

SURRIDGE DAWSON LIMITED

Company Registration Number 744679

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 25 SEPTEMBER 2004**



SURRIDGE DAWSON LIMITED

Directors' Report for the 52 weeks ended 25 September 2004

The Directors present their report and the Company's audited financial statements for the 52 weeks ended 25 September 2004 (2003 – 52 weeks ended 27 September 2003).

Directors	P J Arden D Blundell J R Brown (retired 1 October 2003) P Butterworth J Howe D Kerr D J Lowther T J Perry (appointed 13 October 2003) J R Townley
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Secretary	A L Wood
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Registered Office	10 th Floor (North Wing) AMP House Dingwall Road Croydon CR0 9XA
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Principal Activity

The Company continued to be engaged in the following principal activities:

- newspaper and magazine wholesaling;
- book supply;
- travel brochure distribution;
- specialist distribution services; and
- marketing support services.

Review of Business and Future Developments

The profit for the period before taxation was £14,927,000 (2003 – profit of £11,122,000). A final dividend of £49.00 (2003 – £28.25) per share was declared. This absorbed £9,800,000 (2003 – £5,650,000) and £152,000 was transferred to reserves (2003 – £943,000 transferred to reserves).

During the prior period, certain dormant subsidiary undertakings declared dividends of £11,584,000 that paid up their reserves to the Company. Consequently, a provision of £11,529,000 was made in the company's accounts to write down the carrying value of these investments to the new underlying net worth disclosed in the dormant subsidiaries' financial statements.

The Directors consider the position at 25 September 2004, and the Company's future prospects, to be satisfactory.

SURRIDGE DAWSON LIMITED

Directors' Report for the 52 weeks ended 25 September 2004

Directors and their interests

The Directors in office throughout the 52 weeks ended 25 September 2004 (except as noted) are listed on page 1.

No Director in office at 25 September 2004 held any of the Company's shares beneficially.

D J Lowther and D Blundell were also Directors of the ultimate parent undertaking, Dawson Holdings PLC, at 25 September 2004. Their interests in, and details of options over, the shares of Dawson Holdings PLC are disclosed in that company's Annual Report and Financial Statements.

The interests in, and details of options over, the shares of Dawson Holdings PLC, of those Directors of the Company who are not also Directors of Dawson Holdings PLC are shown below:

Shares:

	Number of 1p ordinary shares held at	
	25 September 2004	27 September 2003
P J Arden	-	-
P Butterworth	-	-
J Howe	-	-
D Kerr	60,500	60,500
T Perry	-	-
J R Townley	-	-

Options:

	Number of options			Exercise price per share	Expiry date
	At 28/09/03	Surrendered during the period	Exercised during the period		
			At 25/09/04		
P J Arden	-	-	-	-	-
P Butterworth	22,671	-	-	73p	29/02/08
J Howe	-	-	-	-	-
D Kerr	15,376	-	15,376	63p	-
T Perry	-	-	-	-	-
J R Townley	9,226	-	9,226	63p	-

The above options are under savings-related share option schemes, and are exercisable in the six month period before the expiry date.

SURRIDGE DAWSON LIMITED

Directors' Report for the 52 weeks ended 25 September 2004

Directors and their interests (continued)

The following maximum options over the shares of Dawson Holdings PLC, for Directors of the Company who were not also Directors of Dawson Holdings PLC at 25 September 2004, have vested with Directors on achievement of their individual targets under the Dawson Holdings PLC Long Term Incentive Plan 1998:

	Number of options					
	Vested at 28/09/03	Surrendered during the period	Exercised during the period	Vested at 25/09/04	Exercise price per share	Expiry date
P J Arden	-	-	-	-	-	-
P Butterworth	6,650	-	(6,650)	-	113.0p	-
	675	-	-	675	141.0p	12/12/09
J Howe	4,000	-	-	4,000	156.5p	19/12/09
D Kerr	12,200	-	(12,200)	-	113.0p	-
	900	-	-	900	141.0p	12/12/09
T J Perry	-	-	-	-	-	-
J R Townley	5,150	-	-	5,150	113.0p	1/10/08

Employees

In order to provide staff with information on Company policy and working practices, regular meetings are held between Directors, executives and management. In addition, briefing groups are held at branch level with local management and staff in attendance. The meetings involve staff in discussions on future policies and methods and provide regular information on the Company's financial performance.

The Company exercises a policy of employing disabled persons where this is practicable. Disabled applicants are given fair consideration in recruitment and receive the training and opportunities given for career development offered to all employees as appropriate.

In the event of a member of staff becoming disabled, every effort is made to ensure that their employment with the Company continues, and that appropriate training is arranged.

Subsequent to the end of the financial period, the Company has set up Employee Forums at operating divisions and at national level. Employee representatives were elected by all staff and an agreement negotiated to cover Information and Consultation.

Fixed assets

Details of changes to fixed assets are shown in notes 10, 11 and 12 to the accounts.

As disclosed in note 11, a revaluation of the Company's freehold and leasehold properties was undertaken as at 30 September 1999. This indicated that their market value was £3,025,000 lower than their net book value. However, in the opinions of the Directors, the value in use of these properties is greater than their market value. As a result, no impairment has been recognised within these financial statements.

SURRIDGE DAWSON LIMITED

Directors' Report for the 52 weeks ended 25 September 2004

Statement of Directors' Responsibilities

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

- select suitable accounting policies and then apply them on a consistent basis, making judgements that are prudent and reasonable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Company will continue in business.

