

International Herald Tribune Limited

Company Registration No. 1106659 (England and Wales)

Directors' report and financial statements

For the year ended 31 December 2003



INTERNATIONAL HERALD TRIBUNE LIMITED

COMPANY INFORMATION

Directors	D Taylor R Wooldridge C Perot	(Appointed 1 April 2003)
Secretary	C Perot	
Company number	1106659	
Registered office	40 Marsh Wall Isle of Dogs London E14 9TP	
Auditors	Mazars Times House Throwley Way Sutton Surrey SM1 4JQ	

INTERNATIONAL HERALD TRIBUNE LIMITED

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INTERNATIONAL HERALD TRIBUNE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report and financial statements for the year ended 31 December 2003.

Principal activities and review of the business

The principal activities of the company continued to be to act as an advertising sales agency for its parent undertaking, International Herald Tribune SA, which publishes the daily international paper The Herald Tribune, and to organise international conferences.

The year proved to be a difficult one in both markets due to the continued depressed state of the advertising sector which, whilst the outlook is improving, still remains weak. As a result advertising commissions fell to £1,009,519 (2002: £1,220,043). Conference income also fell to £558,604 (2002: £625,722).

Administration expenses reduced to £1,739,910 (2002: £1,915,308) as a result of the reduction in staff numbers and the general slowdown in business activity. Net results after tax produced a loss of £55,410 (2002: £37,672).

Whilst early signs are encouraging 2004 also appears to be a difficult year.

Results and dividends

The results for the year are set out on page 4.

Directors

The following directors have held office since 1 January 2003:

R Bondy	(Resigned 1 April 2003)
D Taylor	
R Wooldridge	
C Perot	(Appointed 1 April 2003)

Directors' interests

There are no directors' interests requiring disclosure under Companies Act 1985.

Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, Mazars, will be deemed to be reappointed for each succeeding financial year.

INTERNATIONAL HERALD TRIBUNE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

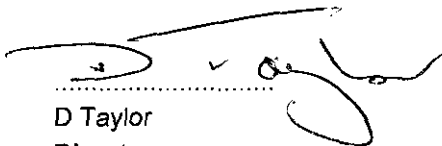
Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



D Taylor
Director

9.6.04

INTERNATIONAL HERALD TRIBUNE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERNATIONAL HERALD TRIBUNE LIMITED

We have audited the financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Mazars

Mazars

Chartered Accountants
and Registered Auditors

14 June 2004

Times House
Throwley Way
Sutton, SM1 4JQ

INTERNATIONAL HERALD TRIBUNE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £	2002 £
Turnover	2	1,568,123	1,845,765
Administrative expenses		(1,739,910)	(1,915,308)
Other operating income		119,138	135,537
Operating (loss)/profit	3	(52,649)	65,994
Other interest receivable and similar income		1,249	1,921
(Loss)/profit on ordinary activities before taxation		(51,400)	67,915
Tax on (loss)/profit on ordinary activities	4	(4,010)	(30,243)
(Loss)/profit on ordinary activities after taxation	10	(55,410)	37,672

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

INTERNATIONAL HERALD TRIBUNE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	5		79,726		133,107
Current assets					
Debtors	6	2,328,040		2,196,520	
Cash at bank and in hand		80,188		158,989	
		<u>2,408,228</u>		<u>2,355,509</u>	
Creditors: amounts falling due within one year	7	<u>(555,581)</u>		<u>(500,833)</u>	
Net current assets			<u>1,852,647</u>		<u>1,854,676</u>
Total assets less current liabilities			<u>1,932,373</u>		<u>1,987,783</u>
Capital and reserves					
Called up share capital	9		5,000		5,000
Profit and loss account	10		<u>1,927,373</u>		<u>1,982,783</u>
Shareholders' funds - equity interests	11		<u>1,932,373</u>		<u>1,987,783</u>

The financial statements were approved by the Board on 9.6.04


D Taylor
Director

INTERNATIONAL HERALD TRIBUNE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	Between 3 and 15 years on a straight line basis
Computer equipment	Over 5 years on a straight line basis
Fixtures and fittings	Over 5 years on a straight line basis
Motor vehicles	Over 5 years on a straight line basis

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.6 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax balances are not discounted.

