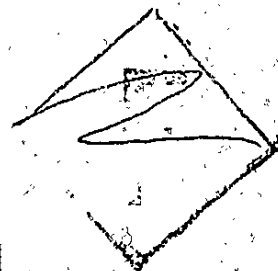


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J. ANDREW & COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS
for the year ended
31st DECEMBER 1981

Binder Hamlyn

Chartered Accountants



Offices in Ayr, Bacup, Belfast, Birmingham, Bury St Edmunds, Croydon, Doncaster, Dublin, Glasgow, Leeds, London, Manchester,
Newcastle upon Tyne, Newmarket, Nottingham, Rochdale, Stranraer & Wolverhampton

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J. ANDREW & COMPANY LIMITED

1.

DIRECTORS

D. B. Anderson (Chairman)
J. G. S. Linacre
G. A. McAlinden
K. F. C. Elgar

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITIES

The principal activities of the Company are printers, publishers, stationers, newspaper proprietors and owners and managers of property.

FINANCIAL RESULTS

The Company made a loss for the year ended 31st December 1981, before taxation, £48,320.

After taking account of a taxation credit there remained a balance to be carried reserves of £39,476.

DIRECTORS

Following the death of Lord Barnetson and the appointment of Mr. J. G. S. Linacre, previously reported, on 24th August 1981 Mr. J. P. Stansfield resigned from the Board, Mr. K. F. C. Elgar was appointed a Director. In accordance with the Articles he stood for re-election and offers himself for re-election.

DIRECTORS' HOLDINGS

The interest of Directors in the shares of the parent company, United Newspapers plc, is as follows:-

<u>Ordinary Shares of 25p each</u>	<u>At 1st January 1981</u>	<u>At 31st December 1981</u>
D. B. Anderson	700	700
The Rt. Hon. Lord Barnetson	5,000	5,000*
G. A. McAlinden	13,500	13,500
J. P. Stansfield	13,500	12,000**
J. G. S. Linacre	2,200***	2,200
K. F. C. Elgar	- ***	-

* at date of death

** at date of resignation

*** at date of appointment

PARENT COMPANY

The Company is a wholly owned subsidiary of United Newspapers Publications Limited which Company is a subsidiary of United Newspapers plc. Both parent companies are incorporated in the United Kingdom.

PROPERTIES

Land and Buildings were last revalued at 31st December 1980, on an existing basis, by Montagu Evans & Son, Chartered Surveyors.

...Cont...

J. ANDREW & COMPANY LIMITED

1(a)

REPORT OF THE DIRECTORS (Cont)

DITORS

A resolution will be submitted at the forthcoming annual general meeting to appoint Binder Hamlyn as auditors of the Company.

27 Tudor Street,
London.
Y OHR

By Order of the Board
R. Egan
Secretary

11 April 1982

REPORT OF THE AUDITORS TO THE MEMBERS OF
J. ANDREW & COMPANY LIMITED

We have audited the accounts on pages 3 to 11 in accordance with approved Auditing Standards.

In our opinion, the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31st December 1981 and of its results and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

8, St. Bride Street,
London, EC4A 4DA.

13th April 1982.

Binder Hamlyn

Chartered Accountants.

J. ANDREW & COMPANY LIMITEDACCOUNTING POLICIES

BASIS OF ACCOUNTING

As in previous years the accounts have been prepared under the historical cost convention with certain fixed assets at valuation.

TURNOVER

Turnover comprises the invoiced value, net of value added tax, of goods sold and services provided during the year.

FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at original cost, less investment grants where applicable.

Depreciation is provided on all fixed assets except land which it is considered will not permanently depreciate in value. Depreciation rates are calculated so that assets are written down on the straight line basis, to residual value over their expected useful lives which are:-

Freehold buildings	20 years
Leasehold property	Term of lease
Building services and furniture	20 years
General plant, machinery and equipment	Between 5 and 15 years
Computerised plant and machinery	5 years
Motor vehicles	5 years

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value. Work in progress comprises materials, direct labour and a proportion of attributable production and other overheads.

