

FOUR COUNTIES NEWSPAPERS LIMITED

FINANCIAL STATEMENTS

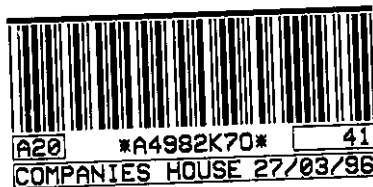
31ST MAY 1995

Registered number: 1229102

BURGESS HODGSON

CHARTERED ACCOUNTANTS

London & Canterbury



FOUR COUNTIES NEWSPAPERS LIMITED

FINANCIAL STATEMENTS

for the year ended 31st May 1995

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The following pages do not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
Schedule to the detailed trading and profit and loss account	Appendix 2

FOUR COUNTIES NEWSPAPERS LIMITED

COMPANY INFORMATION

31st May 1995

Incorporated in England on 8th October 1975

Number 1229102

CHAIRMAN	H.P. Lambert
OTHER DIRECTORS	N.C. Chevin-Hall
SECRETARY	N.C. Chevin-Hall
REGISTERED OFFICE	Newspaper House Wincheap Canterbury Kent CT1 3YR
AUDITORS	Burgess Hodgson Chartered Accountants Camburgh House 27 New Dover Road Canterbury Kent CT1 3DN

FOUR COUNTIES NEWSPAPERS LIMITED

DIRECTORS' REPORT

31st May 1995

The directors present their report and the audited financial statements for the year ended 31st May 1995.

Principal activity

The principal activity of the company is printing and distributing advertising newspapers.

Business review

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £345,877.

Loss, dividends and appropriations

The results for the year are shown in the profit and loss account on page 5.

The directors do not propose payment of an ordinary dividend, the loss for the year is to be absorbed by reserves.

Fixed assets

Changes in fixed assets during the year are set out in the notes to the accounts as follows

Intangible fixed assets	- note 11
Tangible fixed assets	- note 12
Land and buildings	- note 13

In the opinion of the directors there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts. Details are set out in note 12.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	31st May 1995 Ordinary shares	1st June 1994 Ordinary shares
H.P. Lambert	-	-
N.C. Chevin-Hall	-	-

The interests of the directors in shares in the ultimate holding company are dealt with in the Directors' Report of that company.

continued

FOUR COUNTIES NEWSPAPERS LIMITED

DIRECTORS' REPORT
(continued)

31st May 1995

Post balance sheet events

Since 31st May 1995 there have been no significant events affecting the company's affairs

Auditors

Burgess Hodgson have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board

N.C. Chevin-Hall
Secretary

Newspaper House
Wincheap
Canterbury
Kent CT1 3YR

5th September 1995

FOUR COUNTIES NEWSPAPERS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law 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 we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

5th September 1995

On behalf of the board


H.P. Lambert
Director

FOUR COUNTIES NEWSPAPERS LIMITED

AUDITORS' REPORT

Auditors' report to the members of

Four Counties Newspapers Limited

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

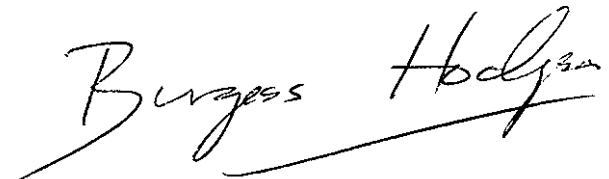
Basis of opinion

We conducted our audit in accordance with 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 company's circumstances, 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 error or other irregularity. 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 31st May 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Burgess Hodgson
Registered Auditors
Chartered Accountants

Canterbury
5th September 1995

FOUR COUNTIES NEWSPAPERS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st May 1995

	Note	1995 £	Seven months ended 31st May 1994 £
Turnover	2	3,722,279	1,625,066
Cost of sales		(2,856,679)	(1,219,727)
Gross profit		865,600	405,339
Net operating expenses			
Administrative expenses		(856,377)	(287,345)
Operating profit	3	9,223	117,994
Investment income	4	3,842	1,622
Interest payable	5	(18,151)	(5,385)
(Loss)/profit on ordinary activities before taxation		(5,086)	114,231
Taxation	7	(11,014)	(40,000)
(Loss)/profit on ordinary activities after taxation		(16,100)	74,231
retained for the year	22		

Movements in reserves are shown in note 22.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1995 or 1994 other than the (loss)/profit for the year.

