

WILLIAM COLLINS SONS & COMPANY LIMITED

ANNUAL REPORT AND ACCOUNTS

27 DECEMBER 1981

WILLIAM COLLINS SONS & COMPANY LIMITED

ANNUAL REPORT AND ACCOUNTS 1981

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WILLIAM COLLINS SONS & COMPANY LIMITED

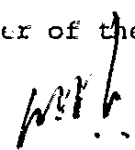
NOTICE OF MEETING

Notice is hereby given that the One Hundred and Second Annual General Meeting will be held at the registered office of the company, Westerhill Road, Bishopbriggs, Glasgow G64 2QT on Wednesday 12 May, 1982 at 10.30 a.m. for the following purposes:

1. To receive and consider the accounts for the 52 weeks ended 27 December 1981 and the reports of the directors and auditors thereon.
2. To declare a final dividend.
3. To re-elect directors.
4. To approve the remuneration of directors.
5. To re-appoint auditors and authorise the directors to determine their remuneration for the ensuing year.
6. To transact any other ordinary business of an annual general meeting.

A member entitled to attend and vote may appoint a proxy to attend and vote on his behalf. A proxy need not be a member. Forms of proxy must be lodged at the office of the Registrars not less than 48 hours before the meeting.

By Order of the Board



Secretary

15 April 1982.

WILLIAM COLLINS SONS & COMPANY LIMITED

DIRECTORS AND OFFICERS

Chairman	F.I. Chapman
Vice Chairman	D.W. Nickson
	C.E. Allen
	S.A.M. Collins
	G. Craig
	K.W. Wilder

Secretary	A.C. Fyfe,
Registered Office	Westerhill Road, Bishopbriggs, Glasgow, G64 2QT 041-772-3200
Auditors	Arthur Young McClelland Moores & Co.,
Bankers	Clydesdale Bank PLC The Royal Bank of Scotland plc

WILLIAM COLLINS SONS & COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors submit their report together with the audited accounts of the company for the 52 weeks ended 27 December 1981.

1. Profit and Loss Account

£'000

The profit available for appropriation is	1,930
Dividends paid and proposed	1,632
	<hr/>
Leaving profit retained	298
	<hr/>

The dividends paid and proposed to William Collins & Sons (Holding) PLC are to enable that company to pay interest on 6% Debenture stock 1993/98 and to distribute 7.5 pence per share to its ordinary and ordinary 'A' shareholders.

2. Activities

The company and its subsidiaries are principally engaged in publishing books, diaries and stationery, in book manufacturing and in book distribution, wholesaling and retailing.

3. Directors

Mr. C.E. Allen and Mr. S.A.M. Collins retire by rotation, and being eligible, offer themselves for re-election.

Mr. W.J. Collins ceased to be a director of the company on 13 May 1981.

4. Directors interests

The interests of the directors are shown in the directors' report of William Collins & Sons (Holding) PLC.

5. Exports

The value of goods exported by the company from the U.K. (including transfers to subsidiary companies) during the period was £11,297,000 (1980: £10,258,000).

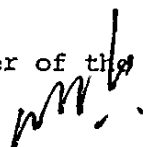
6. Auditors

A resolution to re-appoint Arthur Young McClelland Moores & Co. will be put to the members at the Annual General Meeting.

7. Income and Corporation Taxes Act, 1970

So far as the board are aware the close company provisions of the Income and Corporation Taxes Act, 1970 do not apply to the company.

By order of the board


Secretary

15 April 1982

WILLIAM COLLINS SONS & COMPANY LIMITED

REPORT OF THE AUDITORS

REPORT OF THE AUDITORS TO THE MEMBERS OF WILLIAM COLLINS SONS & COMPANY LIMITED

We have audited the accounts on pages 5 to 13 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention modified to include the revaluation of certain fixed assets, give a true and fair view of the state of affairs of the company at 27 December 1981 and of the profit and source and application of funds for the 52 weeks ended on that date and comply with the Companies Acts 1948 to 1981.

