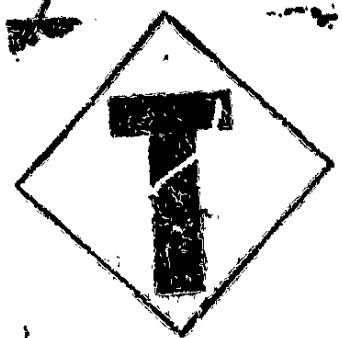


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WILLIAM COLLINS SONS & COMPANY LIMITED

ANNUAL REPORT AND ACCOUNTS

28 DECEMBER, 1980



WILLIAM COLLINS SONS & COMPANY LIMITED  
ANNUAL REPORT AND ACCOUNTS 1980

CONTENTS	DIRECTORS AND OFFICERS	1
	NOTICE OF MEETING	2
	DIRECTORS' REPORT	3
	AUDITORS' REPORT	4
	PROFIT AND LOSS ACCOUNT	5
	BALANCE SHEET	6
	SOURCE AND APPLICATION OF FUNDS	7
	ACCOUNTING POLICIES	8
	NOTES ON THE ACCOUNTS	9 - 14

WILLIAM COLLINS SONS & COMPANY LIMITED  
DIRECTORS AND OFFICERS

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

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Secretary and Registered Office

A. C. Pye C.A.,  
Westerhill Road,  
Bishopbriggs,  
Glasgow, G64 2QT  
041-772-3200

Auditors

Arthur Young McClelland Moores & Co.

Bankers

Clydesdale Bank Limited  
The Royal Bank of Scotland Limited

WILLIAM COLLINS SONS & COMPANY LIMITED

NOTICE OF MEETING

Notice is hereby given that the One Hundred and First Annual General Meeting will be held at the registered office of the Company, Westerhill Road, Bishopbriggs, Glasgow, G64 2QT, on Wednesday 13 May, 1981 at 11.00 a.m. for the following purposes:

1. To receive and consider the financial statements for the 52 weeks ended 28 December, 1980 and the reports of the directors and auditors thereon.
2. To re-elect directors.
3. To approve the remuneration of directors.
4. To re-appoint auditors and authorise the directors to determine their remuneration for the ensuing year.
5. 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

15 April, 1981



Secretary

WILLIAM COLLINS & SONS (HOLDING) LIMITED  
DIRECTORS' REPORT

The directors submit their report together with the audited financial statements of the company for the 52 weeks ended 28 December, 1980.

1. PROFIT AND LOSS ACCOUNT

£000

The profit available for appropriation is	965
Interim dividends have been paid of	590
	<hr/>
Leaving profit retained	375
	<hr/>

The dividends paid to William Collins & Sons (Holding) Limited are to enable that company to pay interest on 6% Debenture stock 1993/98 and to distribute 3.0 pence per share to its ordinary and ordinary 'A' shareholders. No further distribution is recommended.

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

All directors listed on Page 1 held office throughout the period

Mr F.I. Chapman and Mr D.W. Nickson retire by rotation, and being eligible, offer themselves for re-election.

4. DIRECTORS' INTERESTS

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

5. EXPORTS

The value of goods exported by the company from the U.K. (including transfers to subsidiary companies) during the period was £10,258,000 (1979: £11,474,000).

6. AUDITORS

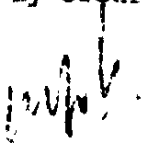
A resolution to re-appoint Arthur Young McClelland Moores & Co. will be put to the members at the Annual General Meeting.

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

15 April, 1981

  
Secretary

WILLIAM COLLINS SONS & COMPANY LIMITED  
AUDITORS' REPORT

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

We have audited the financial statements on pages 5 to 14 in accordance with approved auditing standards.

In our opinion the financial statements, 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 28 December, 1980 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 1980.

  
Arthur Young McCalland Moores & Co.  
Chartered Accountants

Glasgow

15 April, 1981

WILLIAM COLLINS SONS' & COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

52 WEEKS ENDED 28 DECEMBER, 1980

		<u>1980</u> <u>£000</u>	<u>1979</u> <u>£000</u>
	<u>NOTE</u>		
TURNOVER		<u>43,332</u>	<u>42,629</u>
PROFIT ON TRADING BEFORE DEPRECIATION	1	3,540	2,938
Depreciation		824	939
		<u>2,716</u>	<u>1,999</u>
Income from investments	2	378	360
		<u>3,094</u>	<u>2,359</u>
Interest paid	3	1,960	2,000
PROFIT BEFORE EXCEPTIONAL ITEMS		<u>1,134</u>	<u>359</u>
Exceptional costs (gains)	4	167	(478)
PROFIT BEFORE TAXATION		<u>967</u>	<u>837</u>
Taxation	5	2	175
PROFIT AFTER TAXATION		<u>965</u>	<u>662</u>
Dividends paid		590	194
PROFIT RETAINED	7	<u>375</u>	<u>468</u>

The notes on pages 8 to 14 form part of these financial statements.

