

12921

SCOTTISH DAILY RECORD AND SUNDAY MAIL LIMITED

Accounts - 31 December 1990



SCOTTISH DAILY RECORD AND SUNDAY MAIL LIMITED

Report of the directors for the year ended 31 December 1990

1 The directors present their sixty-eighth annual report and the accounts of the company for the year ended 31 December 1990.

Principal activity

2 The main activity of the company continues to be newspaper publishing.

Review of the business

3 The results for the year are set out in the profit and loss account on page 4.

4 During the year sales of both titles increased in both circulation and advertising and the aim of the directors is to consolidate, develop and improve the position of the company's titles in their respective markets in the future.

Dividend

5 The directors do not recommend the payment of a dividend in respect of the year ended 31 December 1990 (1989: £5,577,000) and the retained profit has been transferred to revenue reserves.

Tangible assets

6 The movements in tangible assets during the year are set out in note 14 to the accounts.

Directors

7 The following served as directors during the year:-

I R Maxwell	- Chairman
V L Horwood	- Chief Executive
Sir Alwyn Williams	- resigned 7 June 1990
J T W Haines	
A F H Henry	
E J Laird	
R J Lindsay	
K F H Maxwell	
C J S McClatchie	
G B Terris	

I R C Maxwell was appointed as a director on 7 March 1991.

J W Anderson, Mrs H L Liddell, K J McMahon and Sir Kenneth Alexander were appointed as directors on 12 April 1991. K F H Maxwell and R J Lindsay resigned as directors on 12 April 1991.

SCOTTISH DAILY RECORD AND SUNDAY MAIL LIMITED**Report of the directors
for the year ended 31 December 1990****Directors' interests in shares of the company**

8 According to the register maintained under the provisions of the Companies Act 1985, no directors had any interest in shares of the company during the year, and other than I R Maxwell and K F H Maxwell, no directors had an interest in any group companies. The interests of I R Maxwell and K F H Maxwell are disclosed in the accounts of Mirror Group plc.

Employee involvement

9 The importance of meaningful communication and consultation systems for good industrial relations is recognised by the company and these systems are continually being developed and improved. It is the policy of the company that employees are encouraged to contribute to the company's objective of creating and maintaining an efficient, competitive and profitable enterprise.

Disabled persons

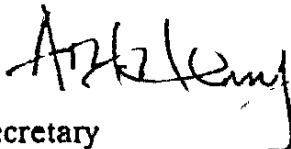
10 It is the policy of the company to employ disabled persons, whenever possible, in jobs suited to their individual circumstances and to give them full and fair consideration at all times in recruitment, career development and for training and promotion.

Close company

11 The company is a close company within the terms of the Income and Corporation Taxes Act 1988. This has no effect on the company's distributions.

Auditors

12 A resolution to reappoint Coopers & Lybrand Deloitte as the company's auditors will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

Secretary
GLASGOW, 16 April 1991

Report of the auditors to the members of
SCOTTISH DAILY RECORD AND SUNDAY MAIL LIMITED

We have audited the accounts set out on pages 4 to 17 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte

Chartered Accountants
GLASGOW, 16 April 1991

SCOTTISH DAILY RECORD AND SUNDAY MAIL LIMITED

Profit and loss account for the year ended 31 December 1990

	Notes	1990 £'000	1989 £'000
Turnover	2	77,213	72,468
Operating profit	3	19,250	17,070
Income from investments	4	23	2,608
Profit on ordinary activities before taxation	5	19,273	19,678
Tax on profit on ordinary activities	6	13	593
Profit on ordinary activities after taxation and before extraordinary charge		19,260	19,085
Extraordinary charge	7	-	495
Profit for the year attributable to the shareholders		19,260	18,590
Dividends		-	5,577
Retained profit for the year		19,260	13,013

STATEMENT OF RETAINED PROFITS

At 1 January 1990	33,012	19,999
Retained profit for the year	19,260	13,013
At 31 December 1990	52,272	33,012

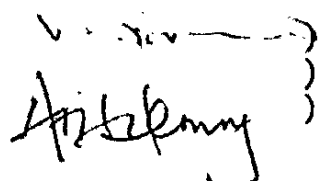
The notes on pages 7 to 17 form part of these accounts.

Auditors' report page 3.