Arthur Young McClelland Moores & Co.

Arthur Young McClelland Moores & Co.,
Chartered Accountants,
Glasgow.

15 April 1982.

WILLIAM COLLINS SONS & COMPANY LIMITED

ACCOUNTING POLICIES

GROUP ACCOUNTS	The company is the wholly-owned subsidiary of William Collins & Sons (Holding) PLC, its ultimate holding company, and in accordance with the provisions of Section 150 (2) (a) Companies Act 1948, does not require to submit group accounts.														
TURNOVER	Turnover is the total of goods invoiced to customers and is exclusive of value added tax.														
FIXED ASSETS	<p>Fixed assets are stated at valuation or at cost less aggregate depreciation calculated on the straight line method as follows:-</p> <table><tr><td>Land</td><td>not depreciated</td></tr><tr><td>Freehold properties</td><td>2% per annum</td></tr><tr><td>Short leasehold properties</td><td>over the remaining term of the leases</td></tr><tr><td>Plant and equipment:</td><td></td></tr><tr><td> General plant and equipment</td><td>10%/15% per annum</td></tr><tr><td> Publishing plant (published)</td><td>over the estimated life of the publication, principally one or two years</td></tr><tr><td> Motor vehicles</td><td>20% per annum.</td></tr></table>	Land	not depreciated	Freehold properties	2% per annum	Short leasehold properties	over the remaining term of the leases	Plant and equipment:		General plant and equipment	10%/15% per annum	Publishing plant (published)	over the estimated life of the publication, principally one or two years	Motor vehicles	20% per annum.
Land	not depreciated														
Freehold properties	2% per annum														
Short leasehold properties	over the remaining term of the leases														
Plant and equipment:															
General plant and equipment	10%/15% per annum														
Publishing plant (published)	over the estimated life of the publication, principally one or two years														
Motor vehicles	20% per annum.														
STOCKS	Stocks are valued at the lower of cost and net realisable value. Cost consists of direct materials and labour together with an appropriate proportion of production overhead. Net realisable value is defined as estimated selling price less any further costs to be incurred.														
GOVERNMENT GRANTS	Grants received and receivable in respect of additions to fixed assets are credited to government grants deferred income account and released to profit at the same rates as those at which the assets are depreciated.														
DEFERRED TAXATION	Except where the deferral of tax can be demonstrated to continue with reasonable probability for the foreseeable future, provision is made for corporation tax at year end rates on all material timing differences.														
FOREIGN CURRENCIES	Assets and liabilities are converted into sterling at the rates ruling at the balance sheet date. Foreign currency contracts are recorded at the rates ruling at the date of the transactions. Exchange differences are dealt with through profit on trading.														

WILLIAM COLLINS SONS & COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

52 WEEKS ENDED 27 DECEMBER 1981

	<u>NOTE</u>	<u>1981</u> <u>£'000</u>	<u>1980</u> <u>£'000</u>
TURNOVER		<u>46,129</u>	<u>43,332</u>
PROFIT ON TRADING	1	3,101	2,716
Income from investments	2	<u>773</u>	<u>315</u>
		3,874	3,031
Interest paid less interest received	3	<u>1,277</u>	<u>1,897</u>
PROFIT BEFORE EXCEPTIONAL ITEMS		2,597	1,134
Exceptional items	4	<u>514</u>	<u>167</u>
PROFIT BEFORE TAXATION		2,083	967
Taxation	5	<u>2</u>	<u>2</u>
PROFIT AFTER TAXATION		2,081	965
Extraordinary item	6	<u>151</u>	<u>-</u>
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		1,930	965
Dividends		<u>1,632</u>	<u>590</u>
PROFIT RETAINED	8	<u>298</u>	<u>375</u>