AT 28 DECEMBER, 1980

Net current assets

Director

Director

6



WILLIAM COLLINS SONS & COMPANY LIMITED

SOURCE AND APPLICATION OF FUNDS

52 WEEKS ENDED 28 DECEMBER, 1980

	<u>1980</u>	<u>1979</u>
<u>Funds generated from operations</u>	<u>£000</u>	<u>£000</u>
Profit before tax	967	837
Adjustment for items not involving movement of funds:		
Depreciation	824	939
Publishing plant written off	3,173	2,826
Government grants released	(534)	(482)
Loss/(gain) on disposal of fixed assets	6	(3,366)
Provision for losses in subsidiaries	1,500	3
Transfer from U.S. provision	(598)	-
Provision for closure of U.S. subsidiary	(144)	1,000
	<u>4,227</u>	<u>920</u>
Total generated from operations	5,194	1,757
<u>Funds from other sources</u>		
Government grants received	402	399
Holding company loan	45	562
Sale of fixed assets	176	4,004
Net tax received	68	-
Investment in partnership	46	-
	<u>737</u>	<u>4,965</u>
<u>Application of funds</u>		
Investments in subsidiary companies	1,120	219
Dividends paid	590	194
Net tax paid	-	71
Purchase of property and plant	793	753
Expenditure on publishing plant	3,172	3,020
Investment in associated company	109	95
Investment in partnership	-	46
U.S. subsidiary closure costs	258	-
	<u>(6,042)</u>	<u>(4,398)</u>
<u>Decrease in working capital</u>		
Reduction in stocks	3,287	101
Increase in debtors	(886)	(683)
(Reduction)/increase in creditors	(1,049)	1,950
Reduction/(increase) in holding company current account	500	(1,017)
	<u>1,852</u>	<u>351</u>
	<u>1,741</u>	<u>2,675</u>
<u>Increase in net liquid funds</u>		
Bank overdrafts	183	1,903
Cash & short term loans	1,558	772
	<u>1,741</u>	<u>2,675</u>

The notes on pages 8 to 14 form part of these financial statements.

# WILLIAM COLLINS SONS & COMPANY LIMITED

## ACCOUNTING POLICIES

### GROUP STATEMENTS

The Company is the wholly-owned subsidiary of William Collins & Sons (Holding) Limited, its ultimate holding company, and in accordance with the provisions of Section 150 (2) (a) Companies Act 1948, does not require to submit group statements.

### TURNOVER

Turnover is the total of goods invoiced to customers and is exclusive of value added tax.

### FIXED ASSETS

Fixed assets are stated at valuation or at cost less aggregate depreciation calculated on the straight line method as follows:-

Land	not depreciated
Freehold properties	2% per annum
Short leasehold properties	over the remaining term of the leases
Plant and equipment	10%/15% per annum
Motor vehicles	20% per annum

Publishing plant costs, which are capitalised on publication, are charged against trading results principally in the year of, and the year following publication.

### STOCK IN TRADE

Stock, work in progress and publishing plant costs prior to publication 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. Exchange differences are dealt with through profit on trading before depreciation.

WILLIAM COLLINS SONS & COMPANY LIMITED

NOTES ON THE ACCOUNTS

	<u>1980</u>	<u>1979</u>
	<u>£000</u>	<u>£000</u>
1. PROFIT ON TRADING BEFORE DEPRECIATION		
After crediting:		
Government grants deferred income	534	482
And after charging:		
Directors' remuneration for executive services including pension scheme contributions	271	238
Pension to widow of former director	8	9
Leasing and hire charges	528	507
Audit fee and expenses	56	45
a. Details of individual emoluments, excluding pension scheme contributions are as follows:		
Chairman, Mr W. J. Collins	35	35

The number of other directors employed within the United Kingdom with emoluments in the following ranges was:

	<u>1980</u>	<u>1979</u>
£20,001 to £25,000	1	2
£25,001 to £30,000	2	2
£30,001 to £35,000	2	1

- b) 5 employees employed mainly within the United Kingdom received emoluments in the range of £20,001 - £25,000 (1979: none).