SCOTTISH DAILY RECORD AND SUNDAY MAIL LIMITED

Balance Sheet - 31 December 1990

	Notes	1990 £'000	1989 £'000
FIXED ASSETS			
Intangible asset	13	60,000	-
Tangible assets	14	56,771	43,025
Investments	15	20	918
		<u>116,791</u>	<u>43,943</u>
CURRENT ASSETS			
Stocks	18	548	801
Debtors	19	58,609	13,363
Cash at bank and in hand		29	40
		<u>59,186</u>	<u>14,204</u>
CREDITORS: amounts falling due within one year	20	(16,153)	(23,461)
NET CURRENT ASSETS/(LIABILITIES)		<u>43,033</u>	<u>(9,257)</u>
Total assets less current liabilities		159,824	34,686
CREDITORS: amounts falling due after more than one year	21	(36,848)	
		<u>122,976</u>	<u>34,686</u>
CAPITAL AND RESERVES			
Called up share capital	23	1,022	1,022
Share premium account		18	18
Revaluation reserve	24	69,664	634
Profit and loss account		52,272	33,012
		<u>122,976</u>	<u>34,686</u>


 } Directors

The notes on pages 7 to 17 form part of these accounts.

Auditors' report page 3.

SCOTTISH DAILY RECORD AND SUNDAY MAIL LIMITED

Statement of source and application of funds
for the year ended 31 December 1990

	1990 £'000	1989 £'000
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	19,273	19,678
Extraordinary charge before taxation	-	(762)
Adjustment for items not involving the movement of funds:		
Depreciation	2,449	2,305
Profit on sale of tangible assets	(23)	(38)
Total funds generated from operations	21,699	21,183
Funds from other sources:		
Sale proceeds of fixed assets	1,527	71
Sale proceeds of investments	900	1,718
Bridging finance for acquisition of assets	-	34,600
Lease finance replacing bridging finance	36,848	-
Total source of funds	60,974	57,572
APPLICATION OF FUNDS		
Purchase of fixed assets	(8,670)	(35,880)
Dividend paid	(5,577)	(3,484)
Tax paid	(13)	(652)
Purchase of investments	(2)	(18)
INCREASE IN WORKING CAPITAL	46,712	17,538
Represented by:		
(Decrease)/increase in stocks	(254)	45
(Decrease)/increase in debtors	(445)	1,173
(Increase)/decrease in creditors	(2,185)	23,941
	(2,884)	25,159
Movement in net liquid funds:		
(Decrease)/increase in bank and cash balances	(4,091)	466
Increase/(decrease) in amounts due from group companies	53,687	(8,087)
	<u>46,712</u>	<u>17,538</u>

Auditors' report page 3.

Notes to the accounts - 31 December 1990

Principal accounting policies

1 The accounts are prepared in accordance with the historical cost convention as modified by the revaluation of land and buildings. A summary of the more important accounting policies is set out below:-

(a) **Tangible assets**

Tangible assets are stated at cost or valuation less government grants.

(b) **Depreciation**

Depreciation has been provided for on all buildings, plant, machinery and other equipment on a basis that will write off by equal annual instalments, the cost or valuation of these assets within their expected useful life. No depreciation has been provided on land. Depreciation rates applied are as follows:-

Buildings	2%
Plant and machinery	5% to 20%
Furniture and fittings	6.67% to 20%
Motor vehicles	25%

(c) **Newspaper titles**

Newspaper titles are valued at estimated current cost. They are not considered to have a finite life and consequently no amortisation is charged but provision is made, if appropriate, for any permanent diminution in value.

(d) **Stocks**

Stocks have been valued at the lower of cost and net realisable value. Cost represents purchase invoice price.

(e) **Tax**

The charge for tax is based on the profit for year, as adjusted for disallowable items, and for timing differences to the extent that they are likely to result in an actual tax liability in the foreseeable future. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the accounts. The tax effect of other timing differences as reduced by the tax benefit of any accumulated losses is treated as a deferred tax liability.