WILLIAM COLLINS SONS & COMPANY LIMITED

BALANCE SHEET

AT 27 DECEMBER 1981

	<u>Note</u>	<u>1981</u> <u>£'000</u>	<u>1980</u> <u>£'000</u>
CAPITAL EMPLOYED			
Share capital	7	344	344
Revenue reserve	8	19,226	18,924
SHAREHOLDERS' FUNDS		19,570	19,272
Loan capital	9	6,000	10,000
Holding company loan account		2,691	2,954
Government grants deferred income		3,160	3,279
		<u>31,421</u>	<u>35,505</u>
EMPLOYMENT OF CAPITAL			
Fixed assets	10	15,453	16,212
Subsidiary companies	11	(428)	1,225
Interest in associated company	12	217	676
Current assets:			
Stocks	13	13,983	13,574
Debtors	14	13,004	11,349
Cash and short term loans		2,679	2,348
		<u>29,666</u>	<u>27,271</u>
Current liabilities:			
Creditors		11,614	9,345
Holding company current account		1,500	500
Group relief payable		34	34
Bank overdrafts		339	-
		<u>13,487</u>	<u>9,879</u>
Net current assets		<u>16,179</u>	<u>17,392</u>
		<u>31,421</u>	<u>35,505</u>

W. S. Chapman Director
W. S. Chapman Director

SOURCE AND APPLICATION OF FUNDS

52 WEEKS ENDED 27 DECEMBER 1981

	<u>1981</u>	<u>1980</u>
	<u>£'000</u>	<u>£'000</u>
<u>Funds generated from operations</u>		
Profit before taxation	2,083	967
Adjustments for items not involving movement of funds:		
Depreciation	3,880	3,997
Government grants released	(416)	(534)
(Gain)/loss on disposal of fixed assets	(52)	6
Provision for losses in subsidiaries	46	1,500
Transfer from U.S. provision	-	(598)
Provision for closure of U.S. subsidiary	-	(144)
	<u>3,458</u>	<u>4,227</u>
Total generated from operations	5,541	5,194
<u>Funds from other sources</u>		
Subsidiary companies	1,600	-
Government grants received	297	402
Holding company loan received	-	45
Sale of fixed assets	341	176
Net tax received	-	68
Investment in partnership	-	46
Subsidiary company loan repaid	7	-
Associated company	459	-
	<u>2,704</u>	<u>737</u>
<u>Application of funds</u>		
Subsidiary companies	-	1,120
Dividends paid	1,632	590
Net tax paid	2	-
Purchase of fixed assets	3,410	3,965
Loans repaid	4,263	-
Investment in associated company	-	109
Bid defence costs	151	-
U.S. subsidiary closure costs	-	258
	<u>(9,458)</u>	<u>(6,042)</u>
<u>Decrease in working capital</u>		
Stocks	(409)	3,287
Debtors	(1,655)	(886)
Creditors	2,269	(1,049)
Holding company current account	1,000	500
	<u>1,205</u>	<u>1,852</u>
	<u>(8)</u>	<u>1,741</u>
<u>Decrease in net liquid funds</u>		
Bank overdrafts	(339)	183
Cash and short term loans	331	1,558
	<u>(8)</u>	<u>1,741</u>

WILLIAM COLLINS SONS & COMPANY LIMITED
NOTES ON THE ACCOUNTS AT 27 DECEMBER 1981

	<u>1981</u> <u>£'000</u>	<u>1980</u> <u>£'000</u>
1. PROFIT ON TRADING		
After crediting:		
Government grants deferred income	416	534
And after charging:		
Depreciation	3,880	3,997
Directors' remuneration for executive services including pension scheme contributions	243	271
Pension to widow of former director	6	8
Leasing and hire charges	582	528
Audit fee and expenses	60	56

(a) Details of individual emoluments, excluding pension scheme contributions are as follows:

Chairman, Mr. F.I. Chapman (from 13 May 1981)	28	-
Former Chairman, Mr. W.J. Collins (to 13 May 1981)	13	35

The emoluments excluding pension contributions of the highest paid director in 1981 were £42,000 (including £28,000 as Chairman). In 1980 the Chairman was the highest paid director.

