

Report and Accounts 1983

236383

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The  
Economist

# Report and Accounts 1983

236383/NO

## Contents

- 2 Notice of meeting
- 3 Directors
- 4 Chairman's statement
- 6 The Economist group 1979-83
- 7 Growth in international circulation
- 8 Statutory report of the directors
- 9 Report of the auditors
- 10 Consolidated profit and loss account
- 11 Balance sheets
- 12 Consolidated statement of source and application of funds
- 13 Notes on the accounts
- 20 Consolidated current cost profit and loss account
- 21 Consolidated current cost balance sheet
- 22 Notes on the current cost accounts

We certify that this is a true copy of the Balance Sheet laid before the company in General Meeting during the period to which this return relates (including every document required by law to be annexed to the Balance Sheet) and a true copy of the report of the Auditors on, and of the report of the Directors accompanying, such Balance Sheet.

*C. D. H. H. H.*

Director

*A. L. Foster*  
Secretary



The Economist Newspaper Limited

## Notice of meeting

Notice is hereby given that the annual general meeting will be held at 25 St. James's Street, London SW1, on Tuesday, the 19th day of July 1983 at 12.15 pm to transact the ordinary business of the company and, in accordance with Section 14 of the Companies Act 1976, to consider a resolution proposing the re-appointment of Peat, Marwick, Mitchell & Co as auditors of the company.

By order of the board  
R A Forty  
*Secretary*

25 St James's Street  
London SW1A 1HG

23 June 1983

*A member who is entitled to attend and vote may appoint a proxy, who need not be a member of the company, to attend and vote instead of him.*

The Economist Newspaper Limited

## Directors

Evelyn de Rothschild  
*Chairman*

The Earl of Drogheda KG KBE  
*Deputy Chairman*

D S Gordon  
*Managing Director*

C C B Duffett  
*Finance Director*

E G Billington

The Hon Clive P Gibson

The Hon Alan Hare MC

P M Hawley (USA)

A S B Knight

Lord Layton

H I Meynell

Sir Claus Moser KCB CBE

**Secretary**  
R A Forty

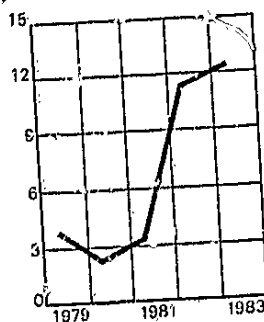
**Registered office**  
25 St James's Street  
London SW1A 1HG

Registered in England  
Registered number 236383

**Auditors**  
Peat, Marwick, Mitchell & Co

# Chairman's statement

Group return on sales  
% (before tax)



The broad international base of the group's activities has enabled us to show an increase in both revenue and in profit again this year. Part of this must be attributed to the continued fall in the level of sterling. Group turnover increased to £33.2 million and pre-tax profits reached £4.9 million, a 50 per cent increase before profit participation.

## **The Economist Newspaper**

Once again the circulation of *The Economist* showed a substantial rise breaking new records. The average weekly circulation for the financial year was 232,059, an increase of 19 per cent on the previous financial year; the largest annual increase in memory. This continued increase in the circulation reflects the success of our efforts to improve the international availability of the newspaper and to market it actively, with particular success in the United States.

This year we were able to initiate the first electronic transmission of any European newspaper or magazine via satellite to North America, thereby enabling printing there to commence several hours earlier. It is hoped that more copies will progressively become available for our readers on Saturday as a result.

The success of this is a tribute to all concerned, in the British and American production departments, Camden Typesetters and particularly Donnelley Satellite Graphics which provides the facilities in London and New York.

During the year an advertisement and circulation sales office in Frankfurt was added to our existing overseas offices in New York and Hong Kong, and an editorial bureau was opened in Singapore.

## **Publications**

Publications made solid progress, consolidating their existing products and expanding into new areas.

The diaries continue to be the mainstay of these activities. Profits increased to record levels, despite difficult trading conditions in several parts of the world, particularly Latin America. We have now begun manufacturing the diary range in the United States for the forthcoming diary season and we believe this new development will lead to a major market expansion in North America. The reference books had a particularly successful year with profits up by 40 per cent. Our newest title, *World Business Cycles*, was published in November 1982 and has been very well received.

We further expanded our activities in educational publishing through *The Economist Briefs* and we broke new ground by publishing, with William Collins & Sons, "*The Economist: An English Language Guide*".

Profits from sales of second rights to *The Economist* rose by 40 per cent and we expect further healthy growth this year.

