

SURRIDGE DAWSON LIMITED

Company Registration Number 744679

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE 53 WEEKS ENDED 1 OCTOBER 2005**



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SURRIDGE DAWSON LIMITED

Directors' Report for the 53 weeks ended 1 October 2005

The Directors present their report and the Company's audited financial statements for the 53 weeks ended 1 October 2005 (2004 – 52 weeks ended 25 September 2004).

Directors	P J Arden D Blundell P Butterworth J Howe D Kerr D J Lowther T J Perry 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 2LX
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Principal Activity

The Company was 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 £10,112,000 (2004 – profit of £14,927,000). A final dividend of £12.50 (2004 – £49.00) per share was declared. This absorbed £2,500,000 (2004 – £9,800,000) and £3,592,000 was transferred to reserves (2004 – £152,000 transferred to reserves).

During the period, the Company discontinued its bulk travel brochure distribution activities. This resulted in an exceptional loss of £1,705,000.

The Directors consider the position at 1 October 2005, and the Company's future prospects, to be satisfactory.

Directors and their interests

The Directors in office throughout the 53 weeks ended 1 October 2005 are listed above.

No Director in office at 1 October 2005 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 1 October 2005. 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.

SURRIDGE DAWSON LIMITED

Directors' Report for the 53 weeks ended 1 October 2005

Directors and their interests (continued)

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
1 October 2005 and at 25 September 2004

D Kerr

60,500

Encouraging Executive Share Ownership Scheme ("the EESOS"):

Under the EESOS participants may, if the Remuneration Committee of Dawson Holdings PLC so determines, be invited to invest all or part of their net (after tax) bonus in any year in the form of shares in Dawson Holdings PLC ("bonus shares"), subject to a minimum investment of 1,000 shares. The participant will choose how much of the net bonus to use for this purpose and that amount is then used to purchase shares in Dawson Holdings PLC. Invitations to acquire bonus shares may be made at any time except when a director would be prohibited from dealing in shares under the Model Code. No invitations to acquire bonus shares under the EESOS may be granted after 16 January 2015.

If bonus shares are retained by the participant, and the participant remains employed within the group for three years from the date of acquisition of the bonus shares (the "holding period"), the Remuneration Committee of Dawson Holdings PLC may then transfer or procure the transfer to the participant of additional shares in Dawson Holdings PLC ("matching shares"). The number of matching shares which may be so transferred will be up to a maximum of one matching share for every one bonus share held by the participant at the end of that three year period. Matching share awards are not transferable and are not pensionable benefits.

The directors' interests in the number of Dawson Holdings PLC shares shown under the Encouraging Executive Share Ownership Scheme are as follows (the Scheme did not exist as at 25 September 2004):

Number of 1p ordinary shares held at
1 October 2005 25 September 2004

J Howe

13,500

-

J R Townley

1,500

-

SURRIDGE DAWSON LIMITED**Directors' Report for the 53 weeks ended 1 October 2005****Directors and their interests (continued)****Options:**

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

	At 26/09/04	Number of options		At 1/10/05	Exercise price per share	Expiry date
		Granted during the period	Exercised during the period			
P J Arden	-	-	-	-	-	-
P Butterworth	22,671	-	-	22,671	73.0p	29/02/08
J Howe	-	12,332	-	12,332	134.0p	30/09/10
D Kerr	-	12,332	-	12,332	134.0p	30/09/10
T Perry	-	7,070	-	7,070	134.0p	30/09/08
J R Townley	-	-	-	-	-	-

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 1 October 2005, have vested with Directors on achievement of their individual targets under the Dawson Holdings PLC Long Term Incentive Plan 1998:

	Vested at 26/09/04	Number of options		Vested at 1/10/05	Exercise price per share	Expiry date
		Surrendered during the period	Exercised during the period			
P J Arden	-	-	-	-	-	-
P Butterworth	675	-	-	675	141.0p	12/12/09
J Howe	4,000	-	-	4,000	156.5p	19/12/09
D Kerr	900	-	-	900	141.0p	12/12/09
T Perry	-	-	-	-	-	-
J R Townley	5,150	-	-	5,150	113.0p	01/10/08

SURRIDGE DAWSON LIMITED

Directors' Report for the 53 weeks ended 1 October 2005

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.