SCOTTISH DAILY RECORD AND SUNDAY MAIL LIMITED

Notes to the accounts - 31 December 1990

(f) Pensions

The company charges against profits the cost of providing pension benefits such that it represents a substantially level percentage of the current and expected future pensionable payroll over the expected service lives of scheme employees, based upon the group as a whole. Variations from this regular cost are allocated over the expected remaining service lives of current employees on the same basis, although no account is taken of any credit for surplus the allocation of which is at the discretion of the principal employer, Mirror Group Newspapers Limited

(g) Consolidated accounts

Group accounts have not been prepared for the company and its subsidiaries as the company is a wholly owned subsidiary of Mirror Group Newspapers Limited, which is incorporated in Great Britain.

Turnover

2 Turnover, which consists of revenue from the sale of newspapers and advertising, is stated at net invoice value, excluding value added tax, of amounts charged for goods supplied and services rendered. Turnover is comprised substantially of sales in the United Kingdom.

Operating profit

	1990	1989
3	£'000	£'000
Turnover	77,213	72,466
Cost of sales	(42,474)	(40,162)
	<u>34,739</u>	<u>32,306</u>
Distribution costs	(1,708)	(1,531)
Administration expenses	(13,781)	(13,705)
Operating profit	<u>19,250</u>	<u>17,070</u>

Income from investments

	1990	1989
4	£'000	£'000
Dividends received	<u>23</u>	<u>2,608</u>

SCOTTISH DAILY RECORD AND SUNDAY MAIL LIMITED

Notes to the accounts - 31 December 1990 continued

Profit on ordinary activities before taxation

5 Profit on ordinary activities before taxation is stated after charging:-

	1990 £'000	1989 £'000
Depreciation of tangible assets	2,449	2,305
Directors' emoluments (note 8)	349	344
Auditors' remuneration	13	12
Hire purchase interest	37	93
Bank loan and overdraft interest	424	1,620
Interest payable to group companies	28	355
Redundancy costs	512	-
and crediting:		
Rental income	103	102
Interest receivable from group companies	3,111	1,815
Profit on sale of tangible assets	23	38
Tax on profit on ordinary activities		
6	1990 £'000	1989 £'000
United Kingdom corporation tax based on the profit for the year at 34% (1989: 35%)	-	267
Under provision for corporation tax in prior years	7	-
Transfer from deferred taxation	-	(326)
Tax on franked investment income	6	652
	<u>13</u>	<u>593</u>

There is no liability to corporation tax on the results for the year since the whole of the taxable profit will be eliminated by taxation losses surrendered by fellow subsidiaries, without charge, by way of group relief.

SCOTTISH DAILY RECORD AND SUNDAY MAIL LIMITED

Notes to the accounts - 31 December 1990 continued

Extraordinary charge

	1990 £'000	1989 £'000
7		
Redundancy costs	-	762
Less: Attributable taxation	-	(267)
	<u>-</u>	<u>495</u>

Directors' emoluments

8 Directors' emoluments, including pension contributions, were:-

	1990 £'000	1989 £'000
As directors	<u>349</u>	<u>344</u>

9 Directors' emoluments, excluding pension contributions, were:-

	1990 £'000	1989 £'000
Emoluments of chairman	<u>-</u>	<u>-</u>
Emoluments of highest paid director	<u>96</u>	<u>75</u>

The emoluments of other directors were within the ranges:-

	Number	Number
Nil - £5,000	4	3
£5,001 - £10,000	-	1
£10,001 - £15,000	-	1
£15,001 - £20,000	-	2
£20,001 - £25,000	1	1
£25,001 - £30,000	2	-
£30,001 - £35,000	-	1
£35,001 - £40,000	1	-

SCOTTISH DAILY RECORD AND SUNDAY MAIL LIMITED

11

Notes to the accounts - 31 December 1990 continued

Employees

10 The average number of persons employed by the company during the year was:-

	1990	1989
Production		
Selling and distribution	651	673
Administration	72	72
	122	136
	<u>845</u>	<u>881</u>
Employment costs		

11 Employment costs of all employees, including directors, were:-

	1990 £'000	1989 £'000
Aggregate gross wages and salaries paid to the company's employees	23,203	21,712
Social security costs	1,828	1,786
	<u>25,031</u>	<u>23,498</u>

Pension arrangements

12 The majority of the employees of the company belong to the Mirror Group Pension Scheme. This scheme is a defined benefit scheme, which is funded by a mixture of company and member contributions.