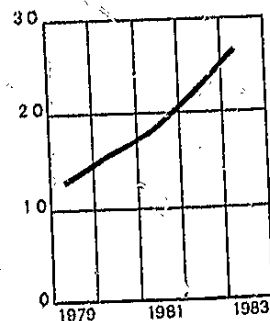
## **Camden Typesetters**

The recession in the United Kingdom has been most acutely felt by Camden Typesetters. Whilst it has been successful in attracting additional typesetting contracts, existing publications have been thinner and this has reduced the number of pages being typeset. Despite this Camden Typesetters again managed to show a very small profit.

## **The Economist Intelligence Unit**

Multi-Client Studies Division had a disappointing year. Responsibility for the initiation and production of these studies has now been decentralised into the research divisions. International Publishing Division in contrast had another record year with total revenue of over £2.5 million and increased profits. Quarterly Economic Reviews, other regular publications and Special Reports all contributed to these excellent results.

EIU publications revenue  
£m



EIU Informatics, which provides consultancy services in telecommunications, cable television and office automation, had a successful first year.

Data Services Division introduced an on-line country credit-risk service, primarily for banks, early in 1982-83. The service has been well received and the number of subscribers is very encouraging.

#### Directors

I am sorry to have to report that Mr. Clive Gibson has intimated his desire to leave the Board after the annual general meeting this year. We will all miss his advice and contributions and we give him our thanks and good wishes.

#### Dividend

The interim dividend was increased from 2p per share net in December 1981 to 4p per share net in December 1982. A final dividend of 7p per share net is recommended, bringing the total dividend for the year to 11p per share net. The gross dividend for the year of 15.7p per share is almost 3 times covered by earnings which is a prudent level for a company such as this.

#### Staff

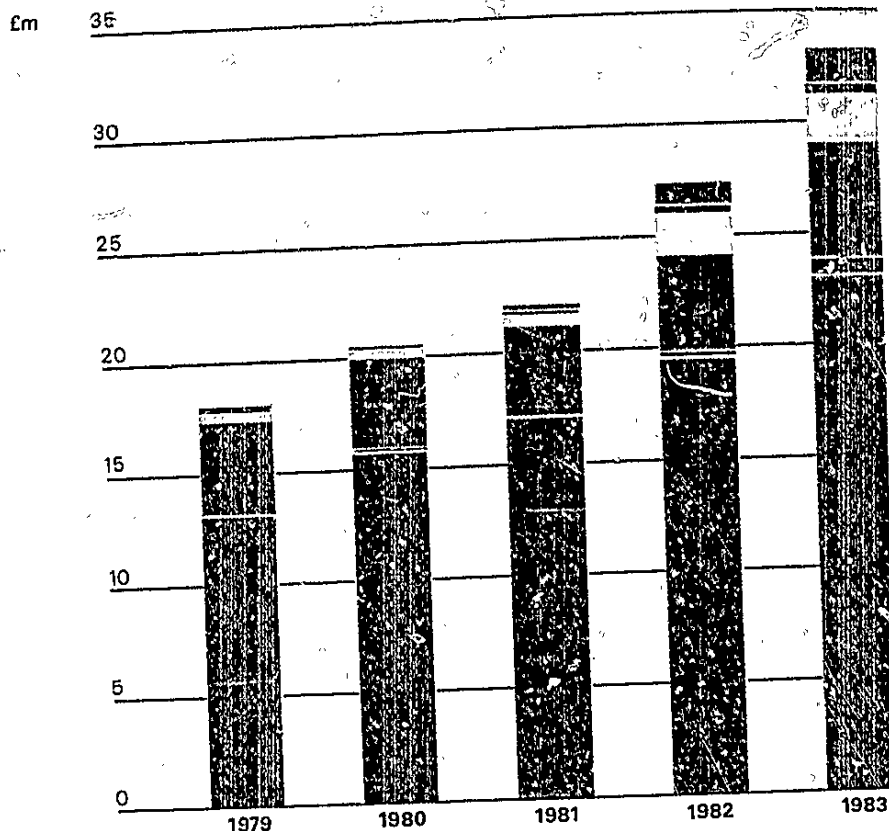
The profit-sharing plan is now giving the staff an opportunity to share in the success of the business and will, I hope, be an important factor in the continuing growth of the group.

Thanks are due to the staff for their continued hard work and the excellent result which has been achieved during the year.