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

Policy on payment of creditors

The Company agrees payment dates with all suppliers prior to delivery of goods or provision of services. Payments are made on the agreed dates, upon receipt of correct invoices.

At 25 September 2004, average creditor days outstanding were 21 (2003 – 23).

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office and a resolution for their reappointment as auditors of the Company is to be proposed at the Annual General Meeting.

The Directors approved this report on 20 January 2005.

A handwritten signature in black ink, consisting of a large, stylized 'A' and 'W' followed by a horizontal line.

A L Wood
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SURRIDGE DAWSON LIMITED

We have audited the financial statements of Surridge Dawson Limited, for the 52 week period ended 25 September 2004, which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the note of historical cost profits and losses and the related notes 1 to 29. The financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of Directors and Auditors

As described in the statement of directors' responsibilities on page 4, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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

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

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 25 September 2004 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

14 March 2005

SURRIDGE DAWSON LIMITED**Profit and Loss Account for the 52 weeks ended 25 September 2004**

	52 weeks ended 25 September 2004	52 weeks ended 27 September 2003 (restated – note 2)
	£'000	£'000
Turnover (note 2)	688,777	653,300
Net operating costs (note 3)	(673,588)	(640,080)
Operating profit (note 6)	15,189	13,220
Profit on disposal of investment property (note 12 (2))	1,490	-
Investment income (note 12(3))	-	11,584
Amounts written off investments (note 12(3))	-	(11,529)
Net interest payable (note 7)	(1,752)	(2,153)
Profit on ordinary activities before taxation	14,927	11,122
Tax on profit on ordinary activities (note 8)	(4,975)	(4,529)
Profit on ordinary activities after taxation	9,952	6,593
Equity dividends (note 9)	(9,800)	(5,650)
Amount transferred to reserves (note 21)	152	943

The results shown above relate wholly to continuing operations for the current and previous accounting periods.

SURRIDGE DAWSON LIMITED**Balance Sheet as at 25 September 2004**

	25 September 2004	27 September 2003
	£'000	£'000
Fixed assets		
Intangible assets – goodwill (note 10)	37,670	40,467
Tangible assets (note 11)	18,507	18,132
Investments (note 12)	2,703	3,525
	<u>58,880</u>	<u>62,124</u>
Current assets		
Stocks	1,458	1,319
Debtors (note 13)	27,975	25,654
Cash at bank and in hand	2,068	5,703
	<u>31,501</u>	<u>32,676</u>
Creditors – amounts falling due within one year (note 14)	<u>(81,158)</u>	<u>(85,243)</u>
Net current liabilities	<u>(49,657)</u>	<u>(52,567)</u>
Total assets less current liabilities	<u>9,223</u>	<u>9,557</u>
Creditors – amounts falling due after more than one year (note 15)	<u>(614)</u>	<u>(1,100)</u>
Net assets	<u><u>8,609</u></u>	<u><u>8,457</u></u>
Capital and reserves		
Called up share capital (note 18)	200	200
Share premium account (note 19)	70	70
Revaluation reserve (note 20)	63	633
Profit and loss account (note 21)	8,276	7,554
Total equity shareholders' funds (note 22)	<u><u>8,609</u></u>	<u><u>8,457</u></u>

These financial statements were approved by the Board of Directors on 20 January 2005 and signed on its behalf by:



D J Lowther
Director

SURRIDGE DAWSON LIMITED**Statement of Total Recognised Gains and Losses for the 52 weeks ended 25 September 2004**

	52 weeks ended 25 September 2004	52 weeks ended 27 September 2003
	£'000	£'000
Profit attributable to shareholders of the company for the financial period	9,952	6,593
Other recognised gains and losses relating to the period	-	-
Total recognised gains and losses relating to the period	<u>9,952</u>	<u>6,593</u>

SURRIDGE DAWSON LIMITED

Note of Historical Cost Profits and Losses for the 52 weeks ended 25 September 2004

	52 weeks ended 25 September 2004	52 weeks ended 27 September 2003
	£'000	£'000
Reported profit before taxation	14,927	11,122
Difference between depreciation on a historical cost basis and the actual depreciation charge calculated on the revalued amount	1	1
Realisation of investment property revaluation gains of prior years	570	-
Historical cost profit on ordinary activities before taxation	<u>15,498</u>	<u>11,123</u>
 Historical cost profit for the period retained after taxation and dividends	 <u>723</u>	 <u>944</u>

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 52 weeks ended 25 September 2004

1. Principal accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards in the United Kingdom, applied consistently in the current and prior period. Compliance with SSAP 19 "Accounting for Investment Properties" requires departures from the requirements of the Companies Act 1985 relating to depreciation and amortisation. An explanation for this departure is given below.

Consolidated financial statements

The Directors have taken advantage of section 228 of the Companies Act 1985 and have not prepared consolidated financial statements for Surridge Dawson Limited and its subsidiaries, as the Company is a wholly owned subsidiary undertaking of Dawson Holdings PLC, a company incorporated in Great Britain, and which prepares group accounts that include the results of Surridge Dawson Limited.

These financial statements present information about the Company as an individual undertaking and not about its group.

Cash flow statement

The Company has taken advantage of the exemption in the Financial Reporting Standard 1 not to produce a cash flow statement. The Company is a wholly owned subsidiary of a parent undertaking incorporated in Great Britain which produces consolidated cash flow statements incorporating the cash flows of the Company.

