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THE READER'S DIGEST ASSOCIATION LIMITED
AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT AND ACCOUNTS

30TH JUNE, 1983

PEAT, MARWICK, MITCHELL & CO.,
1 Puddle Dock, Blackfriars, London, EC4V 3PD.



PEAT MARWICK MITCHELL & CO.

THE READER'S DIGEST ASSOCIATION LIMITED
AND SUBSIDIARY COMPANIES

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REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report, together with the accounts of the company for the year ended 30th June, 1983.

RESULTS

	£
Group profit before taxation and extraordinary items	3,091,928
Taxation	1,456,092
Group profit for the year after taxation	1,635,836
Proposed dividend	838,875
	<u>796,961</u>
Retained profit brought forward	8,612,168
Retained profit carried forward	<u>9,409,129</u>

PROPOSED DIVIDEND

The directors propose the payment of a dividend of £838,875. This is equivalent to 37.5p per share.

BUSINESS REVIEW

The principal activity of the group is publishing and includes the sale of magazines, books, gramophone records and tapes. There has been no significant change in these activities during the year, but it is the intention to continue investigating other related areas for future expansion.

Pre-tax profits were significantly lower than the levels achieved in the two previous financial years, and this reflects the very difficult trading and economic circumstances encountered during the year.

In 1984 we are forecasting a substantial increase in profits.

DIRECTORS

The following served as directors during the year:

V. Ross (Chairman)

R.W. Hewett

B.C. Gray

S.N. McRae

M.R.S. Randolph

J.A. O'Hara

THE READER'S DIGEST ASSOCIATION LIMITED
AND SUBSIDIARY COMPANIES

REPORT OF THE DIRECTORS

Directors' interests in the shares of the company are as follows:

	<u>Ordinary shares of 5p each</u>	
	<u>At 30th</u>	<u>At 1st</u>
	<u>June, 1983</u>	<u>July, 1982</u>
V. Ross	Nil	23,125
M.R.S. Randolph	Nil	14,000

No other directors had any interests in the shares of the company at any time during the year.

FIXED ASSETS

Changes in fixed assets during the year are shown in note 5 to the accounts.

CHARITABLE CONTRIBUTIONS

The group has given £28,856 for charitable purposes during the year.

EMPLOYMENT OF DISABLED PERSONS

The company operates a policy for the employment and placement of disabled persons, the objectives of which are to ensure that full and fair consideration is given to disabled persons whether already employed by the company or as candidates for all types of vacancy, and that equal opportunity is afforded to all disabled persons for training, career development and promotion.

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

B.C. GRAY

Secretary

25, Berkeley Square,
London W1X 6AB.

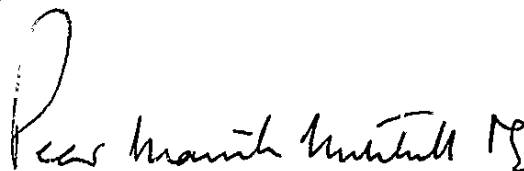
REPORT OF THE AUDITORS TO THE MEMBERS OF
THE READER'S DIGEST ASSOCIATION LIMITED

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

As indicated in note 1(e) and note 7 to the accounts the basis of valuation of stock and work in progress does not include an allocation of attributable production and development overheads and therefore does not accord with Statement of Standard Accounting Practice No.9 (Stock and Work in Progress).

With this exception, in our opinion the accounts which have been prepared on the basis of the accounting policies set out on page 8 give a true and fair view of the state of affairs of the company and of the group at 30th June, 1983 and of the profit and source and application of funds of the group, for the year to that date and comply with the Companies Acts 1948 to 1981.

The accounts do not contain the current cost accounts required by Statement of Standard Accounting Practice No.16.



PEAT, MARWICK, MITCHELL & CO.