Evelyn de Rothschild

# The Economist group 1979-83

## Turnover



	£000	£000	£000	£000	£000
Turnover	£18,032	£20,533	£22,085	£27,260	£33,231
Operating profit before employees' profit share	664	1,546	714	3,249	4,875
Exceptional items	-	(1,022)	-	(192)	(780)
Employees' profit share	-	(68)	-	-	-
Profit before taxation	664	456	714	3,057	4,095
Taxation	(320)	(368)	(429)	(1,730)	(2,036)
Extraordinary items	-	(144)	192	-	-
Net profit/(loss)	344	(56)	477	1,327	2,059
Dividends	(101)	(151)	(202)	(353)	(554)
Net profit/(loss) retained	£243	£(207)	£275	£974	£1,505
Earnings per share	6.8p	1.7p	5.7p	26.3p	40.9p
Dividends per share (including tax credits)	2.9p	4.3p	5.7p	10.0p	15.7p
Net assets per share (at book values)	137.8p	133.7p	134.6p	153.9p	181.7p
Profit before tax/turnover	3.7%	2.2%	3.2%	11.2%	12.3%
Profit before tax/shareholders' funds	9.5%	6.7%	10.5%	39.4%	44.9%

Appropriate adjustments have been made to the above figures where necessary in the interests of comparability.

# Growth in international circulation

'000 copies  
250

Average weekly sale in each  
financial year to 31 March

Figures in brackets show % share of total circulation

Total world  
1983  
232,100

225

200

175

150

125

100

75

50

25

0

1982  
193,600

1981  
180,200

1980  
172,400

1979  
153,300

1978  
144,900

1977  
135,600

1976  
131,200

1975  
126,200

1974  
108,600

21,500  
(19.8%)

12,500  
(11.5%)

10,000  
(9.2%)

52,700  
(48.6%)

All other countries

United Kingdom

North America

Europe

Asia

Africa

Oceania

Latin America

Other

Unsubscribed

Subscribed

Single copies

Other

Unsubscribed

Subscribed

Single copies

Other

Unsubscribed

Subscribed

Single copies

Other

Unsubscribed

Subscribed

Single copies

Other

Unsubscribed

Subscribed

Single copies

Other

Unsubscribed

Subscribed

Single copies



# Statutory report of the directors

The directors submit their statutory annual report and the audited accounts for the year ended 31 March 1983.

## Group results

The group made a profit before taxation of £4,095,000 for the year (compared with £3,057,000 in 1982). After charging taxation of £2,036,000, profit amounted to £2,059,000. An interim dividend of 4p per share was paid on 6 December 1982 and the directors propose a final dividend of 7p per share.

## Principal activities of the group

The principal activity of the parent company is the publishing of *The Economist*. The Economist Intelligence Unit Limited is engaged in economic and market research and publishing business information. Ryder Street Properties Limited lets business and residential accommodation to other members of the group and to outside tenants. Camden Typesetters Limited carries on a business as a commercial typesetter and typesets *The Economist* and other publications.

## Directors

There were no changes in the constitution of the board during the year.

## Directors' interests

Details of directors' interests in the share capital of the company are as follows:

		As at 31 March 1983		As at 1 April 1982	
		'A' Special	Ordinary	'A' Special	Ordinary
Beneficial holdings	Evelyn de Rothschild	48,088	259,200	48,088	259,200
	E G Billington	-	1,900	-	1,900
	The Earl of Drogheda KG KBE	-	6,000	-	6,000
	C C B Duffett	-	5,000	-	5,000
	D S Gordon	600	200	-	200
	A S B Knight	5,800	5,000	5,800	5,000
	Lord Layton	19,520	-	19,520	-
	Sir Claus Moser KCB CBE	-	6,000	-	6,000
	Evelyn de Rothschild	-	100,000	-	100,000
Holdings as trustee	Lord Layton	6,000	40,500	6,000	40,500

In addition, The Financial Times Limited holds 252,000 'B' special shares and 2,268,000 ordinary shares, being 50% of the issued share capital of the company. No other director had any interest in the share capital of the company during the year.

## Miscellaneous

**Employees** The weekly average number of employees of the group employed in the United Kingdom during the year was 522 and the aggregate remuneration paid to those employees was £5,445,627 (1982 - 481 employees; £4,405,000).

**Employees' profit sharing** The profit sharing plan enables employees to participate in the real increase in profits of the managed parts of the business. There is a separate plan for the employees of Camden Typesetters Limited.

**Disabled persons** It is the policy of the company to ensure that fair opportunities are given to the employment of disabled persons in accordance with their aptitude and abilities.

**Charitable and political contributions** During the financial year the group made contributions to charities amounting to £17,944 (1982 - £17,325). No contributions were made for political purposes.