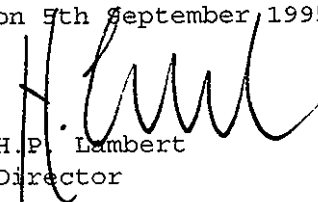
FOUR COUNTIES NEWSPAPERS LIMITED


BALANCE SHEET

at 31st May 1995

	Note	1995		1994	
		£	£	£	£
Fixed assets					
Intangible assets	11		822,067		72,341
Tangible assets	12		536,353		435,131
			<u>1,358,420</u>		<u>507,472</u>
Current assets					
Stocks	14	2,500		1,971	
Debtors	15	890,991		352,853	
Cash at bank and in hand		232,732		46,191	
			<u>1,126,223</u>	<u>401,015</u>	
Creditors: amounts falling due within one year	16	(2,023,320)		(512,539)	
Net current liabilities			<u>(897,097)</u>	<u>(111,524)</u>	
Total assets less current liabilities			<u>461,323</u>	<u>395,948</u>	
Creditors: amounts falling due after more than one year	17		(99,946)		(21,985)
Provision for liabilities and charges	18		(15,500)		(11,986)
			<u>345,877</u>	<u>361,977</u>	
Capital and reserves					
Called up share capital	21		16,560		16,560
Profit and loss account	22		329,317		345,417
Total shareholders' funds	20		<u>345,877</u>		<u>361,977</u>

The financial statements on pages 5 to 15 were approved by the board of directors on 5th September 1995.


H.P. Lambert
Director


N.C. Chevin-Hall
Director

FOUR COUNTIES NEWSPAPERS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st May 1995

1 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Accounting period

The company's financial year ends on the Saturday nearest 31st May. The financial year in these accounts comprises the 52 weeks ended 27th May 1995.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Freehold land	no provision
Freehold buildings	2% straight line
Leasehold land and buildings	over the terms of the lease
Plant and machinery	20 - 25% per annum
Motor vehicles	25% per annum
Fixtures and fittings	15% per annum
Goodwill	10% per annum
Titles	no provision

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Titles

Titles are stated at cost. Having no finite economic life, no amortization is provided. Any permanent impairment of value is written off against profit.

FOUR COUNTIES NEWSPAPERS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st May 1995

2 Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities, entirely within the United Kingdom, stated net of value added tax.

3 Operating profit

	1995 £	1994 £
Operating profit is stated after crediting		
Profit on sale of assets	-	3,872
and after charging		
Staff costs (note 9)	1,001,718	511,074
Exceptional items (note 6)	146,797	-
Auditors' remuneration	6,000	6,000
Auditors' remuneration - non-audit work	2,008	-
Loss on sale of assets	151	-
Depreciation of tangible fixed assets (note 12)		
owned assets	60,930	15,689
leased assets	12,500	9,717
Amortisation of intangible fixed assets (note 11)	13,355	7,791
	<u>86,785</u>	<u>33,197</u>

4 Investment income

	1995 £	1994 £
Interest receivable	<u>3,842</u>	<u>1,622</u>

5 Interest payable

	1995 £	1994 £
Bank interest	11,520	2,600
Hire purchase interest	6,631	2,785
	<u>18,151</u>	<u>5,385</u>

6 Exceptional items

	1995 £	1994 £
Included in administrative expenses:		
Onerous trading contract payment	<u>146,797</u>	<u>-</u>

FOUR COUNTIES NEWSPAPERS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st May 1995

7 Taxation	1995	1994
	£	£
Corporation tax on loss on ordinary activities at 33% (1994 33%)	7,500	40,000
Deferred taxation	3,514	-
	<u>11,014</u>	<u>40,000</u>
9 Directors and employees	1995	1994
	£	£
Staff costs including directors' emoluments		
Wages and salaries	930,871	471,196
Social security costs	70,847	31,778
Pension costs	-	8,100
	<u>1,001,718</u>	<u>511,074</u>
	Number	Number
Average number employed including executive directors		
Publishing	<u>121</u>	<u>85</u>
Directors	£	£
Directors' emoluments		
Other emoluments	-	31,480
	<u>-</u>	<u>31,480</u>
Emoluments excluding pension scheme contributions		
Highest paid director	<u>-</u>	<u>20,380</u>
Other directors	Number	Number
Up to £5,000	2	3

FOUR COUNTIES NEWSPAPERS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st May 1995

11 Intangible fixed assets

	Goodwill £	Titles £	Total £
Cost			
1st June 1994	133,556	-	133,556
Additions	-	763,081	763,081
31st May 1995	<u>133,556</u>	<u>763,081</u>	<u>896,637</u>
Amortisation			
1st June 1994	61,215	-	61,215
Charge for year	13,355	-	13,355
31st May 1995	<u>74,570</u>	<u>-</u>	<u>74,570</u>
Net book amount			
31st May 1995	<u>58,986</u>	<u>763,081</u>	<u>822,067</u>
1st June 1994	<u>72,341</u>	<u>-</u>	<u>72,341</u>

During the year the company purchased the York Advertiser, York Journal, 'What's On', Wetherby/Tadcaster Advertiser and the Scunthorpe Star publishing titles.