Turnover

Turnover comprises sales to customers, less credits and returns, and is stated net of VAT and other sales taxes. It arose wholly in the United Kingdom and was attributable to the Company's principal activities.

Goodwill

As allowed by FRS 10, "Goodwill and Intangible Assets", purchased goodwill arising on the acquisition of a business or trade prior to 29 January 1995 has been written off directly to reserves. Goodwill arising on the acquisition of a business or trade on or after 29 January 1995 has been capitalised and amortised on a straight-line basis over periods not exceeding 20 years, being the estimated useful life. Provision is made for any impairment.

Fixed assets

The Company has taken advantage of the transitional rules contained in FRS 15, "Tangible Fixed Assets", to freeze the valuation of its freehold properties previously revalued. The date of the last valuation of these properties was 30 September 1999. Provision is made for any impairment.

Depreciation

This is provided on a straight-line basis, over the following periods:

Freehold and long leasehold property	20 to 50 years
Short leasehold property	Term of lease, or shorter periods if considered necessary
Other tangible fixed assets	3 to 8 years

Freehold land and assets in the course of construction are not depreciated.

Stocks

Stocks principally comprise goods for resale and have been stated at the lower of cost and net realisable value. In the opinion of the Directors, there is no material difference between the replacement, and original, costs of stocks.

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 52 weeks ended 25 September 2004

1. Principal accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in its financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable, and therefore recognised, only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leases

Assets acquired under finance leases are capitalised at fair value and depreciated over the shorter of the lease term and useful life. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Rentals for operating leases are charged on a straight-line basis over the lease term.

Pension costs

The Company provides pension arrangements on both defined contribution and defined benefit bases. For the defined contribution scheme, costs are charged to the profit and loss account as incurred. Differences between contributions payable in the period and contributions actually paid are shown as accruals or prepayments in the balance sheet. For the defined benefit scheme, the profit and loss account is charged with a level contribution rate sufficient to fund the scheme to meet pension obligations as they fall due.

Fixed asset investments

In accordance with SSAP 19, investment properties are stated at market value and the aggregate surplus or deficit is transferred to the revaluation reserve, and no provision is made for depreciation of freehold properties, or for amortisation of leasehold properties held on leases having more than 20 years unexpired. This departure from the Companies Act 1985, which requires all properties to be depreciated, is, in the opinion of the Directors, necessary for the accounts to show a true and fair view in accordance with applicable accounting standards.

The depreciation or amortisation (which would have reduced the profit for the year if the provisions of the Companies Act 1985 had been followed) is only one of the factors reflected in the annual valuation, and the amount attributable to this factor cannot reasonably be separately identified or quantified.

Investments in subsidiary and associated undertakings are stated at cost, less any provisions for impairment in value.

Long term incentive scheme

The costs of long term incentive schemes, where amounts are payable based on business performance over a number of years, are accrued over the lives of said schemes, based on estimates of the final amounts payable, which are reviewed at each period end.

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 52 weeks ended 25 September 2004

2. Analyses of turnover, operating profit and net assets

	52 weeks ended 25 September 2004	52 weeks ended 27 September 2003 (restated - see below)
	£'000	£'000
Turnover by class of business		
Distribution and marketing services	647,746	614,455
Book supply	41,031	38,845
	<u>688,777</u>	<u>653,300</u>
Turnover by destination		
United Kingdom	675,595	640,915
Overseas	13,182	12,385
	<u>688,777</u>	<u>653,300</u>
Operating profit		
Distribution and marketing services	15,691	13,779
Book supply	2,295	2,266
	<u>17,986</u>	<u>16,045</u>
Amortisation of goodwill	(2,797)	(2,825)
	<u>15,189</u>	<u>13,220</u>

Turnover and operating profit arose wholly from continuing operations in the United Kingdom.

The amounts for prior period turnover for distribution and marketing services and prior period UK turnover by destination have been restated due to the adoption of Application Note G to FRS 5. The effect of this restatement is to increase turnover for those categories by £37,377,000.

Operating costs for the prior period (note 3) have been restated by the same increased amount and so the adoption of Application Note G to FRS 5 has had no effect on the prior period's operating profit.

Amortisation of goodwill relates to the Distribution and marketing services business segment.

The operating profit of the Distribution and marketing services segment after goodwill amortisation was £12,894,000 (2003 – £10,954,000).

	At 25 September 2004 £'000	At 27 September 2003 £'000
Net assets by business class		
Distribution and marketing services	(16,402)	(15,627)
Book supply	2,552	1,807
	<u>(13,850)</u>	<u>(13,820)</u>
Intangible assets	37,670	40,467
Interest bearing net assets	(15,211)	(18,190)
Total net assets	<u>8,609</u>	<u>8,457</u>

Net assets relate wholly to the United Kingdom.

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 52 weeks ended 25 September 2004

3. Net operating costs

	52 weeks ended 25 September 2004	52 weeks ended 27 September 2003 (restated – note 2)
	£'000	£'000
Change in stock	(339)	555
Raw materials and consumables	577,246	545,306
Staff costs (note 5)	52,610	50,077
Amortisation of goodwill (note 10)	2,797	2,825
Depreciation of tangible fixed assets (note 11)	3,309	3,163
Other external charges	41,081	41,001
Other operating income	(3,116)	(2,847)
	<u>673,588</u>	<u>640,080</u>

Prior period operating costs in the raw materials and consumables category have been restated, due to the adoption of Application Note G to FRS 5 (see note 2). The effect of this restatement is to increase the amount originally reported by £37,377,000.