2. INCOME FROM INVESTMENTS

	<u>1980</u>	<u>1979</u>
	<u>£000</u>	<u>£000</u>
Associated company	131	227
Subsidiary companies	180	100
Other income	67	33
	<hr/>	<hr/>
	378	360
	<hr/>	<hr/>

WILLIAM COLLINS SONS & COMPANY LIMITED

NOTES ON THE ACCOUNTS

2. INCOME FROM INVESTMENTS (Cont'd)

	1980 <u>£000</u>	1979 <u>£000</u>
The Company's share of the results of its associated company, Pan Books Limited, based on audited financial statements for the year ended 31 December, 1980 is as follows:		
Profit before taxation	140	239
Taxation	<u>48</u>	<u>75</u>
Profit after taxation	92	164
Dividends and interest dealt with above, net of tax credit of £39,000	<u>92</u>	<u>163</u>
Profit retained	<u>-</u>	<u>1</u>

3. INTEREST PAID

F.F.I. (UK Finance) Limited loans 1990	1,642	1,363
Bank overdrafts and acceptance credits	342	638
Other	<u>18</u>	<u>41</u>
	2,002	2,042
Interest relief grant	<u>42</u>	<u>42</u>
	<u>1,960</u>	<u>2,000</u>

4. EXCEPTIONAL COSTS (GAINS)

Reorganisation costs and gains arose as follows:

Redundancy and related costs	311	1,346
(Release)/provision for costs and losses arising out of closure of U.S. subsidiary	(144)	1,000
Product rationalisation costs	-	322
Gains on sale of property	..	(3,146)
	<u>167</u>	<u>(478)</u>

5. TAXATION

Tax credit on income from investments	41	65
Overseas taxation	-	6
Group relief receivable at 52%	<u>-</u>	<u>(30)</u>
	41	41
Prior periods adjustments	-	-
Group relief (receivable) payable at 52%	<u>(39)</u>	<u>140</u>
	<u>2</u>	<u>175</u>

The tax charge for the period has been computed on the assumption that the proposed changes to the system of stock relief contained in the Budget of 10 March, 1981 will be enacted.

# WILLIAM COLLINS SONS & COMPANY LIMITED

## NOTES ON THE ACCOUNTS

### 5. TAXATION (Cont'd)

The tax provision for the current period is after taking credit for £719,000 in respect of the new form of stock relief, calculated on the basis of a 9.3% increase in the all stocks index for the year to December 1980. The tax charge for the period has been increased by other timing differences not provided to the extent of £299,000 (1979: £589,000).

### 6. SHARE CAPITAL

	1980	1979
	<u>£000</u>	<u>£000</u>
Authorised, issued and fully paid: 344,000 ordinary shares of £1 each	<u>344</u>	<u>344</u>

### 7. REVENUE RESERVE

At 30 December 1979	18,553
Profit retained for period	375
At 28 December 1980	<u>18,928</u>

### 8. LOAN CAPITAL

	1980	1979
	<u>£000</u>	<u>£000</u>
PFI (U.K. Finance) Limited loans, 1990		
- at 11½%	3,000	3,000
- at 1 3/4% over LIBOR	7,000	7,000
	<u>10,000</u>	<u>10,000</u>

At the company's option £4,000,000 of the £7,000,000 loan can be repaid from 1981 and, a further £3,000,000 from 1988.

### 9. FIXED ASSETS

	Freehold property £000	Short leasehold property £000	Plant & equipment £000	Total £000
a) Cost or valuation at 30 December, 1979	14,303	103	7,777	22,183
Additions	24	19	733	876
Disposals	-	-	(946)	(946)
Transfers from group company	-	-	43	43
At 28 December, 1980	<u>14,327</u>	<u>122</u>	<u>7,308</u>	<u>21,757</u>

# WILLIAM COLLINS SONS & COMPANY LIMITED

## NOTES ON THE ACCOUNTS

### 5. TAXATION (Cont'd)

The tax provision for the current period is after taking credit for £719,000 in respect of the new form of stock relief, calculated on the basis of a 9.3% increase in the all stocks index for the year to December 1980. The tax charge for the period has been increased by other timing differences not provided to the extent of £299,000 (1979: £589,000).

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	<u>£000</u>	<u>£000</u>
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At 28 December 1980	<u>18,928</u>

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	1980	1979
	<u>£000</u>	<u>£000</u>
PFI (U.K. Finance) Limited loans: 1990		
- at 11½%	3,000	3,000
- at 1 3/4% over LIBOR	<u>7,000</u>	<u>7,000</u>
	<u>10,000</u>	<u>10,000</u>

At the company's option £4,000,000 of the £7,000,000 loan can be repaid from 1981 and, a further £3,000,000 from 1988.

