

THE MONOPOLIES AND MERGERS COMMISSION

West Somerset Free Press
and
Bristol United Press Ltd

**A report on the proposed transfer
of the West Somerset Free Press, a newspaper
of which Farnham Castle Newspapers Ltd
is a proprietor, to
Bristol United Press Ltd**

*Presented to Parliament in pursuance of
Section 83 of the Fair Trading Act 1973*

*Ordered by The House of Commons to be printed
16 April 1980*

LONDON
HER MAJESTY'S STATIONERY OFFICE

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**Group appointed to discharge the functions of the
Commission in relation to the West Somerset Free Press/Bristol
United Press Ltd investigation**

1. In pursuance of the powers vested in him by virtue of section 4 of the Fair Trading Act and paragraph 10 of Schedule 3 thereto, the Chairman directed that the functions of the Commission in relation to the West Somerset Free Press/Bristol United Press Ltd reference should be discharged through a group consisting of the following regular members of the Commission:

Mr G F Ashford OBE

Mr J S Copp MBE

Mr C J M Hardie

Mr R G Opie CBE

Miss R Stephen MBE

He further directed that Mr Hardie should act as Chairman of the group. Mr Hardie subsequently withdrew from the investigation because of a potential conflict of interests and the Chairman then directed that Mrs V M Marshall, a regular member of the Commission, should be appointed to the group and that Mr Opie should act as Chairman of the group.

2. In pursuance of the powers vested in him by virtue of section 4 of the said Act and paragraph 22 of Schedule 3 thereto, the Secretary of State appointed for the purpose of this investigation the following additional members who, by virtue of the said paragraph 22, were also members of the group:

Mrs C Bicknell

Mr J W A Burnet

Mr J Clement Jones CBE

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CHAPTER 1

Introduction

1.1. In December 1979, the Secretary of State for Trade received formal application for his consent under section 58 of the Fair Trading Act 1973 to the transfer of the West Somerset Free Press, a newspaper owned by Farnham Castle Newspapers Ltd, to Bristol United Press Ltd.

1.2. Section 58 of the Act provides that the transfer of a newspaper to a newspaper proprietor whose newspapers, together with the newspaper concerned in the transfer, have an average circulation per day of publication amounting to 500,000 or more copies shall be unlawful and void, unless the transfer is made with the written consent of the Secretary of State. The average circulation per day of publication of the newspapers of Bristol United Press Ltd, together with the West Somerset Free Press, amounts to less than 500,000 copies. However, under the provisions of section 57(1) and (4) of the Act, both Associated Newspapers Group Ltd and Daily Mail & General Trust Ltd are newspaper proprietors in relation to the newspapers of Bristol United Press Ltd and would be newspaper proprietors in relation to the West Somerset Free Press after the proposed transfer. Associated Newspapers Group is a newspaper proprietor whose newspapers have an average circulation per day of publication of 500,000 or more copies, as is Daily Mail & General Trust by virtue of its shareholding in the former company. Accordingly, under section 58 of the Act, the proposed transfer of the West Somerset Free Press to Bristol United Press Ltd requires the written consent of the Secretary of State.

1.3. The relationship between Bristol United Press Ltd, Associated Newspapers Group Ltd and Daily Mail & General Trust Ltd is explained in detail in Chapter 4.

1.4. By virtue of section 58(4) of the Act, the Secretary of State is empowered to give his consent to the transfer without requiring a report from the Commission, since the newspaper concerned has an average circulation not exceeding 25,000 copies per day of publication. The Secretary of State did not exercise such power but, on 28 December 1979 in pursuance of section 59 of the Act, referred the matter of the proposed transfer to the Commission for investigation and report. We are required, by section 60(1) of the Act, to make our report within three months of the date of the reference, the text of which is reproduced at Appendix 1.

1.5. Section 59(3) of the Act requires us to report whether the transfer may be expected to operate against the public interest, taking into account all matters which appear in the circumstances to be relevant and, in particular, the need for accurate presentation of news and free expression of opinion.

1.6. Section 61(1) of the Act requires us to include in our report definite conclusions, with an account of our reasons for those conclusions, and such a survey of the general position with respect to the proposed transfer, and of the developments which have led to that position, as in our opinion are expedient for facilitating a proper understanding of our conclusions. Should we find that the transfer in question might operate against the public interest, section 61(2) of the Act requires us to consider whether any (and, if so, what) conditions might be attached to any consent to the transfer in order to prevent it from so operating and empowers us, if we think fit, to include in our report recommendations as to such conditions.

1.7. We obtained written evidence from:

- (a) Mr R S Tindle, the owner of Farnham Castle Newspapers Ltd;
- (b) The Bristol Evening Post group, of which Bristol United Press Ltd is the main operating company;
- (c) Associated Newspapers Group Ltd, which has a substantial interest in the Bristol Evening Post group and in Bristol United Press Ltd;
- (d) Daily Mail & General Trust Ltd, which has a shareholding in Bristol United Press Ltd and a further indirect interest by virtue of its substantial shareholding in Associated Newspapers Group Ltd.

In addition, we invited and obtained written evidence from other interested parties. These included organisations which represent newspaper proprietors and those which represent their employees, local authorities and owners of other newspapers in and around the area in which the West Somerset Free Press circulates. We held one hearing with each of the two principal parties to the proposed transfer and one hearing with representatives of Associated Newspapers Group Ltd. Lastly, we visited the offices and printshop of the West Somerset Free Press at Williton.

1.8. The Department of Trade placed an advertisement in the West Somerset Free Press inviting any person wishing to provide information or views on the proposed transfer of the newspaper to write to the Commission. We received no response to the advertisement.

1.9. Since some of the evidence collected during the course of our investigation was of a confidential nature, our report contains only such information as we consider necessary for a proper understanding of our conclusions.

1.10. We are grateful to all those who have helped us in our investigation, particularly the principal parties to the proposed transfer.

CHAPTER 2

Weekly newspapers

2.1. Some weekly newspapers, in order to cover adjacent but distinct districts, are published in separate editions under one title; in other cases there may be several separate titles which contain a substantial amount of common material and therefore amount to separate editions of a single newspaper. Hence it is not always clear whether a particular series of newspapers should be regarded as a number of different newspapers or as one only.

2.2. According to the 1977 Annual Report of the Press Council, at 30 June 1977 there were 1,086 weekly (and bi-weekly) newspapers¹ in existence in the United Kingdom (including the Channel Islands and the Isle of Man), with an aggregate estimated circulation of 11·8 million. The Circulation Review published by the Audit Bureau of Circulations Ltd for the six months to 30 June 1979 shows that the circulation figures per issue of individual weekly newspapers, or series of newspapers, range from around 1,000 to well over 100,000.

2.3. The number of weekly newspapers and their aggregate circulation have fallen steadily during recent years, with the notable exception of 1976 when the trend was reversed. In 1977, however, there was a further decline. The general trend is illustrated by the following table showing numbers and circulation of weekly newspapers in the United Kingdom.

Weekly newspapers

<i>Year</i>	<i>Number</i>	<i>Circulation (millions)</i>
1937	1,348	8·6
1947	1,204	11·9
1965	1,185	13·6
1966	1,159	13·8
1967	1,164	13·3
1968	1,160	13·3
1969	1,166	13·4
1970	1,170	13·0
1971	1,150	13·2
1972	1,134	12·8
1973	1,137	12·7
1974	1,128	12·6
1975	1,079	12·3
1976	1,101	13·4
1977	1,086	11·8

Sources: Royal Commission on the Press 1947-49, Cmnd 7700, HMSO 1949. Annual Reports of the Press Council 1965-77. Willing's Press Guides 1937 and 1947. The figures in 1937 and 1947 exclude the Channel Islands and the Isle of Man; the remaining figures include these territories.