4. Directors

Directors' remuneration was as follows:

	52 weeks ended 25 September 2004 £'000	52 weeks ended 27 September 2003 £'000
In respect of all directors		
Total emoluments, excluding pension contributions made by the Company	<u>1,425</u>	<u>1,428</u>
Employer's contribution to pension scheme in respect of which money purchase benefits may become payable	<u>34</u>	<u>32</u>
In respect of the highest paid director only		
Emoluments, excluding pension contributions made by the Company	<u>347</u>	<u>333</u>
Employer's contribution to pension scheme in respect of which money purchase benefits may become payable	<u>26</u>	<u>26</u>
Amount of accrued pension	<u>11</u>	<u>9</u>

7 (2003 – 7) directors were members of a defined benefit pension scheme.

Contributions to money purchase pension schemes were made on behalf of 2 (2003 – 2) directors.

During the period, no director received shares, and no shares became receivable by any director, under a long-term incentive plan.

During the period under review, three directors exercised share options under savings-related share option schemes and two directors exercised share options under a long-term incentive plan (2003 – no director exercised share options).

SURRIDGE DAWSON LIMITED**Notes to the accounts for the 52 weeks ended 25 September 2004****5. Employee information (including directors)**

The average number of full and part time employees during the period was:

	52 weeks ended 25 September 2004	52 weeks ended 27 September 2003
	Number	Number
Distribution	2,166	2,346
Administration	427	451
Other	153	85
	<u>2,746</u>	<u>2,882</u>

Employment costs for the period were:

	52 weeks ended 25 September 2004	52 weeks ended 27 September 2003
	£'000	£'000
Wages and salaries	46,732	44,569
Social security costs	3,913	3,494
Other pension costs	1,965	2,014
	<u>52,610</u>	<u>50,077</u>

6. Operating profit

	52 weeks ended 25 September 2004	52 weeks ended 27 September 2003
	£'000	£'000
This is stated after charging/(crediting):		
Depreciation – owned assets	2,750	2,532
Depreciation – leased assets	559	631
Amortisation of goodwill (note 10)	2,797	2,825
Auditors' remuneration – audit fees	-	1
Auditors' remuneration – other fees	13	4
Operating lease rentals – plant and machinery	347	432
Operating lease rentals – other	3,688	3,705
Management charge to associated undertaking	(204)	(227)
Management charge to subsidiary undertaking	<u>(773)</u>	<u>(857)</u>

Audit fees for the current and prior periods were paid by the ultimate parent company.

SURRIDGE DAWSON LIMITED**Notes to the accounts for the 52 weeks ended 25 September 2004****7. Net interest payable**

	52 weeks ended 25 September 2004 £'000	52 weeks ended 27 September 2003 £'000
Interest payable		
– on corporation tax payments	10	-
– on other loans	20	45
– on finance leases	113	139
– to other group undertakings	1,619	1,969
	<u>1,762</u>	<u>2,153</u>
Bank interest receivable	(10)	-
	<u>1,752</u>	<u>2,153</u>

Interest on the Company's bank overdraft is borne by its ultimate parent undertaking.

8. Tax on profit on ordinary activities**8(1). Analysis of taxation charge for the period**

	52 weeks ended 25 September 2004 £'000	52 weeks ended 27 September 2003 £'000
Corporation tax at 30.0% (2003 – 30.0%)	4,924	4,502
Credit in respect of prior periods	(3)	(116)
Current tax charge	<u>4,921</u>	<u>4,386</u>
Deferred tax charge relating to		
– current period	209	197
– prior periods	-	163
Deferred tax credit relating to current period	(155)	(217)
	<u>4,975</u>	<u>4,529</u>

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 52 weeks ended 25 September 2004

8. Tax on profit on ordinary activities (continued)

8(2). Factors affecting the charge for the period

The corporation tax charge for the period is disproportionate due mainly to the accounting charges for amortisation of goodwill that are not deductible for tax purposes. A full analysis of the differences is given below:

	52 weeks ended 25 September 2004 £'000	52 weeks ended 27 September 2003 £'000
<i>Factors affecting the charge for the period</i>		
Profit on ordinary activities before tax	14,927	11,122
Tax on profit on ordinary activities at the standard rate of UK corporation tax of 30%	4,478	3,337
Tax effect of:		
Expenses not deductible for tax purposes		
Goodwill amortisation	839	848
Permanently disallowable expenses	161	236
Investment write-down	-	3,459
Capitalised revenue expenditure	(53)	-
Capital losses to offset profit on disposal of investment property	(447)	-
Non-taxable income – dividends from UK subsidiaries	-	(3,475)
Fixed asset timing differences	(162)	(121)
Other short-term timing differences	108	218
Adjustment to tax charge in respect of previous periods	(3)	(116)
Current tax charge for the period	4,921	4,386

8(3). Factors that may affect future tax charges

Based on current investment plans, no significant differences between depreciation and capital allowances are anticipated in future periods, although, due to the ineligibility of many wholesale depots for industrial buildings' allowances, modest permanent differences will continue to arise.