LONDON

9th December 1983

Chartered Accountants

THE READER'S DIGEST ASSOCIATION LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 1983

	<u>Note</u>	<u>1983</u> £	<u>1982</u> £
TURNOVER	1&2	56,046,709	59,411,447
Cost of sales		(41,368,718)	(42,415,975)
 GROSS PROFIT		 14,677,991	 16,995,472
Fulfillment costs		(3,021,912)	(3,211,487)
Distribution costs		(6,185,790)	(6,427,944)
Administrative expenses		(2,853,042)	(3,916,332)
Income from shares in related companies		-	(188,096)
Other interest receivable and similar income		474,681	605,811
Interest payable and similar charges		-	(50,818)
 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	 3	 3,091,928	 3,806,606
Taxation on profit on ordinary activities	4	(1,456,092)	(1,694,157)
 PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		 1,635,836	 2,112,449
Dealt with in the accounts of the company			
£1,453,115 (1982: £2,080,865)		(838,875)	(1,677,750)
Paid and proposed dividends			
 Retained profit brought forward from previous year		 796,961	 434,699
		8,612,168	8,177,469
 RETAINED PROFIT CARRIED FORWARD		 9,409,129	 8,612,168
 DEALT WITH IN THE ACCOUNTS OF the investing company subsidiaries related companies		 10,051,018	 9,436,779
		(453,793)	(636,515)
		(188,096)	(188,096)
		9,409,129	8,612,168

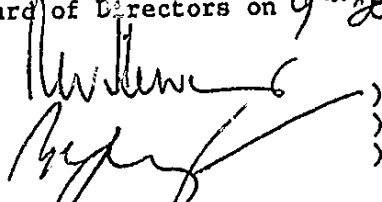
The notes on pages 8 to 17
form part of these accounts.

THE READER'S DIGEST ASSOCIATION LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AT 30TH JUNE, 1983

	Note	£	1983 £	£	1982 £
FIXED ASSETS					
Tangible assets	5	2,724,851		2,398,781	
Investments	6	150		150	
			2,725,001		2,398,931
CURRENT ASSETS					
Stocks	7	5,935,753		5,902,388	
Debtors	8	11,861,542		12,212,512	
Cash at bank and in hand		7,015,647		6,019,930	
		24,812,942		24,134,830	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	15,839,426		14,897,443	
NET CURRENT ASSETS			8,973,516		9,237,387
TOTAL ASSETS LESS CURRENT LIABILITIES			11,698,517		11,636,318
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10	801,077		1,418,094	
PROVISIONS FOR LIABILITIES AND CHARGES	11	1,152,001		1,269,746	
			1,953,078		2,687,840
			9,745,439		8,948,478
CAPITAL AND RESERVES					
Called up share capital	13		111,850		111,850
Share premium account			224,460		224,460
Profit and loss account			9,409,129		8,612,168
			9,745,439		8,948,478

These accounts were approved by the
board of Directors on 9th December 1983



} Directors

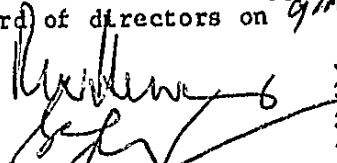
The notes on pages 8 to 17
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THE READER'S DIGEST ASSOCIATION LIMITED

BALANCE SHEET AT 30TH JUNE, 1983

	Note	£	1983 £	£	1982 £
FIXED ASSETS					
Tangible assets	5	1,668,869		1,435,327	
Investments	6	<u>252</u>		<u>252</u>	
			1,669,121		1,435,579
CURRENT ASSETS					
Stocks	7	5,935,753		5,902,388	
Debtors	8	12,237,254		12,671,852	
Cash at bank and in hand		<u>7,008,781</u>		<u>6,015,130</u>	
		25,181,788		24,589,370	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>15,635,699</u>		<u>14,638,911</u>	
NET CURRENT ASSETS			9,546,089		9,950,459
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>11,215,210</u>		<u>11,386,038</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10	801,077		1,418,094	
PROVISIONS FOR LIABILITIES AND CHARGES	11	<u>656,650</u>		<u>824,683</u>	
			1,457,727		2,242,777
NET ASSETS			<u>9,757,483</u>		<u>9,143,261</u>
CAPITAL AND RESERVES					
Called up share capital	13		£111,850		£111,850
Share premium account			224,460		224,460
Profit and loss account			9,421,173		8,806,951
			<u>9,757,483</u>		<u>9,143,261</u>

These accounts were approved by the
board of directors on 9th December 1983

 } Directors

The notes on pages 8 to 17
form part of these accounts.