FOUR COUNTIES NEWSPAPERS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st May 1995

12 Tangible fixed assets

Cost or valuation	Motor Vehicles £	Plant and Machinery £	Fixtures and Fittings £	Land and Buildings £	Total £
1st June 1994	159,688	-	290,315	327,111	777,114
Additions	37,908	82,808	49,347	6,456	176,519
Disposals	(6,075)	-	-	-	(6,075)
31st May 1995	<u>191,521</u>	<u>82,808</u>	<u>339,662</u>	<u>333,567</u>	<u>947,558</u>
Depreciation					
1st June 1994	90,843	-	198,467	52,673	341,983
Charge for year	35,386	4,281	27,147	6,616	73,430
Disposals	(4,208)	-	-	-	(4,208)
31st May 1995	<u>122,021</u>	<u>4,281</u>	<u>225,614</u>	<u>59,289</u>	<u>411,205</u>
Net book amount					
31st May 1995	<u>69,500</u>	<u>78,527</u>	<u>114,048</u>	<u>274,278</u>	<u>536,353</u>
1st June 1994	<u>68,845</u>	<u>-</u>	<u>91,848</u>	<u>274,438</u>	<u>435,131</u>

The net book amount of fixed assets includes £22,913 (1994 £54,701) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

13 Land and buildings

	1995 £	1994 £
Freehold	<u>274,278</u>	<u>274,438</u>

Future capital commitments

Other contracts	384,512	3,500
Authorised, but contracts not placed	<u>12,550</u>	<u>-</u>

14 Stocks

	1995 £	1994 £
Stock	<u>2,500</u>	<u>1,971</u>
	<u>2,500</u>	<u>1,971</u>

FOUR COUNTIES NEWSPAPERS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st May 1995

15 Debtors	1995	1994
	£	£
Amounts falling due within one year		
Trade debtors	863,102	324,778
Amounts owed by group undertakings	935	-
Prepayments and accrued income	26,954	28,075
	<u>890,991</u>	<u>352,853</u>
16 Creditors: amounts falling due within one year	1995	1994
	£	£
Bank loans	21,063	137,708
Bank overdraft	124,377	-
Trade creditors	77,627	82,192
Amounts owed to group undertakings	1,451,717	-
Corporation tax	7,500	81,225
Other taxation and social security	236,112	153,820
Other creditors	-	1,359
Accruals and deferred income	93,445	37,016
Obligations under finance leases and hire purchase contracts - note 17	11,479	19,219
	<u>2,023,320</u>	<u>512,539</u>

FOUR COUNTIES NEWSPAPERS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st May 1995

17 Creditors: amounts falling due
after more than one year

	1995 £	1994 £
Bank loans	95,293	-
Obligations under finance leases	4,653	21,985
	<u>99,946</u>	<u>21,985</u>

Maturity of debt

In one year or less, or on demand		
- see note 16	21,063	137,708
Between one and two years	21,563	-
Between two and five years	61,882	-
In five years or more	11,848	-
	<u>116,356</u>	<u>137,708</u>

Bank loans are repayable as follows:

Wholly repayable within five years	-	137,708
Not wholly repayable within five years:		
repayable by instalments		
- within five years	104,508	-
- in more than five years	11,848	-
	<u>116,356</u>	<u>137,708</u>

Obligations under finance leases
and hire purchase contractsThese are repayable over varying periods
by monthly instalments as follows:

In the next year - see note 16	11,479	19,219
In the second to fifth year	4,653	21,985
	<u>16,132</u>	<u>41,204</u>

18 Provision for liabilities and charges

	1994 £	Profit and loss account £	Other movements £	1995 £
Deferred taxation (notes 7 and 19)	<u>(11,986)</u>	<u>(3,514)</u>	<u>-</u>	<u>(15,500)</u>

FOUR COUNTIES NEWSPAPERS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st May 1995

19 Deferred taxation

	1995		1994	
	Potential liability £	Provision made £	Potential liability £	Provision made £
Corporation tax deferred by				
Capital allowances in excess	15,500	15,500	11,986	11,986
	<u>15,500</u>	<u>15,500</u>	<u>11,986</u>	<u>11,986</u>

The potential liability and provision are based on a corporation tax rate of 33% (1994 33%).

20 Reconciliation of movements in shareholders' funds

	1995 £	1994 £
(Loss)/profit for the financial year representing a Net (subtraction from)/addition to shareholders' funds	(16,100)	74,231
Opening shareholders' funds	<u>361,977</u>	<u>287,746</u>
Closing shareholders' funds	<u>345,877</u>	<u>361,977</u>

21 Called up share capital

	1995		1994	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Allotted called up and fully paid				
Ordinary shares of £1 each	<u>16,560</u>	<u>16,560</u>	<u>16,560</u>	<u>16,560</u>

22 Profit and loss account

	1995 £
1st June 1994	345,417
Retained loss for the year	<u>(16,100)</u>
31st May 1995	<u>329,317</u>

FOUR COUNTIES NEWSPAPERS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st May 1995

23 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31st May 1996

	1995 Land and Buildings £	1994 Land and Buildings £
Expiring		
Within one year	17,200	-
Within two to five years	11,595	-
After five years	50,444	28,650
	<u>79,239</u>	<u>28,650</u>

24 Contingent liability

There is a contingent liability relating to a guarantee given by the company to its bank in respect of the bank loans and overdrafts of the other group companies. At 31st May 1995 the total guaranteed amounted to £4,317,721 (1994: £3,615,744).

25 Ultimate parent undertaking

The company's ultimate parent undertaking at the balance sheet date was The Adscene Group plc., a company incorporated in England.