,650	86,000
Pension contributions	7,329	7,130
	<u>74,979</u>	<u>93,130</u>
(b) Average number of persons employed:	<b>1999</b>	<b>1998</b>
Editorial	11	12
Selling, distribution and administration	16	16
	<u>27</u>	<u>28</u>

**THE SPECTATOR (1828) LIMITED**

**Notes to the accounts**

**31 December 1999 – continued**

(c) Employee costs - all employees including directors	1999 £	1998 £
Wages and salaries	968,934	949,349
National insurance contributions	99,944	92,065
Pension contributions	59,644	62,452
	<u>1,128,522</u>	<u>1,103,866</u>

8. Tangible fixed assets	Freehold property and improvements £	Fixtures & fittings £	Total £
Cost:			
At 1 January 1999	558,809	292,914	851,723
Additions	-	61,882	61,882
	<u>558,809</u>	<u>354,796</u>	<u>913,605</u>
At 31 December 1999			
Depreciation:			
At 1 January 1999	19,339	249,243	268,582
Charge for the year	6,653	27,354	34,007
	<u>25,992</u>	<u>276,597</u>	<u>302,589</u>
At 31 December 1999			
Net book value:			
At 31 December 1999	<u>532,817</u>	<u>78,199</u>	<u>611,016</u>
At 31 December 1998	<u>539,470</u>	<u>43,671</u>	<u>583,141</u>

Included within the cost and net book value of freehold property and improvements is the cost of the freehold property of £515,000 which is not being depreciated as the directors believe that the property has indefinite life and has suffered no diminution in value. Consequently, no depreciation is charged.

9. Stocks	1999 £	1998 £
Paper and stationery stocks	<u>15,785</u>	<u>29,554</u>

**THE SPECTATOR (1828) LIMITED**

**Notes to the accounts**

**31 December 1999 – continued**

<b>10. Debtors</b>	<b>1999</b>	<b>1998</b>
	£	£
Trade debtors	412,947	459,067
Amounts owed by parent company	2,839,623	2,062,250
Prepayments and accrued income	85,378	84,094
	<u>3,337,948</u>	<u>2,605,411</u>
<b>11. Creditors: amounts falling due within one year</b>	<b>1999</b>	<b>1998</b>
	£	£
Trade creditors	158,424	164,088
Other creditors including taxation and social security:		
Mainstream corporation tax	111,565	318,050
Other creditors	29,325	31,219
Accruals and deferred income	2,096,048	1,894,764
	<u>2,395,362</u>	<u>2,408,121</u>
<b>12. Called up share capital</b>	<b>1999</b>	<b>1998</b>
	£	£
Authorised:		
1,700,000 Ordinary shares of £1 each	<u>1,700,000</u>	<u>1,700,000</u>
Called up, allotted, and fully paid:		
1,403,968 Ordinary shares of £1 each	<u>1,403,968</u>	<u>1,403,968</u>
<b>13. Reconciliation of movement in shareholders funds</b>	<b>1999</b>	<b>1998</b>
	£	£
Retained profit for the year	460,159	539,025
Net addition to shareholders' funds	460,159	539,025
Opening equity shareholders' funds	<u>1,613,177</u>	<u>1,074,152</u>
Closing equity shareholders' funds	<u>2,073,336</u>	<u>1,613,177</u>

# THE SPECTATOR (1828) LIMITED

## Notes to the accounts

31 December 1999 – continued

### 14. Reserves

	Share Capital £	Profit and Loss Account £	Equity Shareholders' Funds £
At 1 January 1999	1,403,968	209,209	1,613,177
Profit for the year	-	460,159	460,159
As 31 December 1999	<u>1,403,968</u>	<u>669,368</u>	<u>2,073,336</u>

### 15. Pensions

The company operates two defined contribution pension schemes. Pension costs charged to the profit and loss account for the year were £59,644 (1998: £62,452). The Telegraph Staff Pension Plan covers the majority of the company's employees. It also provides final salary benefits on death and incapacity and a defined benefit underpin for members. The Telegraph Executive Pension Scheme provides for senior executives.

### 16. Related Party

There are no related party transactions other than those with the company's parent, Telegraph Group Limited, for which an exemption is granted under FRS 8.

### 17. Ultimate parent company

The directors regard Hollinger Inc., incorporated in Canada and listed on the Toronto, Montreal and Vancouver stock exchanges, as the company's ultimate parent company.

The largest group in which the results of the company are consolidated is that of which Hollinger Inc. is the parent company. The consolidated accounts of Hollinger Inc. can be obtained from Montreal Trust Company of Canada, 151 Front Street West, 8th Floor, Toronto, Ontario, Canada M5J 2N1.

The smallest such group is that of which DT Holdings Ltd, registered in England and Wales, is the parent company. Copies of the accounts of DT Holdings Ltd can be obtained from the company's registered office, One Canada Square, Canary Wharf, London, E14 5DT.