THE READER'S DIGEST ASSOCIATION LIMITED
AND SUBSIDIARY COMPANIES

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH JUNE, 1983

	£	<u>1983</u> £	£	<u>1982</u> £
SOURCE OF FUNDS				
Profit on ordinary activities before taxation		3,091,928		3,806,606
Adjustment for items not involving the movement of funds:				
Depreciation and amortisation	795,939		739,240	
(Profit)/loss on sale of tangible fixed assets	(61,001)		15,343	
Increase in provisions	<u>2,695</u>		<u>473,580</u>	
		<u>737,633</u>		<u>1,228,163</u>
TOTAL GENERATED FROM OPERATIONS		<u>3,829,561</u>		<u>5,034,769</u>
FUNDS FROM OTHER SOURCES				
Proceeds of sale of tangible fixed assets		<u>102,625</u>		<u>140,526</u>
		<u>3,932,186</u>		<u>5,175,295</u>
APPLICATION OF FUNDS				
Purchase of fixed assets	1,163,635		841,772	
Tax paid	1,556,158		2,087,566	
Dividend paid	950,725		1,398,125	
Provisions utilised	<u>498,082</u>		<u>-</u>	
		<u>4,168,600</u>		<u>4,327,463</u>
(DECREASE)/INCREASE IN WORKING CAPITAL		<u>(236,414)</u>		<u>847,832</u>
COMPONENTS OF (DECREASE)/INCREASE IN WORKING CAPITAL				
Stocks	33,365		(346,764)	
Debtors	(350,970)		(261,146)	
Creditors falling due within one year	<u>(1,172,480)</u>		<u>(144,655)</u>	
		<u>(1,490,085)</u>		<u>(752,565)</u>
Movement in net liquid funds:				
Increase in cash at bank and in hand	995,717		1,192,481	
Decrease in overdraft	<u>257,954</u>		<u>407,916</u>	
		<u>1,253,671</u>		<u>1,600,397</u>
		<u>(236,414)</u>		<u>847,832</u>

The notes on pages 8 to 17
form part of these accounts.

THE READER'S DIGEST ASSOCIATION LIMITED
AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED ACCOUNTS

1. ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared under the historical cost convention.

(b) Basis of consolidation

The consolidated accounts comprise the accounts of the company and its subsidiaries, DMS Limited and Issuebreak Limited. Issuebreak Limited, a non-trading company, has as its year end 31st December. DMS Limited has a co-terminous year end. The consolidated accounts incorporate the appropriate proportions of profits or losses of the related companies: Drive Publications Limited, Postal Addressing Systems Limited and Ninecolt Limited, whose financial years end on 31st December, 30th June, and 30th September, respectively. In the case of the related companies whose financial years do not end on 30th June an adjustment is made based on unaudited accounts to include their results on a basis co-terminous with the remainder of the group.

The Reader's Digest Association Limited has not presented its own profit and loss account as permitted by Section 149(5)(b)(ii) of Companies Act 1948.

(c) Turnover

Turnover comprises net revenue, after deducting provisions for bad debts and returns, and excludes value added tax. Magazine revenue is taken into account by reference to the cover date, other revenue by reference to the date of the despatch of the goods.