DEFERRED TAXATION

Deferred taxation represents corporation tax, calculated on the liability basis, deferred by accelerated capital allowances and other timing differences, less recoverable advance corporation tax, except to the extent that the liabilities are regarded as unlikely to crystallise in the foreseeable future.

J. ANDREW & COMPANY LIMITEDPROFIT AND LOSS ACCOUNT
for the year ended 31st DECEMBER 1981

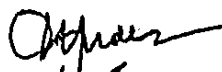
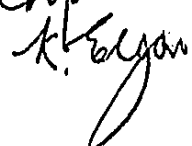
	<u>Notes</u>	<u>1981</u>	<u>1980</u>
TURNOVER		£1,597,622	£1,565,402
		<u>£</u>	<u>£</u>
(LOSS)/PROFIT BEFORE TAXATION	1	(48,320)	43,473
TAXATION (CREDIT)/CHARGE	4	<u>(87,796)</u>	<u>21,195</u>
PROFIT AFTER TAXATION		39,476	22,278
EXTRAORDINARY ITEMS	3	<u>-</u>	<u>361,476</u>
		39,476	(339,198)
Proposed dividend	5	<u>-</u>	<u>18,058</u>
RETAINED PROFIT/(LOSS) FOR THE YEAR	6	<u>£39,476</u>	<u>(£357,256)</u>

The accounting policies on pages 3 and the notes on pages 7 to 11 form part of these accounts.

J. ANDREW & COMPANY LIMITEDBALANCE SHEET as at 31st DECEMBER 1981

	<u>Notes</u>	<u>1981</u>	<u>1980</u>
		£	£
<u>ASSETS EMPLOYED</u>			
FIXED ASSETS	7	370,258	418,736
INTEREST IN SUBSIDIARY	8	2,335	2,335
CURRENT ASSETS			
Stocks		42,782	61,604
Debtors and payments in advance		303,486	217,164
Group tax relief receivable		5,654	-
Dividend receivable		3,000	-
Cash and bank balances		<u>57,234</u>	<u>20,475</u>
		412,156	299,243
Less:			
CURRENT LIABILITIES			
Creditors and accrued charges		146,082	87,739
Taxation		25,618	21,564
Amount owing to holding company		52,883	17,316
Amount owing to subsidiary		10,190	-
Amount owing to fellow subsidiaries		<u>3,001</u>	<u>-</u>
		237,774	126,619
NET CUBRENT ASSETS		174,382	172,624
DEFERRED TAXATION	4	<u>(60,000)</u>	<u>(146,196)</u>
		£486,975	£447,499
<u>FINANCED BY</u>			
SHARE CAPITAL	9	393,792	393,792
RESERVES	6	<u>(260,817)</u>	<u>(300,293)</u>
		132,975	93,499
LOAN FROM HOLDING COMPANY	10	<u>354,000</u>	<u>354,000</u>
		£486,975	£447,499

Approved by the Board on 13th April 1982.

)
) Directors

The accounting policies on page 3 and the notes on pages 7 to 11 form part of these accounts.

J. ANDREW & COMPANY LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the year ended 31st DECEMBER 1981

	£	<u>1981</u>	£	£	<u>1980</u>	£
SOURCE OF FUNDS						
Loss before taxation and after extraordinary items			(48,320)			(318,003)
Adjustments for items not involving the movement of funds:						
Depreciation		77,535			82,493	
Loss/(profit) on sale of fixed assets		<u>4,946</u>			<u>(925)</u>	
		34,161			(236,435)	
Loan from holding company		-			354,000	
Sales of fixed assets		<u>9,552</u>			<u>17,315</u>	
		43,713			134,880	
APPLICATION OF FUNDS						
Purchase of fixed assets	43,555			58,750		
Loan repayments	-			7,100		
Dividend paid	-			19,239		
Tax paid	-			<u>87,750</u>		
	43,555			172,839		
Increase/(decrease) in working capital:						
Stocks	(18,822)			1,511		
Debtors	86,322			18,227		
Creditors	(58,343)			232		
Group company balances	<u>(45,758)</u>			<u>(17,316)</u>		
		6,954			175,493	
MOVEMENT IN NET LIQUID FUNDS						
Increase/(decrease) in cash and bank balances		£36,759			(£40,613)	
		<u>£36,759</u>			<u>(£40,613)</u>	