**Property revaluation** The value of the long leasehold properties is significantly in excess of the balance sheet valuation.

**Auditors** A resolution for the re-appointment of Peat, Marwick, Mitchell & Co as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board

R A Forty

Secretary

23 June 1983

*R. A. Forty*

# Report of the auditors

To the members of The Economist Newspaper Limited

We have audited the accounts set out on pages 10 to 23 in accordance with approved Auditing Standards.

In our opinion the accounts set out on pages 10 to 19, which have been prepared on the basis of the accounting policies set out on page 13, give a true and fair view of the state of affairs of the company and of the group at 31 March 1983 and of the profit and source and applications of funds of the group for the year to that date and comply with the Companies Acts 1948 to 1981.

In our opinion the current cost accounts set out on pages 20 to 23 have been properly prepared in accordance with the accounting policies and methods set out on page 22 to give the information required by Statement of Standard Accounting Practice No 16.

*Ken Marshall*  
Ken Marshall & Co  
Chartered Accountants

London, 23 June 1983

The Economist Newspaper Limited and subsidiary companies

# Consolidated profit and loss account

Year ended 31 March

	Note	1983 £000	1982 £000
Turnover	2	<u>£33,231</u>	<u>£27,260</u>
Operating profit before employees' profit share	3	4,875	3,249
Employees' profit share		<u>(780)</u>	<u>(192)</u>
Profit before taxation		4,095	3,057
Taxation	5	<u>(2,036)</u>	<u>(1,730)</u>
Profit after taxation		2,059	1,327
Dividends	6	(554)	(353)
Retained profit	7	<u>£1,505</u>	<u>£974</u>
Earnings per share	8	<u>40.9p</u>	<u>25.3p</u>

# Balance sheets

As at 31 March

	Note	Group		Parent company	
		1983 £000	1982 £000	1983 £000	1982 £000
<b>Assets employed</b>					
Fixed assets	9	4,915	4,610	1,070	765
Interest in subsidiaries	10	—	—	4,992	4,367
Associated company	11	10	8	7	7
Other investments	12	675	273	675	273
Current assets	13	17,876	13,321	12,591	9,084
less					
Current liabilities	14	13,527	9,914	10,288	7,008
Net current assets		4,349	3,407	2,303	2,076
		<u>£9,949</u>	<u>£8,298</u>	<u>£9,047</u>	<u>£7,488</u>
<b>Financed by</b>					
Share capital	15	1,260	1,260	1,260	1,260
Non-distributable reserves	16	2,985	2,985	3,119	3,119
Other reserves	16	4,862	3,511	4,111	2,872
Shareholders' funds		9,107	7,756	8,490	7,251
Deferred taxation	5	842	542	557	237
		<u>£9,949</u>	<u>£8,298</u>	<u>£9,047</u>	<u>£7,488</u>

Evelyn de Rothschild  
C C B Duffett  
Directors  
23 June 1983

*Evelyn de Rothschild*

*C C B Duffett*

The notes on pages 13 to 19 form part of these accounts

# Consolidated statement of source and application of funds

Year ended 31 March

	£000	1983 £000	£000	1982 £000
<b>Source of funds</b>				
Profit before taxation		4,095		3,057
<b>Adjustment for items not involving movements of funds:</b>				
Depreciation	405		354	188
Elimination of computer software	—		74	74
Loss on sale of investments	10		21	21
Loss on sale of fixed assets	(2)	413	12	649
Share of (profit)/loss before taxation of associated company	—	—	—	—
		<u>4,508</u>		<u>3,706</u>
<b>Total generated from operations</b>				
<b>Funds from other sources</b>				
Sale of fixed assets	105		77	1,971
Sale of investments	—	105	1,894	5,677
		<u>4,613</u>		<u>5,677</u>
<b>Application of funds</b>				
Dividends paid	(455)		(252)	
Taxation paid	(1,307)		(206)	
Purchase of fixed assets	(825)		(304)	
Purchase of investments	(402)		(1,169)	
Purchase of goodwill on acquisition of subsidiary	(154)	(3,143)	—	(1,931)
		<u>£1,470</u>		<u>£3,746</u>
<b>Increase/(decrease) in working capital</b>				
Increase/(decrease) in work in progress less amount invoiced on account		392		(212)
(Decrease)/increase in stocks		(9)		68
Increase in debtors		1,296		953
(Increase) in creditors (excluding taxation and proposed dividends)		(906)		(916)
(Increase) in unexpired subscriptions		(1,630)		(1,188)
Increase in money market funds		2,778		—
		<u>1,921</u>		<u>(1,295)</u>
<b>Movement in net liquid funds</b>				
(Increase)/decrease in bank overdraft	(549)		5	5,041
Increase in cash and short term deposits	98	(451)	5,036	—
		<u>£1,470</u>		<u>£3,746</u>

The assets and liabilities of the subsidiary acquired during the year are not material to the group, and have therefore not been disclosed separately.