(d) Depreciation

Depreciation has been computed on the straight line method, and the following depreciation lives have been adopted:

<u>Asset category</u>	<u>Depreciation lives</u>
Buildings - freehold	No depreciation has been provided
Plant and machinery	3 - 10 years
Office machines	3 years
Vehicles	5 years
Leasehold improvements	Amortised over the period of the lease

THE READER'S DIGEST ASSOCIATION LIMITED
AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED ACCOUNTS

1. ACCOUNTING POLICIES (continued)

(e) Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value. Cost comprises the direct costs of products but in conformity with accounting policies of the U.S. parent company does not include an allocation of attributable production and development overheads; this basis of valuation is a departure from Statement of Standard Accounting Practice No.9 (Stock and Work in Progress). Stocks held in excess of one year's forecast sales are subject to a provision for obsolescence.

(f) Deferred taxation

Provision is made for deferred taxation using the deferral method for all timing differences between taxation allowances and the related accounting treatment, less advance corporation tax recoverable against future corporation tax liabilities.

(g) Foreign currency translation

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date.

(h) Promotional costs

Promotional costs are written off to profit and loss account when they are incurred and included in cost of sales.

(i) Deferred income

Prepaid magazine subscriptions are credited to deferred income and released to profit and loss account in equal instalments over the period of the subscription.

THE READER'S DIGEST ASSOCIATION LIMITED
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NOTES TO THE CONSOLIDATED ACCOUNTS

1. ACCOUNTING POLICIES (continued)

(j) Pensions

The group operates a contributory pension scheme covering the majority of its permanent employees. The scheme funds are administered by trustees and are independent of the group's finances. The scheme is fully funded by contributions from both employees and the parent company. The parent company's contributions are paid to the scheme in accordance with the recommendations of independent actuaries. The company's contributions are charged to the profit and loss account in the year in which contributions are made. Annual costs amounted to £700,664 in 1983 and £808,702 in 1982.

As at 31st March, 1981 the value of the scheme's assets exceeded its liabilities on a discontinuance basis by £2,144,000. The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 8 per cent. At the same date the actuary advised that the group's contribution rates are sufficient to fund the projected benefits.

2. TURNOVER

The turnover of the group arises from the activity of publishing. The analysis of turnover by geographical area is as follows:

	<u>1983</u> £	<u>1982</u> £
U.K.	54,501,784	57,691,396
Outside U.K.	<u>1,544,925</u>	<u>1,720,051</u>
	<u>56,046,709</u>	<u>59,411,447</u>

3. PROFIT BEFORE TAXATION

	<u>1983</u> £	<u>1982</u> £
Profit before taxation is after charging:		
Interest payable on loans repayable within 5 years	-	50,818
Auditors' remuneration	24,800	23,620
Directors' remuneration as executives (note 14)	230,677	289,215
Depreciation and amortisation of tangible fixed assets	795,939	739,240
Hire of plant and machinery	<u>575,805</u>	<u>527,964</u>

4. TAXATION

Taxation is based on the profit for the year and comprises:
U.K. corporation tax at 52% (1982: 52%)
Transferred from deferred taxation account

Taxation adjustment in respect of prior years

The taxation charge has been reduced by £207,410 (1982: £234,543) in respect of estimated provisions of the Income and Corporation Taxes Act 1970 and in the opinion of the directors no

5. FIXED ASSETS - TANGIBLE ASSETS

	The Group				
	Freehold land	Plant and machinery	Fixtures fittings tools and equipment	Payments on account and assets in course of construction	Total
	£	£	£	£	
Cost:					
At 1st July, 1982	4,015	2,514,122	1,764,852	195,648	4,488,637
Transfers	-	77,584	118,064	(195,648)	79,000
Additions	-	575,198	383,847	204,590	1,159,635
Sales and retirements	(4,015)	(200,336)	(177,245)	-	(381,600)
At 30th June, 1983	-	2,966,568	2,089,518	204,590	5,260,676
Accumulated depreciation					
At 30th June, 1982	-	1,190,661	889,195	-	2,079,856
Charge for the year	-	560,299	235,640	-	896,038
Sales and retirements	-	(180,363)	(159,607)	-	(339,970)
At 30th June, 1983	-	1,570,597	965,228	-	2,535,825
Net book values:					
At 30th June, 1983	-	1,395,971	1,124,290	204,590	2,724,851
At 30th June, 1982	4,015	1,323,461	875,657	195,648	2,398,781

At 30th June, 1983 there were outstanding commitments in respect of capital expenditure on plant and capital expenditure authorised but not contracted for amounted to £9,000 (1982: £nil).