No provision has been made for deferred tax on the revaluation of fixed assets, or for chargeable gains which have been rolled-over against replacement assets. Such tax would only become payable if the property were sold without the possibility of claiming further roll-over relief. The total amount not provided is £2,100,000 (2003 - £2,100,000). In addition, the Company has unutilised capital losses of £1,417,000 (2003 - £1,417,000), which have not been recognised as deferred tax assets. At present, therefore, it is not anticipated that tax will become payable in respect of these chargeable gains in the foreseeable future.

SURRIDGE DAWSON LIMITED**Notes to the accounts for the 52 weeks ended 25 September 2004****9. Dividends**

	52 weeks ended 25 September 2004 £'000	52 weeks ended 27 September 2003 £'000
Final dividend of £49.00 (2003 – £28.25) per share	<u>9,800</u>	<u>5,650</u>

10. Intangible assets

	Goodwill £'000
Cost	
At 25 September 2004 and at 27 September 2003	<u>65,681</u>
Amortisation and other amounts written off	
At 28 September 2003	25,214
Amortisation charge for the period	<u>2,797</u>
At 25 September 2004	<u>28,011</u>
Net book value	
At 25 September 2004	<u>37,670</u>
At 27 September 2003	<u>40,467</u>

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 52 weeks ended 25 September 2004

11. Tangible fixed assets

	Freehold land and buildings £'000	Long leasehold properties £'000	Short leasehold properties £'000	Furniture, fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
At 28 September 2003	7,579	2,109	2,008	14,087	7,456	33,239
Additions	-	-	-	2,436	1,308	3,744
Transfer from group undertaking	-	-	-	-	26	26
Disposals	-	-	-	(987)	(2,092)	(3,079)
At 25 September 2004	<u>7,579</u>	<u>2,109</u>	<u>2,008</u>	<u>15,536</u>	<u>6,698</u>	<u>33,930</u>
Depreciation						
At 28 September 2003	1,091	515	784	8,374	4,343	15,107
Charge for the period	173	101	179	1,757	1,099	3,309
Disposals	-	-	-	(969)	(2,024)	(2,993)
At 25 September 2004	<u>1,264</u>	<u>616</u>	<u>963</u>	<u>9,162</u>	<u>3,418</u>	<u>15,423</u>
Net book value						
At 25 September 2004	<u>6,315</u>	<u>1,493</u>	<u>1,045</u>	<u>6,374</u>	<u>3,280</u>	<u>18,507</u>
At 27 September 2003	<u>6,488</u>	<u>1,594</u>	<u>1,224</u>	<u>5,713</u>	<u>3,113</u>	<u>18,132</u>
Analysis of assets carried at cost or valuation at 25 September 2004						
Net book value						
At valuation	125	-	36	-	-	162
At cost	6,190	1,493	1,009	6,374	3,280	18,345
	<u>6,315</u>	<u>1,493</u>	<u>1,045</u>	<u>6,374</u>	<u>3,280</u>	<u>18,507</u>

Leased assets

At 25 September 2004, the Company had leased motor vehicles with a net book value of £705,000 (2003 – £1,057,000) and leased furniture, fixtures and fittings with a net book value of £644,000 (2003 – £829,000).

Assets in construction

The net book amount of furniture, fixtures and fittings includes £535,000 (2003 – £249,000) in respect of assets in the course of construction.

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 52 weeks ended 25 September 2004

11. Tangible fixed assets (continued)

Revaluations

All freehold and leasehold properties held at 31 October 1988 were, as at that date, revalued by a firm of qualified Chartered Surveyors at their open market value on an existing use basis. The results of this revaluation were reflected in the financial statements.

The Company's freehold and leasehold properties were revalued as at 30 September 1999. This indicated that their market value at that time was £3,025,000 lower than their net book value at that time. However, in the opinions of the directors, the value in use of these properties as at 25 September 2004 was greater than their market value, and, as a result, no impairment has been recognised within these financial statements.

All vacant former trading properties are written down to their current open market value, on the basis of a review as at 30 September 1999 undertaken by a firm of qualified Chartered Surveyors.

As at 25 September 2004 and at 27 September 2003, no freehold properties were being held pending disposal.

Historical costs

If land and buildings were stated at historical cost, the amounts as at 25 September 2004 would be:

	Freehold properties £'000	Short leasehold properties £'000
Cost	7,514	2,013
Accumulated depreciation	(1,252)	(967)
Net book value	<u>6,262</u>	<u>1,046</u>

The Company's long-leasehold properties are stated at historical cost.

SURRIDGE DAWSON LIMITED**Notes to the accounts for the 52 weeks ended 25 September 2004****12. Fixed asset investments****12(1). Summary of fixed asset investments**

	25 September 2004 £'000	27 September 2003 £'000
Investment properties – note 12(2)	-	750
Investments in subsidiary undertakings – note 12(3)	2,095	2,077
Investments in associated undertakings – note 12(4)	608	698
	<u>2,703</u>	<u>3,525</u>

12(2). Investment properties

	£'000
Freehold investment properties at valuation	
At 28 September 2003	750
Disposals	(750)
At 25 September 2004	<u>-</u>

During the period, the Company disposed of its freehold investment property. The transaction resulted in a profit, after related costs, of £1,490,000. The Company has sufficient capital losses available to offset the chargeable gain so no tax charge arises.