¹We have seen no statistics for weeklies and bi-weeklies separately and, in this report, reference to weeklies may be taken to include bi-weeklies except where the sense requires otherwise.

2.4. There has been a great increase in the concentration of ownership of weekly newspapers since the second World War. The following table shows that the total number of titles owned by principal newspaper undertakings which owned 18 or more weeklies each rose steadily until 1975, though it fell very slightly in 1976 and 1977. The share which this total represents of all weekly titles showed a similar trend.

Weekly newspapers owned by principal newspaper undertakings having 18 or more weeklies each

<i>Year</i>	<i>Number of titles so owned</i>	<i>Percentage of all local weekly titles</i>
1948*	52	4.0
1961*	137	11.2
1966*	197	17.0
1971	218	19.0
1972	229	20.2
1973	232	20.4
1974	250	22.2
1975	273	25.3
1976	272	24.7
1977	267	24.6

Sources: Royal Commission on the Press 1947-49, Cmnd 7700, HMSO 1949.
 Royal Commission on the Press 1961-62, Cmnd 1811, HMSO 1962.
 Annual Reports of the Press Council 1966-77.

*The figures for these years are broadly comparable, but may not be on precisely the same basis as those for later years.

2.5. The 1977 Annual Report of the Press Council lists 14 principal newspaper undertakings, of which two did not own any weekly newspapers at 30 June 1977, seven owned 18 or more weeklies each and the remaining five owned 36 weeklies between them. There were 26 other newspaper groups which, at 30 June 1977, each published six or more weeklies with aggregate circulations of 50,000 or more and, between them, these groups controlled a total of 285 titles with an aggregate circulation of over 2.8 million.

CHAPTER 3

Farnham Castle Newspapers Ltd

3.1. Farnham Castle Newspapers Ltd (Farnham Castle) is a private company in which Mr R S Tindle holds over 99 per cent of the issued capital. The remaining shares in the company are held by Mrs Tindle.

3.2. In early 1975 the company purchased the Farnham Herald, an old-established weekly newspaper published in four editions, each based on a different town in the area. Farnham Castle re-equipped the works, greatly improving productivity, and claims to have pioneered the linking of new technology to the Cossar press, the press used by many small independent newspapers. The increased capacity enabled the company to launch a new paper, The American, in the autumn of 1976. The American now has its own staff, two associated papers (The Aberdeen American and The American Traveller) and is published through a wholly-owned subsidiary of Farnham Castle, British American Newspapers Ltd.

3.3. In 1977 Farnham Castle launched a fifth edition in the Farnham Herald series, the Petersfield Herald, to combat increasing competition in the south-west of the circulation area. The five titles in the series are now:

Farnham Herald
Haslemere Herald
Bordon Herald
Alton Herald
Petersfield Herald.

Circulation increased from approximately 27,300 in early 1975 to 30,500 in February 1980¹.

3.4. Later the same year Farnham Castle acquired a substantial shareholding (45½ per cent) in City Recorder Ltd, a small private company which had recently launched a fortnightly newspaper, the City of London Recorder. Mr Tindle, the owner of Farnham Castle, holds a further 18 per cent of the shares of City Recorder Ltd and thus has effective control of the company.

3.5. In March 1978 Farnham Castle acquired the West Wales Weekly Observer, an old-established provincial newspaper based in Tenby, which had been suffering from severe financial and production difficulties for some time. A receiver had been appointed and, before the acquisition, the demise of the newspaper seemed imminent. Farnham Castle retained the staff, largely re-equipped the small works, reverted to the newspaper's former title, the Tenby Observer, and launched a new edition entitled the Narbeth & Whitland Observer. In the year to 31 March 1979, the trading loss was turned into

¹Circulation figures provided by Farnham Castle.

a small profit of around £1,000, which is expected to increase to £8,000 in the year ending 31 March 1980. Circulation increased by almost 15 per cent in the two year period following the acquisition¹.

3.6. Cox, Sons & Co Ltd, publishers of the West Somerset Free Press, approached Farnham Castle in April 1978. The subsequent acquisition of the share capital of the Cox company by Farnham Castle is dealt with in Chapter 5.

3.7. During 1979-80 Farnham Castle acquired two more small old-established weekly newspapers, the Teignmouth Post and the Monmouthshire Beacon, which both increased their news content under the new ownership.

3.8. The financial results of Farnham Castle for the four years from 1 April 1975 to 31 March 1979 are summarised in the table at Appendix 2. These figures show that net tangible assets increased from £311,069 at 31 March 1976 to £541,975 at 31 March 1979. Certain trade investments, included at cost (£74,000), are stated in the 1979 accounts to have, in the opinion of the directors, a value in excess of £750,000. Pre-tax profit, including net interest receivable and other investment income, rose from £22,279 in 1975-76 to £223,493 in 1978-79. Return on turnover, struck by reference to pre-tax profit (excluding net interest receivable and other non-trading income), rose from 0.54 per cent (1975-76) to 14.90 per cent (1978-79). Farnham Castle paid no dividends during the period under review.

3.9. Mr R S Tindle is a director of Guardian and Manchester Evening News Ltd and has several other newspaper interests apart from Farnham Castle Newspapers Ltd. Appendix 3 gives brief particulars of all his newspaper investments, including Farnham Castle. Appendix 4 shows the structure of the Farnham Castle group with particulars of its newspapers, associated companies and trade investments.

¹Based on circulation figures provided by Farnham Castle.

CHAPTER 4

Bristol United Press Ltd and its shareholders

4.1. The Bristol Evening Post Ltd (BEP), parent company of Bristol United Press Ltd (BUP), was incorporated as a public company in 1932. Its principal aim was the publication of a new evening newspaper, the Bristol Evening Post, following the closure of a local morning and two local evening newspapers as a result of competition from the Evening World, an Associated Newspapers Ltd (Associated Newspapers) publication.

4.2. In 1935 BEP and Associated Newspapers reached an agreement by which a new company, Bristol United Press Ltd, took over the publication of both the Evening World and the Bristol Evening Post. The agreement was amended in 1939, when the equity of BUP was allocated 60 per cent to BEP and the remainder in equal shares to Associated Newspapers and its then parent company, Daily Mail & General Trust Ltd (DM & GT). From 1939 onwards BEP has operated as a holding company, with BUP as the main trading subsidiary. The present structure of the BEP group is shown at Appendix 5.

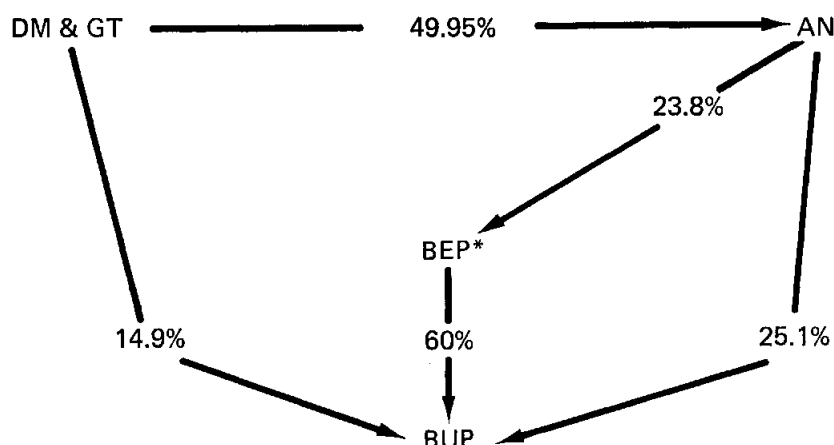
4.3. In 1978 DM & GT disposed of over one-quarter of its 20 per cent shareholding in BUP to Associated Newspapers. Since then the shareholdings in BUP have been as follows:

	<i>Per cent</i>
The Bristol Evening Post Ltd	60.0
Associated Newspapers Group Ltd	25.1
Daily Mail & General Trust Ltd	14.9

Shortly afterwards, DM & GT reduced its shareholding in Associated Newspapers from 50.53 per cent to 49.95 per cent and thus is no longer the latter's parent company.