During the period, the Company 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 11, 12 and 13 to the accounts.

As disclosed in note 12, 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 53 weeks ended 1 October 2005

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

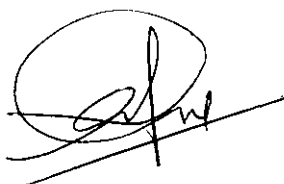
The Company agrees payment dates with all suppliers prior to delivery of goods or provision of services. Payments are made on the agreed dates, upon receipt of correct invoices.

At 1 October 2005, average creditor days outstanding were 15 (2004 – 21).

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 25th November 2005.

A handwritten signature in black ink, appearing to be 'A L Wood', written over 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 53 week period ended 1 October 2005, 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 31. 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 5, 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 1 October 2005 and of its profit for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche UK

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

6 March 2006

SURRIDGE DAWSON LIMITED

Profit and Loss Account for the 53 weeks ended 1 October 2005

	53 weeks ended 1 October 2005	52 weeks ended 25 September 2004 (restated – note 3)
	£'000	£'000
Turnover (note 2)		
Continuing operations	692,805	681,455
Discontinued operations	7,246	8,884
	<u>700,051</u>	<u>690,339</u>
Net operating costs (note 3)	(687,166)	(675,150)
Operating profit (note 6)	12,885	15,189
Continuing operations	14,062	16,131
Discontinued operations	(1,177)	(942)
	<u>12,885</u>	<u>15,189</u>
Exceptional loss on closure of discontinued operations (note 7)	(1,705)	-
Exceptional profit on disposal of investment property (note 7)	-	1,490
Investment income (note 13(2))	80	-
Net interest payable (note 8)	(1,148)	(1,752)
Profit on ordinary activities before taxation	<u>10,112</u>	<u>14,927</u>
Tax on profit on ordinary activities (note 9)	(4,020)	(4,975)
Profit on ordinary activities after taxation	<u>6,092</u>	<u>9,952</u>
Equity dividends (note 10)	(2,500)	(9,800)
Amount transferred to reserves (note 24)	<u>3,592</u>	<u>152</u>

SURRIDGE DAWSON LIMITED

Balance Sheet as at 1 October 2005

	1 October 2005 £'000	25 September 2004 £'000
Fixed assets		
Intangible assets – goodwill (note 11)	34,874	37,670
Tangible assets (note 12)	17,672	18,507
Investments (note 13)	1,520	2,703
	<u>54,066</u>	<u>58,880</u>
Current assets		
Stocks	1,466	1,458
Debtors (note 14)	30,993	27,975
Cash at bank and in hand	3,457	2,068
	<u>35,916</u>	<u>31,501</u>
Creditors – amounts falling due within one year (note 15)	<u>(77,042)</u>	<u>(81,158)</u>
Net current liabilities	<u>(41,126)</u>	<u>(49,657)</u>
Total assets less current liabilities	<u>12,940</u>	<u>9,223</u>
Creditors – amounts falling due after more than one year (note 16)	(199)	(614)
Provisions for liabilities and charges (note 18)	<u>(495)</u>	<u>-</u>
Net assets	<u>12,246</u>	<u>8,609</u>
Capital and reserves		
Called up share capital (note 19)	200	200
Share premium account (note 21)	70	70
Revaluation reserve (note 22)	63	63
Share-based payments reserve (note 23)	45	-
Profit and loss account (note 24)	11,868	8,276
Total equity shareholders' funds (note 25)	<u>12,246</u>	<u>8,609</u>

These financial statements were approved by the Board of Directors on 25 November 2005 and signed on its behalf by:



D J Lowther
Director

SURRIDGE DAWSON LIMITED**Statement of Total Recognised Gains and Losses for the 53 weeks ended 1 October 2005**