12(3). Investments in subsidiary undertakings

	£'000
Cost	
At 28 September 2003	20,527
Additions	18
At 25 September 2004	<u>20,545</u>
Provisions	
At 28 September 2003	18,450
Amount provided during the period	-
At 25 September 2004	<u>18,450</u>
Net book amount	
At 25 September 2004	<u>2,095</u>
At 27 September 2003	<u>2,077</u>

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 52 weeks ended 25 September 2004

12. Fixed asset investments (continued)

12(3). Investments in subsidiary undertakings (continued)

At 25 September 2004, the Company's subsidiary undertakings were:

<i>Name</i>	<i>Voting rights held</i>	<i>Activity</i>
Solent SD Limited	53%	Wholesale newsagent
Dawson Media Direct NV (incorporated in Belgium)	100%	Specialist distribution
Dawson Media Direct SAS (incorporated in France)	100%	No activity carried out
Dawson Media Direct GmbH (incorporated in Germany)	100%	No activity carried out
Johnsons of London Limited	100%	Dormant
Solent Delivery Services Limited	53% *	Dormant
Solent News Distributors Limited	53% *	Dormant
H W Seitz & Sons Limited	100%	Dormant
Bournemouth Area News Distributors Limited	100% *	Dormant
F A Loader & Co (Blandford) Limited	100% *	Dormant
Thunder & Clayden (News) Limited	100% *	Dormant
Urgentchart	100% *	Dormant
Wessex News Distributors Limited	100% *	Dormant
BFG (Holdings) Limited	100%	Dormant
Storeforce UK Limited	100% *	Dormant
Omega Marketing Services Limited	100% *	Dormant
Transman Distributors Limited	100% *	Dormant
ABC Promotional Marketing Services Limited	100% *	Dormant
Bridge Marketing Support Services Limited	100%	Dormant

* Shares owned by an intermediate holding company

During the period, a number of the Company's dormant subsidiaries were placed in voluntary liquidation.

Unless otherwise indicated, the above undertakings are all incorporated in Great Britain. Those companies that trade do so in the country of incorporation.

Dawson Media Direct GmbH started trading on 1 October 2004 (see note 28).

The minority shareholders of Solent SD Limited can, at any time, oblige the Company to purchase some, or all, of their shares, at a price based on Solent SD Limited's profits.

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 52 weeks ended 25 September 2004

12. Fixed asset investments (continued)

12(4). Investments in associated undertakings

	Share capital £'000	Loans £'000	Total £'000
Cost and net book value			
At 28 September 2003	125	573	698
Loan repayments made	-	(90)	(90)
At 25 September 2004	<u>125</u>	<u>483</u>	<u>608</u>

The Company owns 18.33% (2003 – 18.33%) of the ordinary share capital of T Cox & Son (Tonbridge) Limited, a news wholesale company incorporated in Great Britain. The Directors consider this to be an investment in an associated undertaking.

The Company owns, through FMD Limited (a non-trading holding company incorporated in Great Britain), 30.00% (2003 – 30.00%) of the ordinary share capital of Worldwide Magazine Distribution Limited, a news wholesale company incorporated in Great Britain.

13. Debtors

	25 September 2004 £'000	27 September 2003 £'000
Trade debtors	24,908	23,188
Other debtors	1,198	810
Deferred tax asset (note 17)	168	222
Prepayments and accrued income	1,701	1,434
	<u>27,975</u>	<u>25,654</u>

14. Creditors – amounts falling due within one year

	25 September 2004 £'000	27 September 2003 £'000
Bank loans and overdrafts (note 16)	1,164	2,040
Trade creditors	35,315	47,013
Amounts due to group undertakings	17,110	22,196
Corporation tax	2,477	2,401
Other taxation and social security liabilities	1,547	1,549
Accruals and deferred income	23,059	9,411
Obligations under finance leases (note 16)	486	633
	<u>81,158</u>	<u>85,243</u>

Included within accruals and deferred income as at 25 September 2004 is £12,756,000, the equivalent of which as at 27 September 2003 (£14,133,000) was included within trade creditors.

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 52 weeks ended 25 September 2004

15. Creditors – amounts falling due after more than one year

	25 September 2004 £'000	27 September 2003 £'000
Obligations under finance leases (note 16)	<u>614</u>	<u>1,100</u>

16. Borrowings

The Company's borrowings are as follows:

	25 September 2004 £'000	27 September 2003 £'000
Bank overdraft	1,164	2,040
Finance lease obligations	<u>1,100</u>	<u>1,733</u>
Total borrowings	<u>2,264</u>	<u>3,773</u>
Borrowings repayable within one year or on demand		
- bank overdrafts	1,164	2,040
- finance lease obligations	<u>486</u>	<u>633</u>
Total repayable within one year or on demand	<u>1,650</u>	<u>2,673</u>
Borrowings repayable in the second to fifth years		
- finance lease obligations	<u>614</u>	<u>1,100</u>
Total borrowings	<u>2,264</u>	<u>3,773</u>

17. Deferred tax

	£'000
Asset at 28 September 2003 – shown in debtors (note 13)	222
Credit relating to current period short-term timing differences	108
Charge relating to current period accelerated capital allowances	<u>(162)</u>
Asset at 25 September 2004 – shown in debtors (note 13)	<u>168</u>

The deferred tax (asset)/liability provided is as follows:

	25 September 2004 £'000	27 September 2003 £'000
Excess of depreciation over capital allowances	322	160
Other short term timing differences	<u>(490)</u>	<u>(382)</u>
Deferred tax asset shown in debtors (note 13)	<u>(168)</u>	<u>(222)</u>