4.4. In addition to their direct shareholdings in BUP, both Associated Newspapers and DM & GT have significant indirect interests in the company. Associated Newspapers is the largest single shareholder in the parent company, BEP, with 23.8 per cent of the issued capital¹, and DM & GT holds nearly half the issued capital of Associated Newspapers. The relationship between these four companies (BUP and its three shareholders) is represented in the diagram on page 8.

4.5. BUP itself operated with little change from 1939 until April 1960 when it acquired the ailing Western Daily Press, an independent morning newspaper based in Bristol. Since the acquisition, the circulation of the newspaper has been built up from approximately 14,000 to 80,000¹. The Observer, a small weekly newspaper circulating in the Kingswood district of Bristol, was acquired with the Western Daily Press.



The relationship between BUP and its three shareholders.

*The Associated Newspapers employees' pension fund holds 3.8 per cent and the remaining BEP shares are widely distributed among independent institutions and individuals.

4.6. In Bristol, as in other provincial cities, it became clear that the publication of two evening newspapers was not an economic proposition. The Evening World, whose sales had fallen from around 80,000 to 30,000¹ was closed in January 1962. Since then the Bristol Evening Post has been the only evening newspaper in the city and its current circulation is around 130,000¹.

4.7. In May 1965 BUP acquired the Western Gazette Co Ltd, publisher of The Western Gazette and its associated paper, Pulman's Weekly News. These newspapers are printed and published in Yeovil and circulate in Somerset, Dorset, East Devon, West Hampshire and Wiltshire. The turnover of the company increased from approximately £300,000 in the nine months ended 31 March 1965 to £2.2 million in the year ended 31 March 1979. Pre-tax profits increased from approximately £67,500 to £529,200 over the same period. The circulation of the Western Gazette fell from around 79,200 in 1965 to 74,600 in 1979¹ and that of Pulman's Weekly News fell from around 14,500 to 12,500¹.

4.8. In May 1977 BUP acquired control of the Clevedon Printing Co Ltd, publisher of the South Avon Mercury. The turnover of that company rose from approximately £188,100 in the year ended 31 March 1977 to £256,400 in the year to 31 March 1979. Pre-tax profits rose from £17,300 to £32,600 in the same period, the latter figure after an exceptional charge of over £9,600 for depreciation. Circulation of the South Avon Mercury increased from around 12,800 at the time of acquisition to 13,300 in 1979¹.

4.9. The financial results of BUP for the four years from 1 April 1975 to 31 March 1979 are summarised in the table at Appendix 6. These figures show that net tangible assets increased from £3.6 million at 31 March 1976

¹Circulation figures provided by BUP.

to £4.4 million at 31 March 1979. Pre-tax profit, including the effect of net interest, increased from £0.7 million in 1975-76 to £1.9 million in 1978-79. Return on turnover, struck by reference to pre-tax profit (excluding the effect of net interest and any other non-trading income), increased from 5.76 per cent in 1975-76 to 8.66 per cent in 1978-79 (8.97 per cent in 1977-78).

4.10. Appendix 7 shows particulars of the newspapers of the BEP group and the areas in which they circulate. Appendix 8 gives particulars of the regional and local newspapers of Associated Newspapers. DM & GT does not publish any newspapers itself. Its newspaper interests derive from investments in companies which are newspaper publishers.

CHAPTER 5

The proposed transfer

5.1. The West Somerset Free Press is a weekly newspaper which was established in 1860 and, until March 1979, was published by a private company, Cox, Sons & Co Ltd. The newspaper is printed at Williton and circulates mainly in the Minehead and Williton districts and the surrounding area of West Somerset, extending as far as Taunton, Bridgwater and the River Parrett estuary in the east. The peripheral circulation area extends westwards and southwards into Devon. A map showing the relevant areas of West Somerset and North East Devon is included for reference at Appendix 9. Average net sales of the West Somerset Free Press per publishing day were 12,528 in the six months to 30 June 1979¹.

5.2. The Somerset County Gazette, a News International Ltd publication, is the only other local weekly newspaper which circulates throughout the whole area covered by the West Somerset Free Press. However, Associated Newspapers, BUP and News International Ltd all own a number of regional and local newspapers (both weeklies and dailies) which circulate in and around that area. Particulars of these other newspapers are given at Appendix 10.

5.3. In the spring of 1978 the original shareholders in Cox, Sons & Co Ltd (COX) approached BUP and Mr Tindle of Farnham Castle separately, with a view to selling the whole of the issued capital of the company, which operates a general printing department in addition to publishing a newspaper. At the time the company was suffering from serious cash flow and liquidity problems and had not yet reaped the full benefit of a recent major investment programme. Because of the lack of management succession within the Cox family and their concern to preserve the newspaper and the jobs of the company's employees, the shareholders had decided to sell the business. In August 1978 agreement was reached between the COX shareholders and Mr Tindle, subject to investigation of the accounts. Shortly afterwards the liabilities of COX were found to be greater than expected and Mr Tindle decided he could not proceed with the purchase of the business, with its liabilities, without help. With the concurrence of the COX shareholders Mr Tindle approached BUP to suggest a partnership. A joint purchase of the issued capital of COX was agreed, with 25 per cent to Farnham Castle and 75 per cent to BUP, at the latter's wish.

5.4. In early 1979 BUP became aware that, under the provisions of sections 57 to 62 of the Fair Trading Act 1973, the consent of the Secretary of State would be required to its acquisition of the West Somerset Free Press. To avoid further delay, therefore, it was agreed that Farnham Castle would purchase the whole of the COX issued capital and, provided the necessary

¹Audit Bureau of Circulations Ltd Advance List of circulation figures for July-December 1979.

consent was obtained, would transfer 75 per cent to BUP at a later date. Since Farnham Castle is a newspaper proprietor whose newspapers, even with the addition of the West Somerset Free Press, have an average circulation amounting to less than 500,000 per day of publication, the proposed acquisition by Farnham Castle did not require the consent of the Secretary of State under the provisions of the Act.

5.5. Farnham Castle acquired the issued capital of COX in March 1979 and the proposed transfer of 75 per cent¹ to BUP is the result of the agreement described at paragraph 5.4.

5.6. Statements prepared by COX before the acquisition by Farnham Castle, and supplied to us by Mr Tindle, indicated that the extent of COX's borrowings in 1978 had been largely due to the investment programme carried out between 1972 and 1978. Additional premises had been purchased, extensive building operations were carried out, new presses and machinery were acquired and the company had begun to concentrate on a new venture, offset general printing. The company was already beginning to show the benefit of this programme in 1978. Mr Tindle told us that a further concentrated effort on selling was necessary, both on the general printing side of the business and on building up advertising revenue for the newspaper. The editorial department needed strengthening, particularly as the editor himself had reached normal retirement age.

5.7. We invited Mr Tindle to explain in more detail the circumstances surrounding his decision not to go ahead with the purchase of the whole of the COX issued capital, but to accept a minority shareholding in partnership with BUP. He told us that the approach from the COX shareholders had come at a time when Farnham Castle had just made two heavy financial commitments, one of which was the purchase of the Tenby Observer described in paragraph 3.5. Consequently, when the COX borrowings were found to be greater than expected, he considered that Farnham Castle might be over-extending itself, at that particular time, if it tried to absorb the whole amount without help. He would have preferred to acquire a majority interest in the partnership with BUP, but accepted BUP's wish to hold the controlling interest. We asked whether Farnham Castle would be embarrassed, financially or in any other way, if the proposed transfer to BUP did not take place. The answer was that it would not; its financial position had been strengthened considerably since the summer of 1978, the COX issued capital had been paid for already and COX itself was in a sounder position. Mr Tindle emphasised, however, that he wished to honour the agreement with BUP if allowed to do so.