### 9. FIXED ASSETS

	Freehold property <u>£000</u>	Short leasehold property <u>£000</u>	Plant & equipment <u>£000</u>	Total <u>£000</u>
a) Cost or valuation at 30 December 1979	14,303	103	7,471	21,877
Additions	24	19	740	783
Disposals	-	-	(946)	(946)
Transfers from group company	-	-	43	43
At 28 December, 1980	<u>14,327</u>	<u>122</u>	<u>7,308</u>	<u>21,757</u>

NOTES ON THE ACCOUNTS

9. FIXED ASSETS (Cont'd)

	<u>Freehold property £000</u>	<u>Short leasehold property £000</u>	<u>Plant &amp; equipment £000</u>	<u>Total £000</u>
Whereof				
Cost	14,222	122	7,308	21,652
Valuation 1969	105	-	-	105
	<u>14,327</u>	<u>122</u>	<u>7,308</u>	<u>21,757</u>
Aggregate depreciation				
at 30 December, 1979	1,300	17	4,679	5,996
Charge for 1980	267	5	552	824
Eliminated on disposals	-	-	(765)	(765)
Transfer from group company	-	-	34	34
	<u>1,567</u>	<u>22</u>	<u>4,500</u>	<u>6,089</u>
At 28 December, 1980	12,760	100	2,808	15,668
Publishing plant at valuation				544
Net book value, 28 December, 1980				16,212
Net book value, 30 December, 1979				16,426
b) Publishing plant				
Valuation at 30 December, 1979				545
Expenditure				3,172
Charged against profit on trading				(3,173)
Valuation at 28 December, 1980 as above				544
c) Freehold property includes land of £607,000 (1979: £607,000) not depreciated.				
d) Capital expenditure approved by the directors and contracted for amounted to £90,000 (1979: £996,000) Grants receivable thereon are estimated at £20,000 (1979: £212,000).				

10. SUBSIDIARY COMPANIES

	<u>1980 £000</u>	<u>1979 £000</u>
Shares at cost	992	184
Due by subsidiaries	2,253	1,926
Due to subsidiaries	(472)	(457)
	<u>2,773</u>	<u>1,653</u>
Provision for losses in subsidiaries	1,548	48
	<u>1,225</u>	<u>1,605</u>

# WILLIAM COLLINS SONS & COMPANY LIMITED

## NOTES ON THE ACCOUNTS

### 10. SUBSIDIARY COMPANIES (Cont'd)

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 at which those assets are stated in the balance sheet.

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 Ltd	England	Shares of £1	100
William Collins (Bookclub) Ltd Direct Marketing	England	Shares of £1	100
William Collins PTY Limited Book publishers and Distributors	*Australia	Shares of \$1	100
William Collins Publishers Ltd Book publishers and Distributors	New Zealand	Shares of \$1	100
William Collins Sons & Co (Canada) Limited Book Publishers and distributors	* Canada	Shares of no par value	100
Vaal Book Distributors (PTY) Ltd * Book distributors	South Africa	Shares of 10 cents	100

\* Held by William Collins International Limited.

### 11. INTEREST IN ASSOCIATED COMPANY

The Company holds 33 1/3% of the ordinary share capital in	1980 £000	1979 £000
Pan Books Limited, Publishers, London (Registered in England)		
Shares at cost	525	525
Unsecured loans at cost	151	42
	<hr/> 676	<hr/> 567
Directors' valuation	<hr/> 1,057	<hr/> 950
Potential tax liability in the event of sale at valuation	<hr/> 114	<hr/> 115

The company's share of the post-acquisition retained profits and reserves at 28 December, 1980 attributable to its interest is £381,000 (1979: £381,000).



WILLIAM COLLINS SONS & COMPANY LIMITED

NOTES ON THE ACCOUNTS

12. STOCK IN TRADE

	<u>1980</u> <u>£000</u>	<u>1979</u> <u>£000</u>
Raw materials	1,544	2,505
Consumable stores	138	118
Work-in-progress	5,962	6,323
Finished goods	5,930	7,915
	<u>13,574</u>	<u>16,861</u>

13. DEBTORS AND PREPAYMENTS

Debtors include loans to Mr K.W. Wilder and an officer of the Company with balances outstanding at 28 December, 1980, amounting to £5,400 and £5,000 respectively. Both loans were granted prior to their appointment as director/officer of the Company. Mr K.W. Wilder repaid £1,200 during the period on his loan which is repayable over 5 years and attracts interest at a fluctuating rate determined by the Board.

14. DEFERRED TAXATION

	<u>1980</u> <u>£000</u>	<u>1979</u> <u>£000</u>
The potential liability to deferred taxation for all timing differences not provided for is as follows:-		
Accelerated capital allowances	7,452	7,500
Stock relief	-	3,328
Capital gains	263	263
Others	(43)	(56)
Tax losses carried forward	(5,090)	(4,826)
Unrelieved advance corporation tax	(455)	(100)
	<u>2,127</u>	<u>6,109</u>

These financial statements have been prepared on the assumption that Budget changes to the system of stock relief referred to in Note 4 will be enacted in which case no potential liability would be required in respect of stock relief.

15. CONTINGENT LIABILITIES

The company has contingent liabilities in respect of partly paid unlisted investments and under guarantees amounting to £181,000 (1979: £4,036,000). 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) Limited.