SURRIDGE DAWSON LIMITED**Notes to the accounts for the 52 weeks ended 25 September 2004****18. Called up share capital**

	25 September 2004 and 27 September 2003 £'000
Authorised, allotted, called up and fully paid 200,000 £1 ordinary shares	200

19. Share premium account

	£'000
At 25 September 2004 and at 27 September 2003	70

20. Revaluation reserve

	Investment properties £'000	Other properties £'000	Total £'000
At 28 September 2003	570	63	633
Realised on disposal	(570)	-	(570)
At 25 September 2004	-	63	63

21. Profit and loss account

	£'000
Balance at 28 September 2003	7,554
Transfer of realised revaluation reserve	570
Profit for the period	152
Balance at 25 September 2004	8,276

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 52 weeks ended 25 September 2004

22. Reconciliation of movements in shareholders' funds

	52 weeks ended 25 September 2004 £'000	52 weeks ended 27 September 2003 £'000
Profit for the period	9,952	6,593
Dividends	(9,800)	(5,650)
Net increase in shareholders' funds	152	943
Opening shareholders' funds	8,457	7,514
Closing shareholders' funds	8,609	8,457

23. Financial commitments

At 25 September 2004, the Company had the following annual commitments under non-cancellable operating leases:

	25 September 2004		27 September 2003	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Commitments under leases expiring				
– within one year	12	302	93	353
– in one to five years	1,004	46	959	79
– after five years	2,464	-	2,376	-
	3,480	348	3,428	432

24. Capital commitments

At 25 September 2004, the Company had no capital expenditure commitments that were not provided in the accounts (2003 – nil).

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 52 weeks ended 25 September 2004

25. Pension commitments

For practical purposes, the members of the Dawson Holdings PLC group pension scheme are all employed by Surridge Dawson Limited. Therefore, the disclosures in these financial statements are the same as those in the financial statements of Dawson Holdings PLC.

The Company is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the Dawson Holdings PLC group pension scheme.

Pension expense under SSAP 24

The Company operates a pension fund that has both defined benefit and defined contribution sections. The defined benefit section is closed to new entrants. The fund's assets are held in trust, separately from the Company's assets. A qualified actuary assesses the pension costs of the defined benefit section. The costs are charged to the profit and loss account in such a way that they are spread over the duration of employees' working lives with the Company.

The last formal actuarial valuation of the fund was carried out as at 1 March 2002. Since the defined benefit section is closed to new entrants, the current service cost, expressed as a percentage of pensionable salaries, will increase as the fund's members approach retirement. The valuation was performed using a market-based approach and the projected unit method. The main assumptions used to determine the pension cost were a 7.0% p.a. return on investments pre-retirement (5.0% p.a. post-retirement), salary increases of 4.0% p.a. and pension increases of 2.5% p.a. At the valuation date, the market value of the fund's assets was £28,894,000, representing 91.0% of the value of the combined benefits that had accrued to members, after allowing for expected future increases in salaries.

In order to determine the pension expense for 2004, the valuation was updated, to 1 October 2003, on the basis of a rate of investment return of 7.0% pre-retirement (5.0% post-retirement), salary increases of 3.5% p.a. and pension increases of 2.75% p.a. This update revealed a deficit of £5,851,000.

In relation to the defined benefit section, the Company contributed £1,800,000 (2003 – £1,825,000) to the fund over the period.

The pension cost for the period in respect of these funds was £1,794,000 (2003 – £1,848,000), comprising a regular cost of £1,083,000 and a variation of £711,000. Provisions as at 25 September 2004 include £17,000 in respect of the difference between the amount expensed and the amount contributed (2003 – provision of £23,000).

SURRIDGE DAWSON LIMITED**Notes to the accounts for the 52 weeks ended 25 September 2004****25. Pension commitments (continued)****Additional disclosures required by FRS 17****Assumptions**

	25 September 2004	27 September 2003
Rate of increase in salaries	3.50%	3.75%
Rate of increase in deferred pensions	2.75%	2.50%
Rate of increase in pensions in payment	2.75%	2.50%
Discount rate	5.50%	5.30%
Inflation assumption	2.75%	2.50%

The present value of the fund's liabilities, and the current service cost, are calculated using the projected unit method. As the pension scheme is closed, under this method the current service cost, as a percentage of pensionable salaries, will increase as the members of the scheme approach retirement.

Assets in the fund, and rate of return

	25 September 2004		27 September 2003	
	Long term rate of return expected	Fair value £m	Long term rate of return expected	Fair value £m
Equities	7.80%	20.0	7.70%	17.2
Bonds	4.80%	14.0	4.70%	12.7
Other	4.00%	-	4.00%	0.3
		<u>34.0</u>		<u>30.2</u>

Net pension liability

	25 September 2004	27 September 2003
	£m	£m
Total market value of assets	34.0	30.2
Present value of fund liabilities	(42.3)	(40.6)
Deficit in fund	<u>(8.3)</u>	<u>(10.4)</u>
Related deferred tax asset	2.5	3.1
Net pension liability	<u>(5.8)</u>	<u>(7.3)</u>

SURRIDGE DAWSON LIMITED**Notes to the accounts for the 52 weeks ended 25 September 2004****25. Pension commitments (continued)****Additional disclosures required by FRS 17 (continued)****Profit and loss reserve**