5.8. We asked Mr Tindle about his editorial policy and general newspaper philosophy. He showed us a written policy statement which guaranteed complete editorial freedom to editors. Each newspaper in the group had its own management team and Mr Tindle himself did not participate on a day-to-day

¹This figure includes a very small shareholding (1.25 per cent) which has already been transferred to BUP.

basis. Many of the newspapers acquired by Farnham Castle had been making losses at the time of purchase and were now profitable. No common factor had been responsible for the losses. Farnham Castle believed in its newspapers having an editorial content which was of interest to readers in the immediate locality; this helped to increase both sales and advertising revenue. The circulation area could be extended by publishing separate editions of a local newspaper, based on different towns in the area, so that the news content in each edition was of really local interest. Mr Tindle hoped that the West Somerset Free Press would be developed along those lines.

5.9. BUP told us that the future of the West Somerset Free Press was in danger in the spring of 1978. BUP considered, however, that its own experience and resources were sufficient to retrieve the position and so made an offer for the company. A slightly higher offer had been made by Farnham Castle and accepted by the COX shareholders, but, when Farnham Castle approached BUP later with the suggestion of a partnership, BUP agreed to a joint purchase at the same price, on the understanding that it would acquire the majority interest.

5.10. Furthermore, since March 1979, BUP had used its own resources, in co-operation with Farnham Castle, in improving the management of COX. Expert staff were provided to help in training, the costing of the general printing department had been revised and that department was now making substantial contributions to profits. BUP believed that it could increase sales inside the present circulation area and hoped, eventually, to strengthen the editorial staff and to take on a trainee journalist. However, it was BUP's considered view that there was little scope for expanding the circulation area of the West Somerset Free Press, since its content would not be of interest to people outside that area and it would not be economically practicable to produce separate editions based on different towns.

5.11. BUP told us that the group had a clearly declared policy of editorial independence and was committed to allowing each editor to publish his newspaper entirely free from political, religious or personal pressure. There was some central direction on management, for example on the size and format of the newspaper and on the ratio of news to advertising.

5.12. BUP and Farnham Castle had given a joint assurance to all the COX staff, in March 1979, that there would be no redundancies as a result of the proposed transfer of the business from the original COX shareholders. Initially the assurance was for a period of approximately twelve months, because of the difficulties of the COX company. BUP told us that the trade unions involved had asked for clarification of the employees' position beyond the twelve months and it had given a further undertaking that there would be no redundancies, in normal circumstances, in the foreseeable future. Mr Tindle told us that, as far as he was concerned, there was no danger of any redundancies and that, on the contrary, he hoped to expand the newspaper. Consequently he was prepared to renew the assurances already given to the employees, whether or not the proposed transfer was permitted. Both BUP and Mr Tindle said that their general management policies were compatible,

that they were committed to retaining the printing and publication of the West Somerset Free Press at Williton and they could foresee no real difficulties arising from a 75:25 partnership in the newspaper.

5.13. We asked BUP about the involvement of the Associated Newspapers Group Ltd in the BEP group and were assured that it had never tried to control or influence the management of BEP or BUP. Associated Newspapers did, however, have two representatives on both boards. BUP emphasised the independence of the Bristol group, which did not consider itself part of Associated Newspapers since the latter had only a minority interest in the issued capital of the Bristol companies and minority representation on the boards of directors. The BEP group would not feel inhibited in any way from competing with newspapers controlled by Associated Newspapers.

5.14. Associated Newspapers has two directors out of ten on the board of BEP and two out of seven on the BUP board. We were told by Associated Newspapers that although one of the other directors was its nominee he was generally regarded as being independent. Associated Newspapers took no part in the day-to-day management of the operating company, BUP, and its newspapers and had no wish to increase its interest or influence in the BEP group at present, but circumstances would dictate what it would be right to do at any particular time. The company acknowledged that its substantial investment in the BEP group, reinforced by the additional investment of DM & GT, meant that it would be keenly interested and involved in such strategic considerations as the management succession of BUP.

5.15. Associated Newspapers told us that it was not company policy to seek newspaper acquisitions, although it would of course consider an approach from a newspaper proprietor wishing to sell. The company gave complete independence to the editor of each newspaper and he had full responsibility for what was published. There was no central board direction whatsoever and the company would have no objection to newspapers under its control competing with one another and, indeed, several already did so.

5.16. DM & GT informed us that it was an investment holding company, whose only newspaper interests were its investments in Associated Newspapers and BUP and a small investment in Reed International Ltd, which controlled the International Publishing Corporation Ltd. DM & GT confirmed that it would not expect to participate in any way in the management of the West Somerset Free Press, if the proposed transfer went ahead.

CHAPTER 6

Other evidence

6.1. We approached organisations representing newspaper proprietors, organisations representing their employees, local authorities, chambers of commerce and owners of other newspapers circulating close to the West Somerset Free Press. We asked all those whom we consulted for their views on the proposed transfer, with particular reference to the following:

- (a) the future prospects of the newspaper if the proposed merger were not to take place;
- (b) the local effects of the merger, including those on competition, expansion, closures and labour redundancy and on the accurate presentation of news and free expression of opinion;
- (c) the effects of ownership by BUP on the commercial efficiency of newspapers in general and local weeklies in particular;
- (d) the effects of such ownership on the accurate presentation of news and free expression of opinion in general and in weeklies in particular;
- (e) the relevance of this particular merger to concentration of ownership of the press.

Views of organisations other than trade unions

6.2. On balance, the views expressed by local organisations were that the financial strength of BUP would be beneficial, its reputation indicated that an independent editorial policy would be maintained and there would be no diminution in newspaper competition in the area. One or two fears were expressed for the future of the West Somerset Free Press if the proposed merger did not take place, but these appeared to be based on the misapprehension that the newspaper was still owned by the original COX shareholders. Some local authorities were concerned that there should be no reduction in employment in an area where job prospects were relatively poor.

6.3. The Press Council reminded us of its general concern about any further concentration of newspaper ownership, quoting the view we have ourselves expressed previously:

‘... it might well be the case that every single transfer referred to the Commission was of itself unobjectionable or even beneficial, and yet the total result could be an undesirable concentration of ownership.’¹

The Council pointed out that the proposed merger would bring the West Somerset Free Press into common ownership with the two regional daily papers circulating in and near the area, the Western Daily Press and the

¹Westminster Press Ltd and Kentish Times Ltd, Gravesend and Dartford Reporter Ltd and F J Parsons Ltd, subsidiaries of Morgan-Grampian Ltd, report on the proposed transfer of eighteen newspapers to Westminster Press Ltd, HC 460 October 1973.

Bristol Evening Post. Concentration of ownership apart, the Council pointed out that BUP is an efficient and successful newspaper publisher, with a keen feeling for the area and a very good record of editorial independence.

6.4. The Newspaper Society took the view that the proposed merger would not give rise to any adverse effects. They pointed out, however, that both BUP and Farnham Castle had considerable experience in newspaper management and news presentation and that the future prospects of the West Somerset Free Press were unlikely to be affected whether or not the merger took place.

6.5. Of the remaining respondents, several did not wish to make any comment and those who did express views had no objection to this particular newspaper transfer. Some witnesses expressed general concern at the reduction in the number of independent newspapers and the possibility of diminishing competition in the newspaper field. Others, considering this case specifically, thought that the financial strength of BUP might benefit the West Somerset Free Press. None of the witnesses considered that ownership by BUP would have any adverse effects on the accurate presentation of news and free expression of opinion.

Views of trade unions

6.6. The National Society of Operative Printers Graphical and Media Personnel took the view that the involvement of BUP would strengthen the newspaper economically. The Society considered that, even with the acquisition of the West Somerset Free Press, BUP would be a comparatively small newspaper group.