The number of directors employed within the United Kingdom receiving emoluments within the following ranges were:

	<u>1981</u>	<u>1980</u>
£10,001 - £15,000	1	-
£20,001 - £25,000	-	1
£25,001 - £30,000	1	2
£30,001 - £35,000	3	3
£40,001 - £45,000	1	-

(b) The number of employees receiving emoluments in excess of £20,000 per annum were as follows:

	<u>1981</u>	<u>1980</u>
£20,000 - £25,000	8	5
£25,001 - £30,000	1	-

2. INCOME FROM INVESTMENTS	<u>1981</u> <u>£'000</u>	<u>1980</u> <u>£'000</u>
Subsidiary companies	709	180
Other income	4	4
Associated company	-	131
	<u>773</u>	<u>315</u>

NOTES ON THE ACCOUNTS AT 27 DECEMBER 1981

3. INTEREST PAID LESS INTEREST RECEIVED	1981 £'000	1980 £'000
F.F.I. (UK Finance) Limited loans 1990	1,378	1,642
Bank overdrafts and acceptance credits	67	342
Other	67	18
	<hr/>	<hr/>
Interest relief grant	1,512	2,002
Interest received	-	42
	235	63
	<hr/>	<hr/>
	1,277	1,897
	<hr/>	<hr/>
4. EXCEPTIONAL ITEMS		
Redundancy and related costs	645	711
Release of provision for closure of U.S. Subsidiary	-	(144)
Gains on sale of property	(131)	-
	<hr/>	<hr/>
	514	167
	<hr/>	<hr/>
5. TAXATION		
Tax credit on income from investments	2	41
Prior periods adjustment:		
Group relief receivable at 52%	-	(39)
	<hr/>	<hr/>
	2	2
	<hr/>	<hr/>
6. EXTRAORDINARY ITEM		
This relates to the cost of defending the takeover bid by News International plc.		
7. SHARE CAPITAL		
Authorised, issued and fully paid:		
344,000 ordinary shares of £1 each	344	344
	<hr/>	<hr/>
8. REVENUE RESERVE		
At 28 December 1980		18,928
Profit retained for period		298
		<hr/>
At 27 December 1981		19,226
		<hr/>
9. LOAN CAPITAL		
F.F.I. (UK Finance) Limited loans 1990		
- at 11½%	3,000	3,000
- at 1.3/4% over LIBOR	3,000	7,000
	<hr/>	<hr/>
	6,000	10,000
	<hr/>	<hr/>

£4,000,000 of the £7,000,000 F.F.I. (UK Finance) Limited loan was repaid and the company has the option of repaying the remaining £3,000,000 from 1988.

NOTES ON THE ACCOUNTS AT 27 DECEMBER 1981

10. FIXED ASSETS

	Freehold property £'000	Short leasehold property £'000	Plant & equipment £'000	Total £'000
Cost or valuation at 28 December 1980	14,327	122	11,950	26,399
Additions	-	-	3,410	3,410
Disposals	(207)	-	(3,430)	(3,637)
Transfers from group company	-	-	-	-
At 27 December 1981	14,120	122	11,930	26,172
Whereof				
Cost	14,119	122	11,930	26,171
Valuation 1969	1	-	-	1
	14,120	122	11,930	26,172
Aggregate depreciation at 28 December 1980	1,567	22	8,598	10,187
Charge for 1981	266	6	3,608	3,880
Eliminated on disposals	(95)	-	(3,253)	(3,348)
Transfer from group company	-	-	-	-
At 27 December 1981	1,738	28	8,953	10,719
Net book value, 27 December 1981	12,382	94	2,977	15,453
Net book value, 28 December 1980	12,760	100	3,352	16,212

a) Publishing plant (published) has now been incorporated in plant and equipment at an opening cost and depreciation of £4,642,000 and £4,098,000 respectively. The 1980 write-off of publishing plant (published) of £3,173,000 has been incorporated in depreciation in the comparative figures.

b) Freehold property includes land of £607,000 (1980: £607,000) not depreciated.

c) Capital expenditure approved by the directors and contracted for amounted to £616,000 (1980: £90,000). Grants receivable thereon are estimated at £135,000 (1980: £20,000).