	53 weeks ended 1 October 2005	52 weeks ended 25 September 2004
	£'000	£'000
Profit attributable to shareholders of the company for the financial period	6,092	9,952
Other recognised gains and losses relating to the period	-	-
Total recognised gains and losses relating to the period	<u>6,092</u>	<u>9,952</u>

SURRIDGE DAWSON LIMITED

Note of Historical Cost Profits and Losses for the 53 weeks ended 1 October 2005

	53 weeks ended 1 October 2005	52 weeks ended 25 September 2004
	£'000	£'000
Reported profit before taxation	10,112	14,927
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>10,113</u>	<u>15,498</u>
 Historical cost profit for the period retained after taxation and dividends	 <u>3,593</u>	 <u>723</u>

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

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 United Kingdom law and accounting standards in the United Kingdom, applied consistently in the current and prior period, save for the adoption of FRS 20 "Share based payment". 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 (revised) 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 and revenue recognition

Turnover comprises amounts receivable for goods and services provided in the course of business, net of credits and discounts, and is stated net of VAT and other sales taxes. Sales of goods are recognised, less provision for returns, when goods are delivered and title has passed. Sales by associated undertakings are not included in turnover.

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

Fixed assets are stated at cost or valuation, less provision for depreciation and any impairment.

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.

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

1. Principal accounting policies (continued)

Depreciation

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

Freehold and long leasehold property	25 to 50 years
Short leasehold property	Term of lease, or shorter periods if considered necessary
Other tangible fixed assets	8% – 33% depending on estimated useful life

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.

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.

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

1. Principal accounting policies (continued)

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 schemes

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.

Share-based payments

The Company has applied the requirements of FRS 20 "Share-based Payment" to all share options granted on or after 7 November 2002, including those relating to Savings Related Share Option Schemes, as well as to matching share awards under the Encouraging Executive Share Ownership Scheme.

In accordance with FRS 20, the fair value of share options and matching share awards is measured at the date of grant. This fair value is then expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of shares that will ultimately vest.

The share-based payments relate to the shares of Dawson Holdings PLC (the Company's ultimate parent undertaking), but the share-based payment expense and the corresponding reserve for the contra-entry to the expense are recognised in the accounts of Surridge Dawson Limited, as the Company is deemed to be the beneficiary of the services to which the expense relates.

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

2. Analyses of turnover, operating profit and net assets

	53 weeks ended 1 October 2005	52 weeks ended 25 September 2004 (restated – note 3)
	£'000	£'000
Turnover by class of business		
Continuing operations		
Distribution and marketing services	650,186	640,424
Book supply	42,619	41,031
	<u>692,805</u>	<u>681,455</u>
Discontinued operations	7,246	8,884
	<u>700,051</u>	<u>690,339</u>
Turnover by destination		
United Kingdom	687,410	677,157
Overseas	12,641	13,182
	<u>700,051</u>	<u>690,339</u>
Operating profit		
Distribution and marketing services	14,543	16,633
Book supply	2,315	2,295
	<u>16,858</u>	<u>18,928</u>
Amortisation of goodwill	(2,796)	(2,797)
	<u>14,062</u>	<u>16,131</u>
Discontinued operations	(1,177)	(942)
	<u>12,885</u>	<u>15,189</u>

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 and discontinued operations was £10,570,000 (2004 – £12,894,000).

	At 1 October 2005 £'000	At 25 September 2004 £'000
Net assets by business class		
Distribution and marketing services	(1,360)	(16,402)
Book supply	2,919	2,552
	<u>1,559</u>	<u>(13,850)</u>
Discontinued operations	(2,261)	-
	<u>(702)</u>	<u>(13,850)</u>
Intangible assets	34,874	37,670
Interest bearing net assets	(21,926)	(15,211)
Total net assets	<u>12,246</u>	<u>8,609</u>

Net assets relate only to the United Kingdom.