6.7. The National Union of Journalists considered that there should be a much more critical approach to regional monopolies and the concentration of ownership in the provincial press. In this particular case they understood that the Cox company had suffered from financial problems, in which case they accepted that a take-over might be necessary for the security of the newspaper itself and the jobs of the staff. They urged the Commission to insist on guarantees of job security, the security of the title as an independent newspaper and a strengthening of the editorial side of the paper.

6.8. In general, the trade unions concerned had no objection to this particular newspaper transfer.

CHAPTER 7

Conclusions on the public interest

7.1. We are required to report whether the proposed transfer of a majority interest in the West Somerset Free Press to Bristol United Press Ltd may be expected to operate against the public interest, taking into account all matters which appear in the circumstances to be relevant.

7.2. In previous inquiries into proposed transfers of local weekly newspapers we have been particularly influenced in reaching our conclusions by the need to ensure the continued prosperity, commercial viability or even long-term survival of a newspaper in the face of such circumstances as difficulty of raising finance for new equipment, absence of management succession, or desire on the part of owners of a family business to withdraw capital.

7.3. The present case is different. In the first half of 1978 the Cox family, in circumstances which we have described in paragraph 5.3, wished to sell the company, Cox, Sons & Co Ltd, which owns the West Somerset Free Press. We understand that at that time the family were indeed concerned to ensure the continuity of the newspaper and in particular to protect its employees from redundancy, and it was for this reason that an approach was made to Mr Tindle and the company was sold to Farnham Castle Newspapers Ltd in 1979.

7.4. As a result protection of the West Somerset Free Press from closure and of its employees from redundancy, which at one time was an important consideration, is no longer in question. The proposed transaction which has been referred to us—the acquisition of a 75 per cent interest by Bristol United Press from Farnham Castle—now has no element of rescue in it to influence our conclusions.

7.5. The acquisition by Farnham Castle, which has already taken place, did not require the consent of the Secretary of State under the Fair Trading Act and is not the subject of our inquiry. The question before us is whether acquisition of 75 per cent by BUP may be expected to operate against the public interest; and in answering this question we are bound to consider in what relevant ways, if any, BUP differs, as a newspaper proprietor, from Farnham Castle. BUP is a larger organisation, but, since it does not own newspapers with circulations totalling 500,000, acquisition by it of the West Somerset Free Press would not have required the Secretary of State's consent but for the shareholding in BUP which Associated Newspapers Group Ltd owns.

7.6. This shareholding by Associated Newspapers is clearly a factor which distinguishes BUP from the wholly independent Farnham Castle. We consider the relevance and significance of this shareholding below, but first we consider a number of other matters.

Accurate presentation of news and free expression of opinion

7.7. In considering the public interest we are specifically required under section 59(3) of the Act to take into account the need for accurate presentation of news and free expression of opinion. As to the accurate presentation of news we see no reason to suppose that there would be any material difference if the West Somerset Free Press were 75 per cent owned by BUP. BUP's newspapers appear to be well regarded and we foresee no adverse effects either on the accuracy with which news would be presented or on the news content. Free expression of opinion relates to selection of news and balanced reporting as well as to editorials and contributions from the public in letters to the editor, and in all these what is important is the freedom of the editor to print what he considers appropriate and his independence from direction by the proprietor. Clearly no editor can be wholly independent of his proprietor since it is to him that he owes his appointment; but subject to this we accept that editorial independence is the policy of BUP just as it is of Farnham Castle, and indeed of Associated Newspapers, and that the editors of the newspapers of all three organisations are not subject to direction from their proprietors.

7.8. We are satisfied that there is no objection to the acquisition by BUP on the ground of any adverse effect on accurate presentation of news or free expression of opinion.

Effects on employees

7.9. In view of the assurances that have already been given (see paragraph 5.12), we are satisfied that there will be no redundancies among the staff of the West Somerset Free Press in the foreseeable future whether acquisition by BUP takes place or the newspaper is left in the ownership of Farnham Castle. But we cannot ignore the possibility, however remote, that circumstances might change and that the general printing business at Williton might be closed down or sold off, or that the printing of the newspaper might be transferred elsewhere. Both BUP and Farnham Castle told us that it would not be their intention to introduce such changes, but closure of the newspaper printing plant at Williton is a possibility which is open to BUP in view of the geographical proximity to Bristol but apparently much less so to Farnham Castle if the newspaper remains wholly in its ownership.

Management

7.10. We accept that BUP is a well run company and that it is fully able, and well placed geographically, to manage the West Somerset Free Press efficiently. Indeed, in the expectation of acquiring a majority shareholding, it has already contributed some services by way of advice and training and we have no doubt that if the acquisition takes place it will continue to do so. We would have no fears for the efficient management of the West Somerset Free Press if it were wholly in the hands of BUP.

7.11. However, as we have described in paragraph 5.3, Mr Tindle invited BUP to take a shareholding in Cox for financial reasons and not in order to gain access to BUP management resources. There has never been any doubt

cast upon Mr Tindle's ability to manage the company without any contribution from BUP. In our view the company will be efficiently managed if it remains wholly in the hands of Farnham Castle, as indeed it would be by BUP. However, if the acquisition takes place the company will not be wholly in the hands of BUP and, although relations between Mr Tindle and BUP appear to be entirely satisfactory, it seems to us possible that, with a minority shareholding of 25 per cent by an active weekly newspaper proprietor with firm views of his own, a conflict of management styles and objectives could develop. We do not go so far as to say that this is probable, or indeed that if any problems did arise they would be insoluble. Nevertheless, the possibility exists. Moreover we incline to the view that the style of management and more personal involvement which might be expected from Mr Tindle would be more appropriate to the West Somerset Free Press.

Competition

7.12. Whereas Mr Tindle has no newspapers circulating in or around the area covered by the West Somerset Free Press, this is not the case with either BUP or Associated Newspapers. Several weekly newspapers owned by Associated Newspapers (the North Devon Journal Herald, the Wellington Weekly News and the Tiverton Gazette Series) circulate in areas adjacent to that of the West Somerset Free Press, as does the weekly Western Gazette owned by BUP. However, sales of all these newspapers within the West Somerset Free Press area are small and they appear to offer little competition in the area as a whole. Apart from weekly newspapers, there are some sales in the West Somerset Free Press area of BUP's Bristol Evening Post and Western Daily Press and of Associated Newspapers' Express & Echo and Western Morning News (all of which are evening or morning daily newspapers).

7.13. There appears to be little competition at present between the West Somerset Free Press and any BUP or Associated Newspapers titles; but competition might become an important consideration if the West Somerset Free Press were to expand the area of its circulation. Both BUP and Associated Newspapers told us that as a matter of policy they had no objection to their newspapers competing between themselves for circulation. How far the West Somerset Free Press is in fact likely to compete by expanding is uncertain. Mr Tindle told us that he considered there was scope for expansion by means of slip editions for different towns, and we note that this is a method of expansion which he has used successfully elsewhere. BUP on the other hand saw no scope for such expansion and was opposed to it because of the cost involved; the company said that 'significant expansion of the West Somerset Free Press is most unlikely because as a title it is completely surrounded by competing weekly newspapers and the area is not one of high population or expected growth'.

7.14. Our view is that competition is likely to be keener if the West Somerset Free Press continues to be wholly-owned by Farnham Castle than if BUP acquires 75 per cent.

Concentration of ownership

7.15. In investigating acquisitions of local weekly newspapers, we have on a number of occasions expressed concern about the tendency towards concentration of ownership of local weekly newspapers and in particular about the ownership of local newspapers by large groups running one or more national newspapers.