1.7 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

INTERNATIONAL HERALD TRIBUNE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

2 Turnover

Class of business	Turnover	
	2003 £	2002 £
Advertising commissions	1,009,519	1,220,043
Conferences	558,604	625,722
	<u>1,568,123</u>	<u>1,845,765</u>

Geographical market

	Turnover	
	2003 £	2002 £
United Kingdom	1,466,638	1,648,680
Middle East	66,235	96,303
Africa	35,250	100,782
	<u>1,568,123</u>	<u>1,845,765</u>

3 Operating (loss)/profit

	2003 £	2002 £
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	63,505	59,561
Loss on disposal of tangible assets	-	1,258
Auditors' remuneration	12,500	12,000
	<u>76,005</u>	<u>72,819</u>

INTERNATIONAL HERALD TRIBUNE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

4	Taxation	2003 £	2002 £
	Domestic current year tax		
	U.K. corporation tax	4,010	27,089
	Adjustment for prior years	-	3,154
		<u>4,010</u>	<u>30,243</u>
	Current tax charge		
		<u>4,010</u>	<u>30,243</u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(51,400)	67,915
		<u>(51,400)</u>	<u>67,915</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002: 30.00%)	(15,420)	20,375
		<u>(15,420)</u>	<u>20,375</u>
	Effects of:		
	Non deductible expenses	11,347	12,138
	Depreciation	18,704	18,246
	Capital allowances	(10,621)	(12,870)
	Adjustments to previous periods	-	3,154
	Lease provision released	-	(10,800)
		<u>19,430</u>	<u>9,868</u>
		<u>19,430</u>	<u>9,868</u>
	Current tax charge	<u>4,010</u>	<u>30,243</u>

INTERNATIONAL HERALD TRIBUNE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

5 Tangible fixed assets

	Leasehold improvements £	Computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 January 2003	90,344	123,743	119,442	43,410	376,939
Additions	-	965	9,159	-	10,124
At 31 December 2003	90,344	124,708	128,601	43,410	387,063
Depreciation					
At 1 January 2003	54,582	86,725	85,423	17,102	243,832
Charge for the year	13,278	23,747	17,797	8,683	63,505
At 31 December 2003	67,860	110,472	103,220	25,785	307,337
Net book value					
At 31 December 2003	22,484	14,236	25,381	17,625	79,726
At 31 December 2002	35,762	37,018	34,019	26,308	133,107

6 Debtors

	2003 £	2002 £
Trade debtors	88,535	108,227
Amounts owed by parent and fellow subsidiary undertakings	2,170,970	2,046,745
Other debtors	9,142	2,594
Prepayments and accrued income	59,393	38,954
	2,328,040	2,196,520

7 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	3,799	-
Trade creditors	235,635	228,065
Corporation tax	4,008	13,589
Other taxes and social security costs	133,204	77,464
Other creditors	3,358	-
Accruals and deferred income	175,577	181,715
	555,581	500,833

INTERNATIONAL HERALD TRIBUNE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

8 Pension costs

Defined contribution

	2003 £	2002 £
Contributions payable by the company for the year	47,009	59,733

9 Share capital

	2003 £	2002 £
Authorised		
5,000 Ordinary shares of £1 each	5,000	5,000
Allotted, called up and fully paid		
5,000 Ordinary shares of £1 each	5,000	5,000

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2003	1,982,783
Retained loss for the year	(55,410)
Balance at 31 December 2003	1,927,373

11 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
(Loss)/Profit for the financial year	(55,410)	37,672
Opening shareholders' funds	1,987,783	1,950,111
Closing shareholders' funds	1,932,373	1,987,783

INTERNATIONAL HERALD TRIBUNE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

12 Financial commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			
	2003	2002	2003	2002
	£	£	£	£
Expiry date:				
Within one year	-	-	1,370	1,370
In over five years	312,250	122,938	-	-
	<u>312,250</u>	<u>122,938</u>	<u>1,370</u>	<u>1,370</u>

13 Directors' emoluments

	2003	2002
	£	£
Emoluments for qualifying services	50,159	52,299
Company pension contributions to money purchase schemes	10,280	5,302
	<u>60,439</u>	<u>57,601</u>

14 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2003	2002
	Number	Number
	<u>31</u>	<u>34</u>

Employment costs

	£	£
Wages and salaries	653,497	770,033
Social security costs	87,506	84,815
Other pension costs	47,009	59,733
	<u>788,012</u>	<u>914,581</u>

INTERNATIONAL HERALD TRIBUNE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

15 Control

The immediate parent company is International Herald Tribune SA incorporated in France, and the ultimate parent company is The New York Times which is incorporated in the United states.

The parent company of the smallest group to include the company in its consolidated financial statements is International Herald Tribune SA, a company incorporated in France. The company has taken advantage of the exemption in Financial Reporting Standard 1 "Cash flow statements" from the requirement to produce a cash flow statement on the grounds that consolidated financial statements are prepared by both the immediate and ultimate parent companies.

16 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.