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

3. Net operating costs

	53 weeks ended 1 October 2005			52 weeks ended 25 September 2004		
	Continuing operations £'000	Discontinued operations £'000	Total £'000	Continuing operations £'000 (restated)	Discontinued operations £'000	Total £'000 (restated)
Turnover	<u>692,805</u>	<u>7,246</u>	<u>700,051</u>	<u>681,455</u>	<u>8,884</u>	<u>690,339</u>
Net operating costs						
Change in stock	8	-	8	(339)	-	(339)
Raw materials and consumables	587,735	-	587,735	578,808	-	578,808
Staff costs (note 5)	51,254	2,647	53,901	49,203	3,407	52,610
Amortisation of goodwill (note 11)	2,796	-	2,796	2,797	-	2,797
Depreciation of tangible fixed assets (note 12)	3,386	129	3,515	3,102	207	3,309
Other external charges	36,353	5,647	42,000	34,862	6,219	41,081
Other operating income	(2,789)	-	(2,789)	(3,109)	(7)	(3,116)
	<u>678,559</u>	<u>8,423</u>	<u>687,166</u>	<u>665,324</u>	<u>9,826</u>	<u>675,150</u>
Operating profit	<u>14,246</u>	<u>(1,177)</u>	<u>12,885</u>	<u>16,131</u>	<u>(942)</u>	<u>15,189</u>

Discontinued operations arise from the closure of the bulk travel brochure distribution activities of Dawson Marketing Services (note 7).

The profit and loss account for the 52 weeks ended 25 September 2004 has been restated to achieve a classification of revenues that is consistent with those of the current period. Sales and raw materials and consumables have both been increased by £1,562,000; there is no effect on operating profit.

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

4. Directors

Directors' remuneration was as follows:

	53 weeks ended 1 October 2005 £'000	52 weeks ended 25 September 2004 £'000
In respect of all directors		
Total emoluments, excluding pension contributions made by the Company	<u>2,698</u>	<u>1,425</u>
Employer's contribution to pension scheme in respect of which money purchase benefits may become payable	<u>8</u>	<u>34</u>
In respect of the highest paid director only		
Emoluments, excluding pension contributions made by the Company	<u>614</u>	<u>347</u>
Employer's contribution to pension scheme in respect of which money purchase benefits may become payable	<u>-</u>	<u>26</u>
Amount of accrued pension	<u>27</u>	<u>11</u>

Seven (2004 – seven) directors were members of a defined benefit pension scheme.

Contributions to money purchase pension schemes were made on behalf of one director (2004 – two 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, no director exercised share options under savings-related share option schemes and no director exercised share options under a long-term incentive plan (2004 – three directors exercised share options under savings-related share option schemes and two directors exercised share options under a long-term incentive plan).

In addition, during the period under review, two Directors purchased shares under a scheme (Encouraging Executive Share Ownership Scheme) whereby they will be awarded matching shares, up to a maximum of one matching share for each share held under the Encouraging Executive Share Ownership Scheme, if they remain employed by the Dawson Holdings PLC group for a period of three years from the date of purchase (2004 – no equivalent scheme available).

SURRIDGE DAWSON LIMITED**Notes to the accounts for the 53 weeks ended 1 October 2005****5. Employee information (including directors)**

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

	53 weeks ended 1 October 2005	52 weeks ended 25 September 2004 (restated)
	Number	Number
Distribution	2,271	2,166
Administration	449	577
Other	152	153
	<u>2,872</u>	<u>2,896</u>

Employment costs for the period were:

	53 weeks ended 1 October 2005	52 weeks ended 25 September 2004
	£'000	£'000
Wages and salaries	46,843	46,732
Social security costs	4,071	3,913
Other pension costs	2,987	1,965
	<u>53,901</u>	<u>52,610</u>