Had FRS 17 been adopted, the profit and loss reserve would have been adjusted as follows:

	25 September 2004 £m	27 September 2003 £m
Profit and loss reserve as stated	8.3	7.6
Less: pension liability	(5.8)	(7.3)
Profit and loss reserve under FRS 17	<u>3.0</u>	<u>0.3</u>

Profit and loss account disclosures under FRS 17

	52 weeks ended 25 September 2004 £m	52 weeks ended 27 September 2003 £m
<i>Analysis of the amount charged to operating profit</i>		
Current service cost	1.5	1.4
Past service cost	-	-
	<u>1.5</u>	<u>1.4</u>
<i>Analysis of net return on pension scheme</i>		
Expected return on pension scheme assets	2.0	1.7
Interest on pension scheme liabilities	(2.2)	(2.0)
Net return	<u>(0.2)</u>	<u>0.3</u>

Amounts recognised in the statement of total recognised gains and losses under FRS 17

	52 weeks ended 25 September 2004 £m	52 weeks ended 27 September 2003 £m
Actual return less expected return on assets	0.4	0.5
Experience gains and losses on liabilities	0.2	0.1
Changes in assumptions	1.4	(2.2)
Actuarial gain/(loss)	<u>2.0</u>	<u>(1.6)</u>

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 52 weeks ended 25 September 2004

25. Pension commitments (continued)

Additional disclosures required by FRS 17 (continued)

Movement in the deficit during the year

	52 weeks ended 25 September 2004 £m
Deficit in the scheme as at 28 September 2003	(10.4)
Current service cost	(1.5)
Contributions	1.8
Net return on assets	(0.2)
Actuarial loss	2.0
Deficit in the scheme as at 25 September 2004	<u>(8.3)</u>

History of experience of gains and losses

	52 weeks ended 25 September 2004	52 weeks ended 27 September 2003	52 weeks ended 28 September 2002
Difference between expected and actual return on scheme assets			
Amount/£m	0.4	0.5	(2.7)
Proportion of scheme's assets	<u>1%</u>	<u>2%</u>	<u>(10%)</u>
Experience gains and losses on scheme liabilities			
Amount/£m	0.2	0.1	0.6
Proportion of scheme's assets	<u>-</u>	<u>-</u>	<u>2%</u>
Total amount recognised in statement of total recognised gains and losses			
Amount/£m	2.0	(1.6)	(4.8)
Proportion of scheme's assets	<u>5%</u>	<u>(4%)</u>	<u>(13%)</u>

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 52 weeks ended 25 September 2004

26. Contingent liabilities

The Company has given a guarantee and a debenture in respect of a £20,000,000 bank overdraft facility and £17,250,000 of sterling term loans taken out by its ultimate parent undertaking.

27. Related party disclosures

The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with companies in the Dawson Holdings PLC group where 90% or more of the voting rights are held within the group.

Transactions with Solent SD Limited

During the period, the following transactions took place with Solent SD Limited, a subsidiary undertaking where less than 90% of the voting rights are held within the Dawson Holdings PLC group:

- The Company levied management and administration charges of £1,363,000 (2003 – £1,283,000) on Solent SD Limited.
- The Company credited Solent SD Limited with interest of £29,000 (2003 – £49,000) in respect of pooled cash balances.
- The Company invoiced sales with a value of £39,402,000 (2003 – £37,377,000) on behalf of Solent SD Limited. These sales are included in turnover following the adoption of Application Note G to FRS 5 (see note 2).
- The Company settled expenses with a value of £37,963,000 (2003 – £35,968,000) on behalf of Solent SD Limited.
- The Company purchased motor vehicles, in 2004 only, at their net book value of £26,000 from Solent SD Limited.

As at 25 September 2004, the creditor balance on these transactions was £804,000 (2003 – creditor balance of £1,088,000), and was included in amounts due to group undertakings (note 14).

Other transactions

During the period, the Company carried on business, at arm's length and on normal commercial terms, with International Press Network Limited (IPN) and Media Vitesse SARL, undertakings of which Mr M V L Pearce is a beneficial owner. Mr Pearce is a director of Dawson Holdings PLC, which is Surridge Dawson Limited's ultimate parent undertaking. IPN distributes foreign press publications to the UK news trade and Media Vitesse SARL deals in publications in Belgium and France.

The Company purchases titles from IPN and provides services to IPN. The Company also receives services from Media Vitesse.

During the period, total purchases made and services received were £2,405,000 (2003 – £3,347,000), and services provided were invoiced at £814,000 (2003 – £1,203,000). At 25 September 2004, the creditor balance outstanding on these transactions was £317,000 (2003 – £470,000), and the debtor balance outstanding was £24,000 (2003 – £216,000).

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 52 weeks ended 25 September 2004

28. Post balance sheet events

On 1 October 2004 the Company purchased the business of Newspaper Gate Service in Germany for €2,350,000. The business provides newspaper supplies to airlines in Frankfurt.

29. Parent undertakings

The immediate parent undertaking is Dawson Holdings Wholesale Limited.
The ultimate parent undertaking, and controlling party, is Dawson Holdings PLC.
Both undertakings are companies incorporated in Great Britain.

Dawson Holdings PLC is the only parent undertaking to prepare consolidated financial statements that incorporate Surridge Dawson Limited's results. Copies are available from:

The Company Secretary
Dawson Holdings PLC
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AMP House
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Croydon
CR0 9XA