TES TO THE CONSOLIDATED ACCOUNTS
(continued)

<u>1983</u> £	<u>1982</u> £
1,246,434	2,013,868
217,253	(249,402)
<u>1,463,687</u>	<u>1,764,466</u>
(7,595)	(70,309)
<u>1,456,092</u>	<u>1,694,157</u>

In respect of estimated stock appreciation relief. The company is a close company under the provisions of the directors no provision is required to be made for any "shortfall" in distributions.

<u>Payments on</u> <u>account and assets</u> <u>in course of</u> <u>construction</u> £		<u>The Company</u>				
		<u>Freehold</u> <u>land</u> £	<u>Plant and</u> <u>machinery</u> £	<u>Fixtures</u> <u>fittings</u> <u>tools and</u> <u>equipment</u> £	<u>Payments on</u> <u>account and assets</u> <u>in course of</u> <u>construction</u> £	<u>Total</u> £
195,648	4,478,637	4,015	2,054,926	1,097,053	119,481	3,275,475
(195,648)	-	-	16,597	102,884	(119,481)	-
204,590	1,163,635	-	370,780	300,178	204,590	875,548
-	(381,596)	(4,015)	(200,336)	(175,229)	-	(379,580)
<u>204,590</u>	<u>5,260,676</u>	<u>-</u>	<u>2,241,967</u>	<u>1,324,886</u>	<u>204,590</u>	<u>3,771,443</u>
-	2,079,856	-	1,046,892	793,256	-	1,840,148
-	795,939	-	430,784	170,738	-	601,522
-	(339,970)	-	(180,363)	(158,733)	-	(339,096)
<u>-</u>	<u>2,535,828</u>	<u>-</u>	<u>1,297,313</u>	<u>805,261</u>	<u>-</u>	<u>2,102,574</u>
<u>204,590</u>	<u>2,724,851</u>	<u>-</u>	<u>955,654</u>	<u>519,625</u>	<u>204,590</u>	<u>1,668,869</u>
<u>195,648</u>	<u>2,398,781</u>	<u>4,015</u>	<u>1,008,024</u>	<u>303,797</u>	<u>119,481</u>	<u>1,435,327</u>

capital expenditure contracted for but not provided for in the accounts of £58,415 (1982: £99,089)
000 (1982: £nil).

THE READER'S DIGEST ASSOCIATION LIMITED
AND SUBSIDIARY COMPANIES

NOTES ON THE CONSOLIDATED ACCOUNTS

6. FIXED ASSETS - INVESTMENTS

	<u>Related companies</u>	<u>Subsidiary companies</u>	<u>Total</u>
Shares at cost on 30th June, 1983 and 30th June, 1982	£150	£102	£252

(a) Related companies

	<u>The Group</u>		<u>The Company</u>	
	<u>1982</u>		<u>1983</u>	<u>1982</u>
Investment in shares in related companies at cost	150		150	150
Loans less provisions	188,096		-	-
	<u>188,246</u>		<u>150</u>	<u>150</u>
Share of attributable losses	188,096		-	-
	<u>150</u>		<u>150</u>	<u>150</u>

Shares in related companies represent 50% of the ordinary equity capital of the following:

<u>Company</u>	<u>Year-end date</u>	<u>Activity</u>
Drive Publications Limited	31st December	Publishing
Postal Addressing Systems Limited	30th June	Application of postcodes to lists of addresses
Ninecolt Limited	30th September	Publishing

Neither Drive Publications Limited nor Postal Addressing Systems Limited has made profit or loss since its date of incorporation.