11. SUBSIDIARY COMPANIES

	1981 £'000	1980 £'000
Shares at cost	937	992
Due by subsidiaries	1,874	2,253
Due to subsidiaries	(1,693)	(472)
	1,118	2,773
Provision for losses in subsidiaries	1,546	1,548
	(428)	1,225

In the opinion of the directors the value of the interest in subsidiary companies comprising shares at cost and amounts due by subsidiaries (less provision for losses) is not less than the amount stated in the balance sheet.

WILLIAM COLLINS SONS & COMPANY LIMITED
NOTES ON THE ACCOUNTS AT 31 DECEMBER 1981

11. SUBSIDIARY COMPANIES (Cont'd)

Principal trading subsidiaries

	<u>Country of registration/ incorporation</u>	<u>Class of shares held</u>	<u>Percentage held</u>
Hatchards Limited Booksellers	England	Shares of £1	100
William Collins International Limited	England	Shares of £1	100
William Collins (Bookclub) Limited Direct Marketing	England	Shares of £1	100
William Collins Pty. Limited Book publishers and distributors	Ø Australia	Shares of \$1	100
William Collins Publishers Limited Book publishers and distributors	New Zealand	Shares of \$1	100
William Collins Sons & Company (Canada) Limited Book publishers and distributors	* Canada	Share of no par value	100
Collins Vaal (Pty.) Limited Book distributors	* South Africa	Shares of 10 cents	100

* Held by William Collins International Limited.

Ø Held by Kanangra Pty. Limited.

12. INTEREST IN ASSOCIATED COMPANY

	<u>1981 £'000</u>	<u>1980 £'000</u>
<u>Pan Books Limited, Publishers, London</u>		
Shares at cost	-	52
Unsecured loans at cost	217	151
	<u>217</u>	<u>676</u>

During the year the company transferred its 33.1/3% interest in the shares of the associated company to a subsidiary company, Cartographic Services (Cirencester) Limited.

13. STOCKS

	<u>1981 £'000</u>	<u>1980 £'000</u>
Raw materials	1,471	1,544
Consumable stores	207	138
Work in progress	5,546	5,362
Finished goods	6,759	5,230
	<u>13,983</u>	<u>13,574</u>

WILLIAM COLLINS SONS & COMPANY LIMITED

NOTES ON THE ACCOUNTS AT 27 DECEMBER 1981

14. DEBTORS

Debtors include loans to Mr. K.W. Wilder and an officer of the company with balances outstanding at 27 December 1981 amounting to £4,200 and £5,000 respectively. Both loans were granted prior to their appointment as director/officer of the company. During the period Mr. K.W. Wilder repaid £1,200 of his loan which is repayable over 4 years and attracts interest at a fluctuating rate determined by the Board.

15. DEFERRED TAXATION

1981	1980
<u>£'000</u>	<u>£'000</u>

The potential liability to deferred taxation for all timing differences not provided for is as follows:-

Accelerated capital allowances	7,250	7,452
Capital gains	261	263
Others	(246)	(43)
Tax losses carried forward	(4,767)	(5,090)
Unrelieved advance corporation tax	(626)	(455)
	<u>1,872</u>	<u>2,127</u>

16. CONTINGENT LIABILITIES

The company has contingent liabilities in respect of partly paid unlisted investments and under guarantees amounting to £230,352 (1980: £181,000). There is a floating charge over all the assets of the company in respect of £461,711 6% Debenture Stock 1993/98 of William Collins & Sons (Holding) PLC.