7.

J. ANDREW & COMPANY LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31st DECEMBER 1981

1. LOSS BEFORE TAXATION

The loss before taxation is stated:-

	<u>1981</u>	<u>1980</u>
	£	£
After charging:		
Depreciation (including exceptional non-recurring charge £4,623)	77,535	82,493
Directors' emoluments (note 2)		
Fees	-	8,792
As management remuneration	19,552	21,290
Auditors' remuneration	5,140	3,090
Debenture interest	-	786
After crediting:	<u> </u>	<u> </u>
Interest receivable	-	1,495
Rents receivable	3,421	1,300
	<u> </u>	<u> </u>

2. DIRECTORS' EMOLUMENTS

	<u>1981</u>	<u>1980</u>
	£	£
Chairman	Nil	3,422
Highest paid director	14,250	16,036
	<u> </u>	<u> </u>
The number of other directors whose total remuneration, excluding pension contributions, were in the following bracket:		
Nil - £5,000	3	1
£5,001 - £10,000	-	1
	<u> </u>	<u> </u>

3. EXTRAORDINARY ITEMS

	<u>1981</u>	<u>1980</u>
	£	£
Directors' compensation for loss of office	-	27,476
Directors' compensation for termination of service contracts and loss of future directors' fees	-	334,000
	<u> </u>	<u> </u>
	-	£361,476
	<u> </u>	<u> </u>

J. ANDREW & COMPANY LIMITED

8.

NOTES TO THE ACCOUNTS
for the year ended 31st DECEMBER 1981
(continued)

4. TAXATION

The taxation (credit)/charge, based on the result for the year, is made up as follows:-

	<u>1981</u>	<u>1980</u>
	£	£
Corporation tax at 52%	(5,654)	29,810
Deferred taxation	<u>(86,196)</u>	<u>(8,615)</u>
	(91,850)	21,195
Prior years adjustments	<u>4,054</u>	—
	(£87,796)	£21,195
	<u>=====</u>	<u>=====</u>

Deferred taxation

Potential deferred taxation and the necessary provisions included in the balance sheet are as follows:

	<u>1981</u>		<u>1980</u>
	Potential deferred taxation	Provision	Potential deferred taxation Provision
Corporation tax deferred in respect of:			
Accelerated capital allowances	£120,000	£60,000	£146,196 £146,196
	<u>=====</u>	<u>=====</u>	<u>=====</u> <u>=====</u>

5. DIVIDENDS

	<u>1981</u>	<u>1980</u>
	£	£
Preference shares -		
Nil (1980 - 2.1p) per share	—	1,181
Ordinary shares -		
Interim dividend - paid	<u>—</u>	<u>16,877</u>
	£—	£18,058
	<u>=====</u>	<u>=====</u>

J. ANDREW & COMPANY LIMITED

8.

NOTES TO THE ACCOUNTS
for the year ended 31st DECEMBER 1981
(continued)

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	£	£
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Deferred taxation	<u>(86,196)</u>	<u>(8,615)</u>
	(91,850)	21,195
Prior years adjustments	<u>4,054</u>	—
	(£87,796)	£21,195
	<u>=====</u>	<u>=====</u>

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	£—	£18,058
	<u>=====</u>	<u>=====</u>

J. ANDREW & COMPANY LIMITED

9.