7.16. This general concern about concentration of ownership has also been expressed in the 1977 report of the Royal Commission on the Press¹, where the matter was dealt with at some length. The Royal Commission said that even where the growth of national chains and regional groups did not create newspaper monopoly conditions the spread of newspaper ownership by such groups 'does mean that the influence of a small number of companies over what is reported and commented upon—and how—has continued to grow'. The Royal Commission believed that it would be regrettable if the newspaper groups concerned were to grow much further, and in paragraph 14.11 of their report they gave three reasons for this view. These were as follows:

- '(a) The fewer the companies owning papers in the provinces, the less the diversity of voices in the press as a whole, even though each is concerned mainly with local and regional issues. The ultimate danger is that if a company should fall into the hands of an irresponsible owner, the effects of his irresponsibility would be more dangerously widespread, the more newspapers he controls;
- '(b) The growth of such companies is associated with growing concentration at a county and regional level. The major groups have expanded their ownership not over the country as a whole but in the main by colonising particular areas in which they have extended and strengthened their interests so far that in many cases they have created extensive monopolies;
- '(c) In some of their roles (such as defending the individual against the state and local councils and large public and private corporations) the credibility of the press will dwindle, the more it comes to be owned by large corporations whose interests are inevitably remote from those of the localities which their provincial papers serve.'

7.17. The third of these three reasons was stated to be more tentatively suggested than the other two, but we think that the Royal Commission's reasons as a whole are valid. We are not, of course, bound by any views expressed by the Royal Commission, but, whereas in our own previous inquiries we have considered individual acquisitions of local newspapers, the Royal Commission applied themselves to the problem of concentration of ownership as a whole, and for this reason we consider that their conclusions must carry weight.

7.18. In our view a case against further concentration of ownership of local newspapers has been established, and it follows that there are *prima facie* reasons on public interest grounds against any individual acquisition of a local newspaper which would carry the process of concentration further.

¹Royal Commission on the Press, Final Report, Cmnd 6810 July 1977.

7.19. BUP is presumably not one of the major groups which the Royal Commission had in mind when giving its reasons against further concentration of ownership; but the general line of argument that it is the reduction in the number of companies owning papers in the provinces that is to be deplored applies in principle to acquisitions by regional newspaper groups as well as to those by national groups, and whereas regional concentration would be increased as a result of acquisition of the West Somerset Free Press by BUP this does not result from its ownership by Farnham Castle. In any case there is a substantial shareholding in BUP owned by a company which clearly is one of the major groups the Royal Commission had in mind. Associated Newspapers Ltd, proprietor of the Daily Mail, has a 25.1 per cent shareholding in BUP, and in addition has a 23.8 per cent shareholding in Bristol Evening Post Ltd, which itself owns 60 per cent of BUP's shares. Moreover, the remaining 14.9 per cent of BUP shares are held by Daily Mail & General Trust Ltd, which has a shareholding of just under 50 per cent in Associated Newspapers Ltd.

7.20. We recognise that Associated Newspapers does not at present play any active part in the day-to-day management of BUP and that it does not influence its editorial policy. Moreover we do not imply that if Associated Newspapers did exert any influence it would do so in an undesirable way. But that is not the point. It is concentration of ownership *per se* which may be objectionable.

7.21. Associated Newspapers does not own BUP and it cannot be said that, if the West Somerset Free Press were acquired by BUP, the newspaper would be in Associated Newspapers' ownership. Nevertheless, given the substantial shareholdings in both BUP and its holding company, Bristol Evening Post, its representation on the boards of both companies and the fact that most of the other members are non-executive directors, we consider that Associated Newspapers must be capable of exercising substantial influence over the policy of BUP even if it does not at present do so and, indeed, never has. Moreover, if Associated Newspapers were in some unforeseen circumstance to increase its shareholding in BUP, or even to acquire the whole of its share capital, it could do so without the necessity of obtaining the consent of the Secretary of State under the newspaper mergers provisions of the Fair Trading Act. This is because its existing shareholding makes it, under the Act, a 'proprietor' in relation to BUP and consent would be required only for a transaction by virtue of which it would become a proprietor.

7.22. There is no present indication that Associated Newspapers is likely to acquire the remaining shares in BUP; but if it were to do so and we had allowed BUP to acquire 75 per cent of the West Somerset Free Press, we should have allowed the latter to pass into unequivocal control of Associated Newspapers.

7.23. The Royal Commission referred particularly to regional rather than national concentration of ownership, and the situation which we are now considering appears to be of precisely the kind about which they were expressing concern. The West Country is not only the home of BUP and the West

Somerset Free Press, but it is also one of the areas 'colonised' by Associated Newspapers, which has morning, evening and weekly newspapers in the area, as does BUP.

7.24. To allow acquisition of a 75 per cent shareholding in the West Somerset Free Press would not only bring it under the control of BUP, but would also in our view bring about a further step in the process of regional concentration of ownership of precisely the kind against which we believe a case has been established. Moreover, it would prevent the alternative—and in our view a preferable one—of the newspaper being controlled by a small newspaper proprietor specialising in weekly newspapers but without any substantial newspaper interest in the area, as would be the case if the West Somerset Free Press remains wholly owned by Farnham Castle.

7.25. Because of the desirability of preventing greater concentration of ownership, and also because acquisition of the West Somerset Free Press by BUP would be less likely to lead to competition in the area (see paragraphs 7.13 and 7.14), we consider that the acquisition should not be allowed. However, in saying this we imply no criticism of either BUP or Associated Newspapers. Our conclusion rests not so much on the nature or behaviour of either of these two organisations as on an objection to the progressive concentration of ownership about which the Royal Commission and we, in our earlier reports, have expressed concern.

Conclusion

7.26. We conclude that the proposed acquisition by Bristol United Press Ltd of 75 per cent of the shares of Cox, Son & Co Ltd, proprietors of the West Somerset Free Press, from Farnham Castle Newspapers Ltd may be expected to operate against the public interest. We considered whether any conditions might be attached to any consent to the transfer in order to prevent the transfer from so operating, and we concluded there were no such conditions.

R G OPIE (*Chairman*)
G F Ashford
Christine Bicknell
J W A Burnet
J S Copp
J Clement Jones
Valerie M Marshall
Rita Stephen
J Gill (*Secretary*)

14 March 1980

APPENDIX I

(referred to in paragraph 1.4)

The reference

**Reference to the Monopolies and Mergers Commission under
section 59 of the Fair Trading Act 1973**

Whereas the Secretary of State received on 10 December 1979 an application for his consent under section 58 of the Fair Trading Act 1973 to the transfer of the West Somerset Free Press, a newspaper of which Farnham Castle Newspapers Limited is a proprietor, to Bristol United Press Limited;

Now, therefore, the Secretary of State, in pursuance of section 59 of the said Act hereby refers to the Monopolies and Mergers Commission for investigation and report the matter of the proposed transfer of the said newspaper.

(signed) D R C Durie

*An Assistant Secretary
Department of Trade*

28 December 1979

APPENDIX 2

(referred to in paragraph 3.8)

Farnham Castle Newspapers—Trading results

The following table summarises the net tangible asset position and trading results of Farnham Castle Newspapers Ltd for the four years from 1 April 1975 to 31 March 1979. All figures are based on historic cost convention audited accounts.