The most recent formal actuarial valuation of the scheme was carried out as at 5 April 1988. On the basis of this review, no employer contributions are currently being made to the scheme or will be required for the foreseeable future. This was confirmed by a further financial review by the scheme actuaries as at 31 December 1990.

For the purpose of calculating the cumulative adjustment under SSAP 24, a review was carried out at 30 September 1988 by the scheme actuaries. Details of this valuation are disclosed in the accounts of Mirror Group Newspapers Limited. As, under the terms of the scheme, the company is not entitled to participate in any surplus other than at the direction of Mirror Group Newspapers Limited, as the principal employer, no credit for the surplus arising from this valuation has been made in the accounts except to the extent that the company has continued to benefit from the ongoing pension contribution holiday. The value of the benefit for the year ended 31 December 1990 was £2,687,928 (1989 - £2,647,890).

Notes to the accounts - 31 December 1990 continued

Intangible asset

13 The company's principal newspaper titles and associated publishing rights were valued as at 31 December 1989 by the directors of Robert Maxwell Group plc, formerly Mirror Group plc, at £60 million in accordance with a valuation range prepared by the Business Valuations Unit of the Corporate Finance Division of Coopers & Lybrand Deloitte on the basis of profit projections provided by management. The directors confirmed that at 31 December 1990 that valuation was still appropriate on the basis of a further report from the independent expert valuer. These valuations represent the sum of the amounts it is estimated could be realised if each of the titles together with their associated publishing rights were to be sold in market conditions at the relevant balance sheet date, arrived at by assessment of their economic value, independent of the assets and other rights and interests which make up the business of the company. In the opinion of the directors the valuation approximates to current cost at 31 December 1990. No provision has been made for corporation tax that could arise if the titles were disposed of at the revalued amount.

Tangible fixed assets

14	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Furniture and fittings £'000	Total £'000
Cost or valuation					
At 1 January 1990	4,895	44,338	919	975	51,127
Additions	1,846	6,627	172	25	8,670
Disposals	(1,506)	(5)	(144)	(28)	(1,683)
Revaluation adjustment	8,380	-	-	-	8,380
At 31 December 1990	13,615	50,960	947	972	66,494
Depreciation					
At 1 January 1990	509	6,623	452	518	8,102
Charge for year	526	1,585	212	126	2,449
Disposals	(20)	(4)	(126)	(28)	(178)
Revaluation adjustment	(650)	-	-	-	(650)
At 31 December 1990	365	8,204	538	616	9,723
Net book value at 31 December 1990					
At valuation	13,250	-	-	-	13,250
At cost	-	42,756	409	356	43,521
	13,250	42,756	409	356	56,771
Net book value at 31 December 1989					
At valuation	3,008	-	-	-	3,008
At cost	1,378	37,715	467	457	40,017
	4,386	37,715	467	457	43,025

SCOTTISH DAILY RECORD AND SUNDAY MAIL LIMITED

Notes to the accounts - 31 December 1990 continued

14 continued)

- (a) Certain freehold land and buildings with a net book value of £4,220,736 at 31 December 1990 were revalued on the basis of an open market valuation for the existing use of the properties as in their state before adaptation and, where appropriate, the depreciated replacement cost of the works of adaptation, by Conrad Ritblat & Co, Chartered Surveyors, as at 31 December 1990.
- (b) Freehold land and buildings would have been included on a historic cost basis at:-

	1990 £'000	1989 £'000
Cost	4,823	4,481
Aggregate depreciation	(1,746)	(1,296)
	<u>3,077</u>	<u>3,185</u>

- (c) Included in plant and machinery is an amount of £40,822,194 relating to payments on account for assets in the course of construction.

Investments	1990 £'000	1989 £'000
15		
Shares in group companies (note 17)	-	900
Listed investment at cost (note 16)	20	18
	<u>20</u>	<u>918</u>

- 16 The market value of the listed investment at 31 December 1990 was £20,000.