(b) Subsidiary companies

DMS Limited is the wholly owned subsidiary of the company, incorporated in Great Britain and operating as wholesale warehouse of magazines, books and other publications, principally in England. Issuebreak Limited a wholly owned subsidiary of the company incorporated in Great Britain has not traded during the year.

THE READER'S DIGEST ASSOCIATION LIMITED
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NOTES ON THE CONSOLIDATED ACCOUNTS

7. STOCK AND WORK IN PROGRESS

Stock and work in progress for the group and the company comprises:

	<u>1983</u> £	<u>1982</u> £
Raw materials and consumables	1,565,233	1,067,194
Work in progress	1,339,366	1,394,655
Finished goods and goods for resale	3,031,154	3,440,539
	<u>£5,935,753</u>	<u>£5,902,388</u>

Attributable overheads omitted from the valuation of stock and work in progress are estimated to amount to £1,078,887 at 30th June, 1983 and £976,148 at 30th June, 1982 (1981: £708,788). The inclusion of such overheads would therefore increase the profits of the year by £102,739 (1982: £267,360).

8. DEBTORS

	<u>The Group</u>		<u>The Company</u>	
	<u>1983</u> £	<u>1982</u> £	<u>1983</u> £	<u>1982</u> £
Trade debtors	6,216,126	6,206,700	6,216,018	6,206,700
Amounts owed by holding and fellow subsidiary companies	412,718	763,775	412,718	763,775
Amounts owed by subsidiary companies	-	-	483,723	562,742
Amounts owed by related companies	3,583,734	3,583,136	3,583,734	3,583,136
Other debtors	75,182	74,922	75,182	74,922
Prepayments and accrued income	1,573,782	1,583,979	1,465,879	1,480,577
	<u>11,861,542</u>	<u>12,212,512</u>	<u>12,237,254</u>	<u>12,671,852</u>

THE READER'S DIGEST ASSOCIATION LIMITED
AND SUBSIDIARY COMPANIES

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NOTES TO THE CONSOLIDATED ACCOUNTS

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>The Group</u>		<u>The Company</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	£	£	£	£
Bank loans and overdrafts	-	257,954	-	257,954
Trade creditors	4,890,321	4,719,182	4,872,774	4,654,787
Amounts owed to holding and fellow subsidiary companies	227,566	179,612	227,566	179,612
Corporation tax	1,781,170	1,529,410	1,745,064	1,529,410
Other taxes and social security costs	213,666	215,774	175,928	186,481
Accruals	2,036,171	2,362,953	1,923,835	2,198,109
Unexpired subscriptions	5,851,657	4,681,833	5,851,657	4,681,833
Proposed dividend	838,875	950,725	838,875	950,725
	<u>15,839,426</u>	<u>14,897,443</u>	<u>15,635,699</u>	<u>14,638,911</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>The Group</u>		<u>The Company</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	£	£	£	£
Corporation tax due 1st July, 1984	<u>801,077</u>	<u>1,418,094</u>	<u>801,077</u>	<u>1,418,094</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

<u>(a) The Group</u>	<u>Deferred taxation</u>	<u>Provision for relocations and closures</u>	<u>Provision for future collection costs</u>	<u>Total</u>
	£	£	£	£
Balance at 1st July, 1982	487,279	385,629	396,838	1,269,746
Utilised during the year	-	(430,311)	(3,843,417)	(4,273,728)
Charges for the year in the profit and loss account	217,253	44,682	3,846,112	4,108,047
Adjustment to advance corporation tax	<u>47,936</u>	-	-	<u>47,936</u>
Balance at 30th June, 1983	<u>752,468</u>	-	<u>399,533</u>	<u>1,152,001</u>