<i>Years ended</i>	<i>31.3.76</i>	<i>31.3.77</i>	<i>31.3.78</i>	<i>31.3.79</i>
	£	£	£	£
Fixed assets	100,305	103,570	118,176	126,197
Trade investments ¹	74,693	76,677	83,995	125,375
Interest in associated companies	—	—	5,033	61,034
Subsidiary company not consolidated —shares at cost ²	—	—	—	84,500
	174,998	180,247	207,204	397,106
Net current assets	136,071	180,513	225,512	144,869
Net tangible assets	311,069	360,760	432,716	541,975
Financed by:				
Share capital	18,002	18,002	18,002	18,002
Reserves ³	300,663	336,433	402,682	519,357
Secured loan	5,385	4,331	3,186	1,852
Deferred tax	104,125	119,100	126,735	124,712
(a) Financing total net assets	428,175	477,866	550,605	663,923
Goodwill and copyrights	(117,106)	(117,106)	(117,889)	(121,948)
(b) Financing net tangible assets	311,069	360,760	432,716	541,975
(c) Turnover for year	531,372	616,223	829,581	1,070,182
Pre-tax profit for year				
(d) including the effect of net interest	22,279	73,570	132,256	223,493
(e) excluding net interest and other non-trading income	2,855	53,195	113,490	159,431
Ratios	%	%	%	%
Return on Group net assets at year end:				
Pre-tax profit at (d) as % of (a)	5.20	15.40	24.02	33.66
Pre-tax profit at (d) as % of (b)	7.16	20.39	30.56	41.24
Return on turnover for the year				
Pre-tax profit at (e) as % of (c)	0.54	8.63	13.68	14.90

Notes

¹Trade investments, included here at a cost of £74,000, are stated in the 1979 accounts to have, in the opinion of the directors, a value in excess of £750,000. It is also the opinion of the directors that the other trade investments have a value in excess of cost.

²Cost of acquisition of 100 per cent of Cox, Sons & Co Ltd, purchased 19 March 1979. Net book value of Cox, Sons & Co Ltd at 31.12.78 was £78,513, and at 31.12.79 £89,736.

³Reserves include the surplus arising on sale of newspaper titles, goodwill and other assets during the year ended 31 March 1976 (£256,686), less corporation tax on the chargeable gain transferred to deferred taxation (£77,000).

APPENDIX 3

(referred to in paragraph 3.9)

Newspaper interests of Mr R S Tindle

Farnham Castle Newspapers Ltd	99.9 per cent issued capital
City Recorder Newspapers Ltd (City of London Recorder)	18 per cent issued capital
Surrey Advertiser Newspaper Holdings Ltd (Surrey Advertiser Series, Surrey Times Series, Woking News & Mail Series, Esher News & Mail Series, Aldershot News Group—total 28 titles)	1.2 per cent Ordinary Shares No Preference Shares
London & Westminster Newspapers Ltd (Kensington News & Post Series—11 titles)	21 per cent issued capital

Notes:

1 Mr Tindle is Chairman of all the above companies.

2 In early 1975, and prior to the acquisition of the Farnham Herald by Farnham Castle, Mr Tindle disposed of a majority shareholding in London & Westminster Newspapers Ltd to BPM Holdings Ltd.

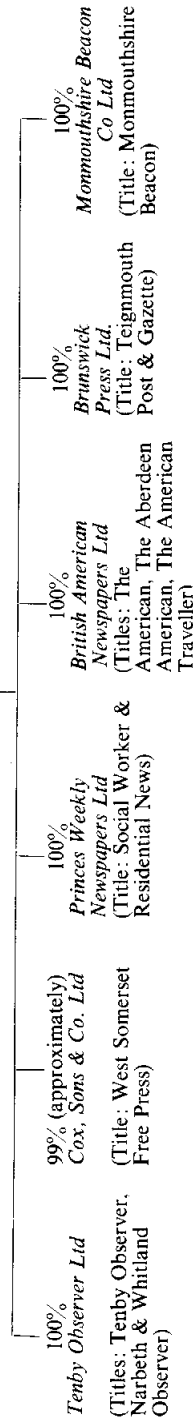
APPENDIX 4

(referred to in paragraph 3.9)

Structure of Farnham Castle Newspapers group

Farnham Castle Newspapers Ltd

(Titles: Farnham Herald, Haslemere Herald, Bordon Herald, Alton Herald, Petersfield Herald)



Associated companies

- (a) London & Kent Newspapers Ltd (News Shopper Series—free newspaper)
- (b) City Recorder Newspapers Ltd (City Recorder—fortnightly)
- (c) Greater London & Essex Newspapers Ltd (East London Advertiser and 7 other titles)

FCN interest

- 20%
- 45½%
- approx 2.5%

Trade investments

- (a) Surrey Advertiser Newspaper Holdings (Surrey Advertiser Series and other newspapers circulating in and around Surrey—28 titles)
- (b) Essex & East London Newspaper Holdings Ltd (small shareholding in Greater London & Essex Newspapers Ltd)
- (c) Local News of London Ltd (approx 13% interest in Capital Radio)

- 13.8% Ord Shares
- 17%
- 6½% 'A' Shares
- 12½% 'B' Shares

APPENDIX 5
(referred to in paragraph 4.2)

The Bristol Evening Post Ltd group

The Bristol Evening Post Ltd

60%

Bristol United Press Ltd

*Newspaper publishing
& printing*

The Western Gazette Co Ltd
Clevedon Printing Co Ltd
Talk Publications Ltd

Retail activities

Kiosks (West of England) Ltd
The Livingstone Trading Co Ltd

*Fleet Street features
agency*

Central Press Features Ltd

Crossword puzzle agency

Morley Adams Ltd

*Transport and vehicle
repair*

E G Tucker Ltd —
E G Tucker (Transport) Ltd

Property

Kiosks (West of England) Wholesalers
Ltd

Photographers

Photo Prints (Bristol) Ltd
F G Warne Ltd

Notes

1 Bristol United Press Ltd is the registered holder of 100 per cent of the issued shares in the companies above.

2 Dormant companies are not shown.

APPENDIX 6

(referred to in paragraph 4.9)

Bristol United Press Ltd and its subsidiaries—Trading results

The following table summarises the net tangible asset position and trading results of the Bristol United Press group for the four years from 1 April 1975 to 31 March 1979. All figures are based on historic cost convention audited accounts.

	31.3.76		31.3.77		31.3.78		31.3.79	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Group net assets</i>								
Fixed assets less investment grants not written off to date		2,381		2,177		2,112		2,703
Current assets								
Net liquid funds	245		440		921		1,125	
Other	2,359		2,756		3,028		3,708	
	<u>2,604</u>		<u>3,196</u>		<u>3,949</u>		<u>4,833</u>	
Current liabilities	(1,406)		(1,772)		(2,385)		(3,093)	
Net current assets		<u>1,198</u>		<u>1,424</u>		<u>1,564</u>		<u>1,740</u>
<i>Net tangible assets</i>		<u>3,579</u>		<u>3,601</u>		<u>3,676</u>		<u>4,443</u>
<i>Financed by:</i>								
Capital		167		167		167		167
Share premium & capital reserve	399		399		399		906	
Retained profits	3,230		2,094		2,146		3,370	
Deferred tax	901		941		964		—	
Minority interest	1		—		—		—	
<i>Financing total net assets</i>		<u>4,698</u>		<u>3,601</u>		<u>3,676</u>		<u>4,443</u>
Goodwill	(1,119)		—		—		—	
<i>Financing net tangible assets</i>		<u>3,579</u>		<u>3,601</u>		<u>3,676</u>		<u>4,443</u>
Group pre-tax profit for year including the effect of net interest	717		1,115		1,667		1,940	
<i>Profit as above as % of net tangible assets</i>	%		%		%		%	
excl. 1979 surplus on property revaluation	20.03		30.96		45.35		43.66	
	£'000		£'000		£'000		£'000	
Group turnover for year	12,769		15,051		18,273		21,262	
Group pre-tax trading profit excluding the effect of net interest	736		1,106		1,639		1,841	
<i>Trading profit as above as % of turnover</i>	%		%		%		%	
	5.76		7.35		8.97		8.66	

APPENDIX 7
(referred to in paragraph 4.10)