The notes on pages 13 to 19 form part of these accounts.

# Notes on the accounts

## 1 Accounting policies

These accounts are prepared in compliance with sections 149A and 152A and schedule 8A of the Companies Act 1948.

### a. Basis of consolidation

The accounts are prepared under the historical cost convention as adjusted by the revaluation of certain leasehold properties and comprise a consolidation of the accounts of the company and its subsidiary companies.

### b. Foreign currencies

Assets and liabilities designated in foreign currencies are expressed in sterling at the rates of exchange ruling at the balance sheet date; all exchange differences arising from the application of this policy are included in profit before taxation.

### c. Associated company

The consolidated profit and loss account includes the group's share of the unaudited results for the twelve months ended 31 December 1982.

### d. Depreciation

Long leasehold properties and the short leasehold premises at 27 St James's Place are being amortised over the remaining lives of the leases on a sinking fund basis, whereby it is assumed that the amounts set aside and retained within the business will earn interest at a rate of 4% per annum after taxation. Other short leasehold premises are amortised on a straight line basis over the remaining life of the lease. Plant and equipment is depreciated at appropriate rates varying from 4% to 25%.

### e. Deferred taxation

Deferred taxation is provided in respect of timing differences, except to the extent that, in the opinion of the directors, there is a reasonable probability that the taxation may not become payable in the future.

### f. Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value, work in progress being reduced by fees rendered on account. The valuation of work in progress includes the appropriate level of overheads.

### g. Investments

Investments are valued at cost less provisions for diminution in value except for Government stocks which include an amount representing the interest receipts foregone when purchases are made on an ex-div basis. The adjustment is included in interest receivable. Investments in money market funds are included at realisable values.

### h. Goodwill

Goodwill arising on the consolidation of subsidiary companies is written off directly to distributable reserves in the year of acquisition.

**2 Turnover (excluding intra-group transactions)**

	1983	1982
	£000	£000
Publishing and advertising	29,256	24,296
Economic research and consultancy	2,756	1,823
Property rentals	546	481
Typesetting	673	660
	<u>£33,231</u>	<u>£27,260</u>

**3 Operating profit**

Group operating profit is stated after accounting for the following:

	1983	1982
	£000	£000
<b>Credits</b>		
Share of profits/(losses) of associated company	2	(12)
Bank and other interest receivable	727	474
Net rental income	342	157
Income from unlisted investments	-	1
Income from listed investments	93	67
Surplus on money market funds	720	-

**Charges**

Directors' emoluments:

Fees	37	33
Management remuneration net of profit share £11,000 (1982: Nil)	222	184
Payments to former directors	-	8
	<u>259</u>	<u>225</u>

Auditors' remuneration

Hire of equipment

Depreciation

Loss on sale of fixed assets

	43	38
	20	27
	405	354
	10	21

**4 Emoluments of directors and senior employees of the parent company**

	1983	1982
	£	£
Chairman	9,000	9,000
Highest paid director	60,264*	42,516**
<b>Other directors:</b>	<b>Number</b>	<b>Number</b>
Not exceeding £5,000	4	5
£ 5,001 - £10,000	1	1
£10,001 - £15,000	1	1
£20,001 - £25,000	-	1
£25,001 - £30,000	1	1
£30,001 - £35,000	1	2
£35,001 - £40,000	1	-
£40,001 - £45,000	1	-
<b>Employees:</b>		
£30,001 - £35,000	1	2
£35,001 - £40,000	2	-

The figures for 1982/3 include sums paid to employees and executive directors in respect of profit sharing based upon 1981/2 profits. No profit share was paid in the previous year.

\* Changes in the Companies Acts have led to a restructuring of benefits which are now counted as part of gross remuneration.

\*\*This includes £1,900 of remuneration which was waived.