THE READER'S DIGEST ASSOCIATION LIMITED
AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED ACCOUNTS

11. PROVISIONS FOR LIABILITIES AND CHARGES

(b) <u>The Company</u>	<u>Deferred taxation</u> £	<u>Provision for relocations and closures</u> £	<u>Provision for future collection costs</u> £	<u>Total</u> £
Balance at 1st July, 1982	42,216	385,629	396,838	824,683
Utilised during the year	-	(430,311)	(3,843,417)	(4,273,728)
Charges for the year in the profit and loss account	166,965	44,682	3,846,112	4,057,759
Adjustment to advance corporation tax	47,936	-	-	47,936
	<u>257,117</u>	<u>-</u>	<u>399,533</u>	<u>656,650</u>

12. DEFERRED TAXATION

	<u>The Group</u>		<u>The Company</u>	
	<u>1983</u> £	<u>1982</u> £	<u>1983</u> £	<u>1982</u> £
Effect of accelerated depreciation allowances on fixed assets available for taxation purposes	1,118,125	1,184,697	622,774	739,634
Other timing differences	(6,139)	(289,964)	(6,139)	(278,964)
Advance corporation tax payable on the dividend proposed in these accounts and recoverable against future corporation tax liabilities	(359,518)	(407,454)	(359,518)	(407,454)
	<u>752,468</u>	<u>487,279</u>	<u>257,117</u>	<u>42,216</u>

THE READER'S DIGEST ASSOCIATION LIMITED
AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED ACCOUNTS

13. SHARE CAPITAL

Authorised:

2,500,000 ordinary shares of 5p each

£125,000

Allotted, issued and fully paid:

At 30th June, 1983 and 1982:

2,237,000 ordinary shares of 5p each

£111,850

14. REMUNERATION OF DIRECTORS

			<u>1983</u> £	<u>1982</u> £
Chairman			68,453	62,111
Other directors:				
£ 0 - £ 5,000	1983 No.	1982 No.		
£25,001 - £30,000	1	1		
£30,001 - £35,000	-	2		
£35,001 - £40,000	2	-		
£45,001 - £50,000	1	2	144,141	180,802
£50,001 - £55,000	1	-		
	-	1		
Contributions under pension scheme			18,083	21,302
Compensation for loss of office			-	25,000
			<u>230,677</u>	<u>289,215</u>

15. EMPLOYEES AND STAFF COSTS

The average number of persons employed by the company (including directors) during the year was as follows:

	<u>1983</u>	<u>1982</u>
General administration	94	100
Editorial	83	90
Art	29	30
Fulfilment	315	400
Production	26	25
Marketing	190	235
Magazine advertising sales	28	29
DMS warehouse	<u>235</u>	<u>210</u>
	<u>1,000</u>	<u>1,119</u>

THE READER'S DIGEST ASSOCIATION LIMITED
AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED ACCOUNTS

15. EMPLOYEES AND STAFF COSTS (continued)

The aggregate payroll costs of these persons were as follows:

	<u>1983</u> £	<u>1982</u> £
Wages and salaries	7,838,720	7,740,755
Social security costs	622,851	736,022
Other pension costs	<u>722,237</u>	<u>798,550</u>
	<u>9,183,808</u>	<u>9,275,327</u>

16. LEASE COMMITMENTS

The company conducts the major part of its operations from premises held on short leases.

The total rental expense for the years ended 30th June 1983 and 30th June, 1982 was as follows:

	<u>1983</u> £	<u>1982</u> £
Property rentals	1,576,322	1,263,001
Computer and equipment rental	575,805	527,964
Car rentals	<u>45,268</u>	<u>45,185</u>
	<u>2,197,395</u>	<u>1,836,150</u>

The future minimum lease payments to which the company is committed as at 30th June, 1983 under leases (all of which are non-cancellable operating leases) are as follows:

<u>Years ending 30th June</u>	<u>Leases</u> £'000
1984	1,936
1985	1,700
1986	1,526
1987	1,526
1988	1,478
1989 to 2014	20,374

17. ULTIMATE HOLDING COMPANY

The directors regard The Readers' Digest Association Inc. incorporated in the United States of America as the company's ultimate holding company.