Newspapers controlled by the Bristol Evening Post group

<i>Title</i>	<i>Class</i>	<i>Circulation: half-year to December 1979</i>	<i>Area of circulation</i>
<i>Evening Post (Bristol)</i>	evening	127,298 (Mon-Fri) 114,326 (Sat)	Avon county, South Gloucestershire, West Wiltshire and Somerset
<i>Western Daily Press</i>	morning	77,378	Avon county, Somerset, Gloucestershire and parts of Wiltshire, Dorset and Devon, Gwent and Hereford and Worcester
<i>The New Observer</i>	weekly	8,974	Areas adjacent to Bristol, principally Kingswood, Mangotsfield and Wormley, and parts of north east Bristol
<i>Pulman's Weekly News</i>	weekly	12,464	East Devon, West Dorset and South Somerset
<i>Western Gazette</i>	weekly	74,627	Published in several editions for different parts of its circulation area of Somerset, Dorset and parts of Wiltshire and Hampshire
<i>Computer Talk</i>	weekly (news magazine)	controlled	
<i>South Avon Mercury</i>	weekly	13,292	Clevedon, Portishead, Tickenham, Failand, Wraxall and Nailsea

APPENDIX 8

(referred to in paragraph 4.10)

**Regional and local newspapers controlled by
Associated Newspapers Group Ltd**

Daily papers

14 newspapers, based on the following towns:

Cheltenham, Derby, Exeter, Gloucester, Grimsby, Hanley, Hull, Leicester, Lincoln, Plymouth (2 titles), Scunthorpe, Swansea, Torquay

Weekly papers

35 newspapers based on the following towns:

Barnstaple, Bodmin, Carmarthen (2), Chelmsford (6), Cheltenham, Exeter, Gloucester, Grimsby, Hanley, Hull, Leicester (5), Llanelli, Penzance, Plymouth, Retford, Tiverton, Truro, Tunbridge Wells (7), Wellington

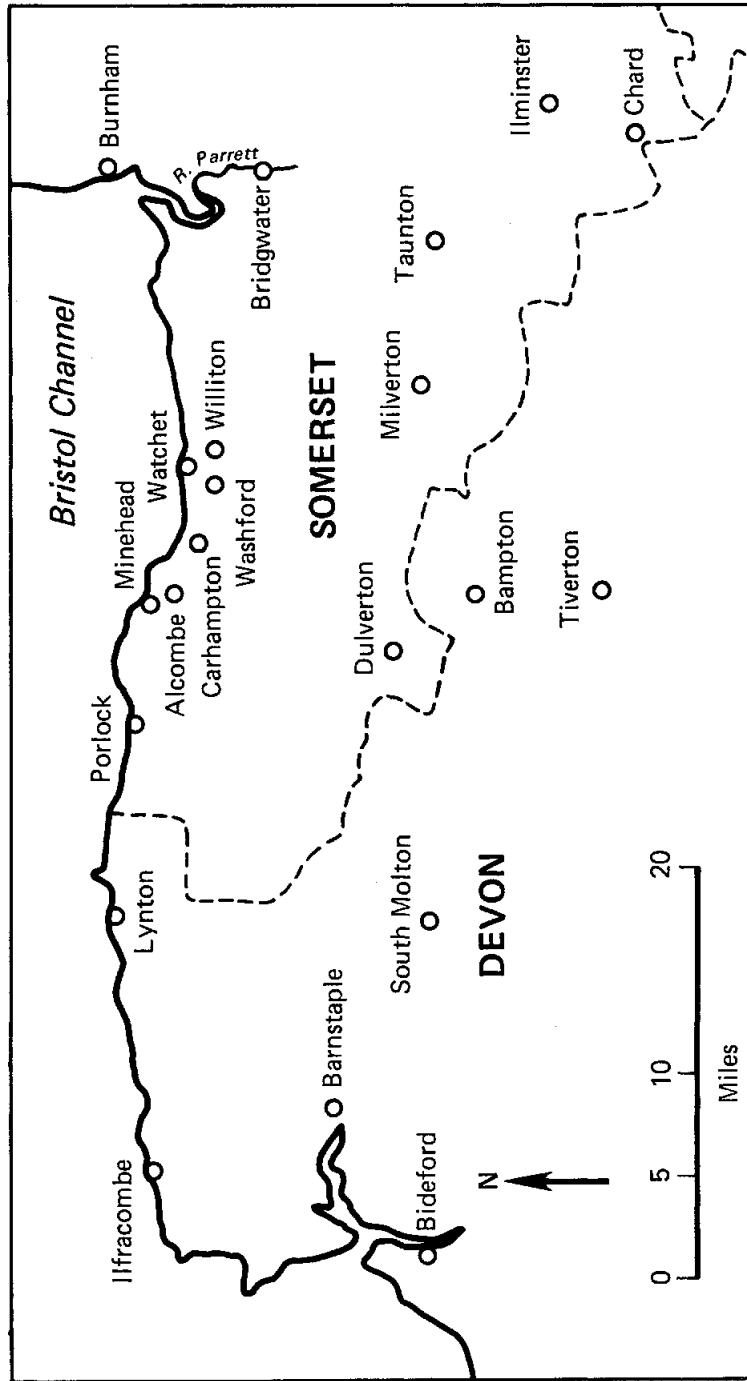
The following regional and local newspapers, owned by Associated Newspapers Group, circulate in or near the West Somerset Free Press area:

<i>Title</i>	<i>Class</i>	<i>Circulation: six months to 31.12.79</i>	<i>Area of circulation</i>
<i>North Devon Journal Herald</i>	weekly	32,835	Within 20 miles radius of Barnstaple
<i>Tiverton Gazette series</i>	weekly	8,169	Throughout Devon and West Somerset
<i>Wellington Weekly News</i>	weekly	3,613	Wellington, Wiveliscombe and other small towns in the area
<i>Western Times & Gazette</i>	weekly	13,812	Widely in Devon and into West Somerset and Dorset
<i>Express & Echo (Exeter)</i>	daily (evenings)	37,322	Devon, West Somerset and West Dorset
<i>Western Morning News (Plymouth)</i>	daily (mornings)	61,769	Devon and Cornwall and parts of Somerset and Dorset

APPENDIX 9

(referred to in paragraph 5.1)

West Somerset and adjacent districts



APPENDIX 10

(referred to in paragraph 5.2)

Newspapers circulating in or adjacent to the area covered by the West Somerset Free Press

<i>Title</i>	<i>Owned by</i>	<i>Circulation area</i>
<i>Weekly newspapers</i> Bridgwater Mercury	News International	Circulates in the eastern part of the West Somerset Free Press area; in Bridgwater, Glastonbury, Street, Burnham-on-Sea and Highbridge
Devon and Somerset News	News International	Tiverton area and Culm and Exe valleys
North Devon Journal Herald	Associated Newspapers	Within 20-mile radius of Barnstaple
Somerset County Gazette	News International	Based in Taunton. Publishes a West Somerset edition which circulates throughout the area covered by the West Somerset Free Press
Tiverton Gazette series (including South Molton Gazette and Crediton Gazette)	Associated Newspapers	Devon and West Somerset
Wellington Weekly News	Associated Newspapers	Wellington, Wiveliscombe, Culmstock, Hemyock, Uffculme, West Buckland, Bradford-on-Tone and other parts of Somerset and Devon
Western Gazette	BUP	Somerset, Dorset and parts of Wiltshire and Hampshire. Published in several editions for different parts of its circulation area
Western Times and Gazette	Associated Newspapers	Widely throughout Devon and into West Somerset and Dorset
<i>Evening newspapers</i> Evening Post (Bristol)	BUP	Avon county, South Gloucestershire, West Wiltshire and Somerset
Express & Echo (Exeter)	Associated Newspapers	Devon, West Somerset and West Dorset
<i>Morning newspapers</i> Western Daily Press	BUP	Avon county, Somerset, Gloucestershire, and parts of Devon, Wiltshire, Dorset, Gwent and Hereford and Worcester
Western Morning News	Associated Newspapers	Devon and Cornwall and parts of Somerset and Dorset

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