NOTES TO THE ACCOUNTS
for the year ended 31st DECEMBER 1981
(continued)

6. RESERVES

	<u>1981</u>	<u>1980</u>
	£	£
Balance at 1st January 1981	(300,293)	306,670
Surplus on revaluation of land and buildings	-	31,573
Reserves capitalised during the year	-	(281,280)
Retained profit/(deficit) for the year	<u>39,476</u>	<u>(357,256)</u>
Balance at 31st December 1981	(£260,817)	(£300,293)
	<u>=====</u>	<u>=====</u>
Amount of reserves regarded as distributable	-	-
	<u>=====</u>	<u>=====</u>

7. FIXED ASSETS

	<u>Land and buildings</u>	<u>Plant, equipment, furniture and vehicles</u>	<u>Total</u>
	£	£	£
Cost or valuation			
At 1st January 1981	127,627	620,451	748,078
Additions	1,136	42,419	43,555
Disposals	-	<u>(72,826)</u>	<u>(72,826)</u>
At 31st December 1981	<u>128,763</u>	<u>590,044</u>	<u>718,807</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>
At cost	1,136	590,044	591,180
At valuation in 1980	127,627	-	127,627
	<u>=====</u>	<u>=====</u>	<u>=====</u>
Depreciation -			
At 1st January 1981	-	329,342	329,342
Charge for year	3,219	74,316	77,535
Disposals	-	<u>(58,328)</u>	<u>(58,328)</u>
At 31st December 1981	<u>3,219</u>	<u>345,330</u>	<u>348,549</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>
Net book amounts -			
At 31st December 1981	£125,544	£244,714	£370,258
	<u>=====</u>	<u>=====</u>	<u>=====</u>
At 31st December 1980	£127,627	£291,109	£418,736
	<u>=====</u>	<u>=====</u>	<u>=====</u>

J. ANDREW & COMPANY LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31st DECEMBER 1981
(continued)

8. INTEREST IN SUBSIDIARY

	<u>1981</u>	<u>1980</u>
	£	£
Shares, at cost	280	280
Loan to subsidiary	<u>2,055</u>	<u>2,055</u>
	<u>£2,335</u>	<u>£2,335</u>

The company owns the whole of the issued share capital of J. Andrew & Company (Properties) Limited.

Group accounts have not been prepared as the company is a wholly owned subsidiary of a company incorporated in England. The directors consider that the interest in subsidiary is worth not less than its book value.

9. SHARE CAPITAL

	<u>Authorised</u>		<u>Issued and fully paid</u>	
	<u>1981</u>	<u>1980</u>	<u>1981</u>	<u>1980</u>
	£	£	£	£
Ordinary shares of £1 each	340,000	340,000	337,536	337,536
6% cumulative preference shares of £1 each	<u>60,000</u>	<u>60,000</u>	<u>56,256</u>	<u>56,256</u>
	<u>£400,000</u>	<u>£400,000</u>	<u>£393,792</u>	<u>£393,792</u>

10. LOAN FROM HOLDING COMPANY

The loan from holding company is free of interest and repayable in the long term as and when funds, not required for current working capital, are available.

J. ANDREW & COMPANY LIMITED

11.

NOTES TO THE ACCOUNTS
for the year ended 31st DECEMBER 1981
(continued)

11. FUTURE CAPITAL EXPENDITURE

		<u>1980</u>
	£	£
Amount authorised by the board but not provided for in these accounts in respect of capital expenditure:-		
Contracted for	-	-
Not contracted for	43,750	57,100
	<u> </u>	<u> </u>

12. CONTINGENT LIABILITY

The company is a party to a joint and several letter of set off between certain group companies and Lloyds Bank Limited in respect of monies standing to the credit or to the debit of such companies with Lloyds Bank Limited.

13. ULTIMATE HOLDING COMPANY

The directors consider United Newspapers plc, a company incorporated in England, to be the company's ultimate holding company.