## 5. Taxation

a. The taxation charge based on the results for the year is made up as follows:

*The company and its subsidiaries*

Taxation payable 1 January 1984

Attributable to franked investment income

Deferred taxation

Prior year items: current  
deferred

Overseas taxation

*Associated company*

United Kingdom corporation tax

	1983 £000	1982 £000
Taxation payable 1 January 1984	1,772	1,828
Attributable to franked investment income	24	21
Deferred taxation	344	(186)
Prior year items: current	(104)	57
deferred	-	-
	<u>2,036</u>	<u>1,720</u>
Overseas taxation	-	16
	<u>2,036</u>	<u>1,736</u>
<i>Associated company</i>	-	(6)
United Kingdom corporation tax	<u>£2,036</u>	<u>£1,730</u>

The tax charge for the year has been reduced by £75,000 (1982 - £63,000) in respect of stock relief for which no deferred taxation provision is required.

United Kingdom taxation is based on a corporation tax rate of 52%.

## b. Deferred taxation

Corporation tax, at the reduced rate of 30% applicable to chargeable gains, on the surplus arising from the revaluation of the short leasehold premises

Amount written back on amortisation of the lease

Corporation tax at 52% on:  
the excess of the book values of qualifying assets over their written down values for taxation purposes

Unrealised gain on money market funds

Other timing differences

Advance corporation tax recoverable

	Group		Parent company	
	1983 £000	1982 £000	1983 £000	1982 £000
Corporation tax, at the reduced rate of 30% applicable to chargeable gains, on the surplus arising from the revaluation of the short leasehold premises	210	210	-	-
Amount written back on amortisation of the lease	(26)	(10)	-	-
	<u>184</u>	<u>200</u>	-	-
Corporation tax at 52% on: the excess of the book values of qualifying assets over their written down values for taxation purposes	490	391	390	292
Unrealised gain on money market funds	244	-	244	-
Other timing differences	76	59	75	53
Advance corporation tax recoverable	(152)	(108)	(152)	(108)
	<u>£842</u>	<u>£542</u>	<u>£557</u>	<u>£237</u>

No provision has been made for deferred taxation on the revaluation of long leasehold properties of group companies on the basis that there is no intention to sell these assets. The potential liability is £697,500 (1982 - £697,500).



**6 Dividends**

	1983	1982
	£000	£000
Interim dividend 4p per share (1982 - 2p per share)	202	100
Proposed final dividend 7p per share (1982 - 5p per share)	352	253
	<u>£554</u>	<u>£353</u>

**7 Retained profit for the year**

	1983	1982
	£000	£000
Parent company	1,239	917
Subsidiary companies	264	63
	<u>1,503</u>	<u>980</u>
Associated company	2	(6)
	<u>£1,505</u>	<u>£974</u>

**8 Earnings per share**

The calculation of earnings per share is based on earnings of £2,059,000 (1982 - £1,327,000) divided by the 5,040,000 ordinary and special shares in issue (1982 - 5,040,000).

**9 Fixed assets**

	Group			Parent company
	Leasehold properties including equipment	Movable plant	Total	Movable plant
	Long	Short		
	£000	£000	£000	£000
<b>Cost or valuation</b>				
Balance at 1 April 1982	3,575	475	2,446	2,187
Additions	-	-	819	713
Disposals	-	-	(270)	(214)
Assets acquired on purchase of subsidiary	-	-	12	-
Balance at 31 March 1983	<u>3,575</u>	<u>475</u>	<u>3,007</u>	<u>2,686</u>
<b>Depreciation</b>				
Balance at 1 April 1982	301	34	1,551	1,422
Assets acquired on purchase of subsidiary	-	-	6	6
Provided during year	23	18	364	311
Eliminated in respect of disposals	-	-	(155)	(117)
Balance at 31 March 1983	<u>324</u>	<u>52</u>	<u>1,766</u>	<u>1,616</u>
Book value at 31 March 1983	<u>£3,251</u>	<u>£423</u>	<u>£1,241</u>	<u>£1,070</u>
Book value at 31 March 1982	<u>£3,274</u>	<u>£441</u>	<u>£895</u>	<u>£765</u>

### *Leasehold properties*

The leasehold properties are included in the balance sheet on the following bases:

Long leasehold: At a valuation in June 1972 subject to existing tenancies

Short leasehold: At a valuation in April 1980

Burden of certain onerous leaseholds professionally valued in April 1980

At cost

£000

£3,575

£000

700

(230)

5

£475

### *Capital commitments*

Expenditure contracted for

Expenditure authorised but not contracted for

1983

£000

730

150

1982

£000

49

116

### **10 Interest in subsidiaries**

Shares at cost or valuation

Amounts owing by subsidiaries

Amounts owing to subsidiaries

1983

£000

4,180

842

(30)

£4,992

1982

£000

4,172

253

(58)

£4,367

The principal subsidiaries of the group, which are all wholly owned, are:

Camden Typesetters Limited

Crawford Publications Limited

Ryder Street Properties Limited

The Economist Intelligence Unit Limited

The Economist Intelligence Unit (Europe) SA – incorporated in Belgium

The Economist Newspaper Group Incorporated – incorporated in the United States of America

### **11 Associated company**

The parent company has a 50% shareholding in an associated company:

The Economists' Bookshop Limited

Class of shares

1983

£

1982

£

7,000

50

13,208

(2,930)

£10,278

7,000

50

11,326

(2,930)

£8,396

Share of net assets

Less: discount on acquisition

## 12 Other investments

	Group		Parent company	
	1983 £000	1982 £000	1983 £000	1982 £000
Cost				
Listed investments (market value £1,172,353 (1982 - £759,532))	519	117	519	117
(Parent company market value £1,172,353 (1982 - £759,532))	156	156	156	156
Unlisted investments (at cost and directors' valuation)	<u>£675</u>	<u>£273</u>	<u>£675</u>	<u>£273</u>

The company holds 15,500 fully paid ordinary shares of £1 each representing 18.2% of the issued share capital of Starclass Limited, an unlisted company.

## 13 Current assets

	Group		Parent company	
	1983 £000	1982 £000	1983 £000	1982 £000
Work in progress	1,625	925	-	-
Amount invoiced on account	(1,040)	(732)	-	-
Stocks of paper and publications	585	193	-	-
Debtors and payments in advance, less provisions	1,018	1,027	919	637
Certificates of tax deposit	5,758	4,462	4,529	3,718
Money market funds	266	266	266	266
Cash and short term deposits	3,553	775	3,553	364
	6,696	6,598	3,324	4,099
	<u>£17,876</u>	<u>£13,321</u>	<u>£12,591</u>	<u>£9,084</u>

Most cash and short term deposits are held under group banking arrangements. This includes arrangements whereby the company and its subsidiaries are jointly and severally liable for the balances on the group bank account.

## 14 Current liabilities

	Group		Parent company	
	1983 £000	1982 £000	1983 £000	1982 £000
Bank overdraft	549	-	520	-
Creditors and accrued expenses	4,223	3,317	2,882	2,170
Unexpired subscriptions	5,929	4,299	4,728	3,264
Current taxation	2,474	2,045	1,806	1,321
Dividends	352	253	352	253
	<u>£13,527</u>	<u>£9,914</u>	<u>£10,288</u>	<u>£7,008</u>

# 15 Share capital

	Authorised	Issued and fully paid 1983 and 1982	
	Number	Number	£
'A' Special shares of 25p each	315,000	252,000	63,000
'B' Special shares of 25p each	315,000	252,000	63,000
Ordinary shares of 25p each	7,370,000	4,536,000	1,134,000
Trust shares of 5p each	100	100	5
			<u>£1,260,005</u>

# 16 Reserves

	Group		Parent company	
	1983	1982	1983	1982
	£000	£000	£000	£000
<b>a. Non-distributable reserves</b>	<u>£2,985</u>	<u>£2,985</u>	<u>£3,119</u>	<u>£3,119</u>
<b>b. Other reserves</b>				
Balance at 1 April 1982	3,511	2,537	2,872	1,955
Goodwill written off	(154)	-	-	-
Retained profit for the year	1,505	974	1,239	917
Balance at 31 March 1983	<u>£4,862</u>	<u>£3,511</u>	<u>£4,111</u>	<u>£2,872</u>

# 17 Contingent liabilities

The Economist Newspaper Limited has entered into guarantees for the due performance of covenants in leases granted to subsidiary companies.

# Consolidated current cost profit and loss account

Year ended 31 March

	Note	1983 £000	1982 £000
<b>Turnover</b>		<u>£33,231</u>	<u>£27,260</u>
<b>Profit before interest and taxation, on historical cost basis</b>		3,368	2,583
Current cost operating adjustments:	2		
Depreciation		(40)	(55)
Disposal of fixed assets		(23)	(31)
		<u>(63)</u>	<u>(86)</u>
<b>Current cost operating profit</b>		3,305	2,497
Interest receivable, less payable		<u>727</u>	<u>474</u>
<b>Current cost profit before taxation</b>		4,032	2,971
<b>Taxation</b>		<u>(2,036)</u>	<u>(1,730)</u>
<b>Current cost profit after taxation</b>		1,996	1,241
<b>Dividends</b>		<u>(554)</u>	<u>(353)</u>
<b>Current cost profit retained</b>		<u>£1,442</u>	<u>£888</u>
<b>Current cost earnings per share</b>		<u>39.6p</u>	<u>24.6p</u>