SCOTTISH DAILY RECORD AND SUNDAY MAIL LIMITED

Notes to the accounts - 31 December 1990 continued

Shares in group companies

17(a) Details of shares in group companies are as follows:-

Name of company	Registered in	Description of shares held	% of equity share capital held
Glaswegian Publications Limited	Scotland	Ordinary shares of £1	100
The Edinburgh and Lothians Post Limited	Scotland	Ordinary shares of £1	100
Maxwell Free Newspapers Limited	Scotland	Ordinary shares of £1	100
Aberdonian Publications Limited	Scotland	Ordinary shares of £1	100
Dundonian Publications Limited	Scotland	Ordinary shares of £1	100

- (b) The principal business activity of Glaswegian Publications Limited and The Edinburgh and Lothians Post Limited is the publication of weekly free distribution newspapers.
- (c) Apart from those companies noted in (b) above the other companies listed in (a) did not trade during the year.
- (d) On 31 December 1990 the Company disposed of its shares in Maxwell Aviation International Group Plc at cost.

Stocks

	1990 £'000	1989 £'000
18		
Raw materials and consumables	<u>548</u>	<u>801</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

Notes to the accounts - 31 December 1990 continued

Debtors	1990	1989
	£'000	£'000
19		
Trade debtors	9,024	8,524
Amounts due from group companies:		
Subsidiaries	4,298	1,556
Holding company and fellow subsidiaries	44,757	1,808
Other debtors	34	775
Corporation tax recoverable	131	131
Prepayments and accrued income	365	569
	<u>58,609</u>	<u>13,363</u>

Creditors: amounts falling due within one year

	1990	1989
	£'000	£'000
20		
Bank overdraft	4,176	96
Trade creditors	7,319	6,197
Amounts owed to group companies:		
Subsidiaries	-	1,000
Holding company and fellow subsidiaries	247	7,243
Other creditors	189	199
Hire purchase creditor	-	206
Taxation and social security	823	804
Accruals	3,399	2,139
Dividends payable	-	5,577
	<u>16,153</u>	<u>23,461</u>

Creditors: amounts falling due after more than one year

	1990	1989
	£'000	£'000
21		
Obligations under finance leases:-		
In the second to fifth years inclusive	9,660	-
Over five years	27,188	-
	<u>36,848</u>	<u>-</u>

SCOTTISH DAILY RECORD AND SUNDAY MAIL LIMITED

Notes to the accounts - 31 December 1990 continued

21 (continued)

The above obligations represent funds drawn down to date on loan facilities for the purchase of new press equipment which is in the course of construction.

Provision for liabilities and charges - deferred taxation

22	1990		1989	
	Provision made £'000	Full potential liability £'000	Provision made £'000	Full potential liability/(asset) £'000
Accelerated capital allowances	818	1,288	250	250
Revalued properties	-	3,052	-	126
Other timing differences	(318)	(818)	(250)	(861)
	<u>-</u>	<u>3,522</u>	<u>-</u>	<u>(485)</u>

No provision for deferred tax is considered necessary as deferred tax timing differences are unlikely to reverse in the foreseeable future.

Called up share capital

23	1990	1989
	<u>Number</u> <u>'000</u>	<u>Number</u> <u>'000</u>
Authorised:		
1,022,100 ordinary shares of £1 each	<u>1,022</u>	<u>1,022</u>
Allotted, called up and fully paid:		
1,022,084 ordinary shares of £1 each	<u>1,022</u>	<u>1,022</u>

Revaluation reserve

24	£'000
Balance at 1 January 1990	634
Revaluation of newspaper titles (note 13)	60,000
Revaluation of property (note 14)	<u>9,030</u>
Balance at 31 December 1990	<u>69,664</u>

Notes to the accounts - 31 December 1990 continued

Capital commitments

	1990	1989
	£'000	£'000
25		
Expenditure contracted for	206	10,151
	<u> </u>	<u> </u>

Post balance sheet event

26 The directors of the parent company, Mirror Group Newspapers Limited, have decided that it should be re-registered as a public limited company and a listing of its shares sought on the London Stock Exchange. Details of certain proposed transactions as a result of this decision are disclosed in the accounts of that company.

Ultimate holding company

27 The company is a wholly owned subsidiary company of Mirror Group Newspapers Limited. At the balance sheet date the directors regard Maxwell Foundation, a Foundation organised under the laws of Liechtenstein, as the ultimate parent of the company, but they have also been advised that Headington Investments Limited, a company incorporated in Great Britain, is also regarded under the Companies Act as an ultimate holding company.

28 Since the balance sheet date, Headington Investments Limited has become the sole ultimate holding company.