The notes on pages 22 and 23 form part of these accounts

The Economist Newspaper Limited and subsidiary companies

# Consolidated current cost balance sheet

As at 31 March

	Note	1983 £'000	1982 £'000
<b>Assets employed</b>			
Fixed assets	3	6,087	5,850
Associated company	4	10	8
Other investments	5	1,328	916
	6	17,909	13,377
Current assets		13,527	9,914
less			
Current liabilities		4,382	3,463
<b>Net current assets</b>		<u>£11,807</u>	<u>£10,237</u>
<b>Financed by</b>			
Share capital		1,260	1,260
Non-distributable reserves		2,985	2,985
Current cost reserve	7	2,229	2,247
Other reserves	8	4,491	3,203
		10,965	9,695
Shareholders' funds		842	542
Deferred taxation		<u>£11,807</u>	<u>£10,237</u>

# Notes on the current cost accounts

## 1 Basis of accounting

The consolidated current cost accounts have been prepared in accordance with the recommendations of Statement of Standard Accounting Practice No 16: Current Cost Accounting. Where an up-to-date valuation is not available, the current cost adjustments and re-statement of asset values have been made using either published indices or, where it is more appropriate to do so, internally generated indices. With the exception of those noted below, accounting policies adopted are as shown on page 13.

## 2 Current cost adjustments

(i) No working capital adjustment arises as the working capital requirement is fully covered by trade creditors and subscriptions in advance, the excess thereof being treated as part of net monetary assets.

(ii) Additional depreciation is the amount required to provide one year's depreciation on the fixed assets as revalued for the current cost balance sheet. Rates of depreciation used are the same as those used in the historical cost accounts.

(iii) The disposals adjustment reflects the difference between the historical cost net book value and the current cost net book value of assets disposed of during the year.

## 3 Fixed assets

Plant and equipment have been restated at current replacement cost, or recoverable amount. Property is stated at open market valuations undertaken in April 1980 and the directors consider that no material changes have arisen since then.

	Gross £000	Depreciation £000	Net £000
Property	5,225	482	4,743
Plant and equipment	4,149	2,805	1,344
	<u>£9,374</u>	<u>£3,287</u>	<u>£6,087</u>

## 4 Associated company

As information on a current cost basis is not available, no adjustments have been made in respect of the group's share of profits of the associated company stated in the historical cost accounts at £2,000 (1982 - Losses of £12,000). These amounts are included in profit before interest and taxation.

## 5 Other investments

Investments are stated at market value or directors' valuation.

## 6 Current assets

Stocks and work in progress have been included at current replacement cost, or recoverable amount.

**7 Current cost reserve**

	1983 £000	1982 £000
Balance at 1 April 1982	2,247	1,873
Net surpluses on revaluation:		
Stocks and work in progress	(12)	30
Fixed assets	(5)	48
Investments	(1)	296
	<u>2,229</u>	<u>2,247</u>
of which: realised	371	308
unrealised	1,858	1,939
	<u>£2,229</u>	<u>£2,247</u>

**8 Other reserves**

	1983 £000	1982 £000
Balance at 1 April 1982	3,203	2,315
Retained profit for the year	1,442	888
Goodwill written off	(154)	-
Balance at 31 March 1983	<u>£4,491</u>	<u>£3,203</u>

**9 Financing of net operating assets**

The following is the value to the business of the net operating assets at 31 March together with the method by which they were financed:

	1983 £000	1982 £000
Fixed assets	6,087	5,850
Associated company	10	8
Other investments	1,328	916
Net operating assets	<u>7,425</u>	<u>6,774</u>
Cash and short term deposits, money market funds, less overdraft	9,700	7,384
	<u>£17,125</u>	<u>£14,158</u>
Share capital and reserves	10,965	9,695
Proposed dividends	352	253
Shareholders' interest	<u>11,317</u>	<u>9,948</u>
Net working capital liability	2,492	1,623
Taxation	3,316	2,587
	<u>£17,125</u>	<u>£14,158</u>

The net operating assets of the group at 31 March 1983 amounted to £7,425,000 (1982 - £6,774,000) being fixed assets and investments. The net operating assets are financed entirely by shareholders' funds; accordingly no gearing adjustment is required. In addition the group had at 31 March 1983 net monetary assets (being the excess of liquid assets over taxation liabilities and the net working capital liability referred to in note 2 (i) above) of £3,892,000 (1982 - £3,174,000) for which no current cost adjustments have been made.