6. Operating profit

	53 weeks ended 1 October 2005	52 weeks ended 25 September 2004
	£'000	£'000
This is stated after charging/(crediting):		
Depreciation – owned assets	3,039	2,750
Depreciation – leased assets	476	559
Amortisation of goodwill (note 11)	2,796	2,797
Auditors' remuneration – audit fees	85	-
Auditors' remuneration – other fees	66	13
Operating lease rentals – plant and machinery	373	347
Operating lease rentals – other	3,581	3,688
Management charge to associated undertaking	(219)	(204)
Management charge to subsidiary undertaking	(1,346)	(1,363)
Share-based payment expense (note 20)	45	-
	<u></u>	<u></u>

Audit fees for the prior period were borne by the ultimate parent undertaking. Other fees payable to the Company's auditors related mainly to tax advice.

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

7. Exceptional items

	53 weeks ended 1 October 2005 £'000	52 weeks ended 25 September 2004 £'000
Loss on closure of discontinued operations		
Direct costs of closure	(1,031)	-
Provision for future property costs	(604)	-
Losses on disposals of fixed assets	(70)	-
	<u>(1,705)</u>	<u>-</u>
Profit on disposal of investment property	-	1,490
Exceptional (loss)/profit in the period	<u>(1,705)</u>	<u>1,490</u>
Taxation effect of exceptional items	511	-
Net effect of exceptional items on profit after tax	<u>(1,194)</u>	<u>1,490</u>
Cash (outflow)/inflow during the period	<u>(389)</u>	<u>2,240</u>

During the 53 weeks ended 1 October 2005 the Company undertook closure of the Abingdon operations of Dawson Marketing Services, comprising the storage and distribution of bulk travel brochures and ancillary activities. The direct costs of closure were £1,031,000, with £389,000 being spent prior to 1 October 2005. In addition, full provision has been made for future property costs in relation to the now vacant premises at Abingdon.

During the 52 weeks ended 25 September 2004, the Company disposed of an investment property for net sale proceeds of £2,240,000. This represented a profit of £1,490,000 against the carrying of £750,000 and realised £570,000 of the revaluation reserve. No tax charge arose on the disposal as the group had sufficient capital losses available to offset the chargeable gain.

8. Net interest payable

	53 weeks ended 1 October 2005 £'000	52 weeks ended 25 September 2004 £'000
Interest payable		
– on corporation tax payments	-	10
– on other loans	-	20
– on finance leases	84	113
– to other group undertakings	1,193	1,619
	<u>1,277</u>	<u>1,762</u>
Bank interest receivable	-	(10)
Interest received on corporation tax repayments	(12)	-
Interest receivable from group undertakings	(117)	-
	<u>1,148</u>	<u>1,752</u>

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

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

9. Tax on profit on ordinary activities

9(1). Analysis of taxation charge for the period

	53 weeks ended 1 October 2005 £'000	52 weeks ended 25 September 2004 £'000
Corporation tax at 30.0% (2004 – 30.0%)	3,567	4,924
Credit in respect of prior periods	(210)	(3)
Current tax charge	<u>3,357</u>	<u>4,921</u>
Current year deferred tax		
– charge	473	209
– credit	-	(155)
Prior year adjustments to deferred tax		
– charge	193	-
– credit	(3)	-
	<u>4,020</u>	<u>4,975</u>

9(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:

	53 weeks ended 1 October 2005 £'000	52 weeks ended 25 September 2004 £'000
<i>Factors affecting the charge for the period</i>		
Profit on ordinary activities before tax	<u>10,112</u>	<u>14,927</u>
Tax on profit on ordinary activities at the standard rate of UK corporation tax of 30%	3,034	4,478
<i>Tax effect of:</i>		
Expenses not deductible for tax purposes		
Goodwill amortisation	839	839
Permanently disallowable expenses	191	161
Capitalised revenue expenditure	(55)	(53)
Capital losses to offset profit on disposal of investment property	-	(447)
Non-taxable income – dividends from UK subsidiaries	(24)	-
Fixed asset timing differences	(43)	(162)
Other short-term timing differences	(375)	108
Adjustment to tax charge in respect of previous periods	(210)	(3)
Current tax charge for the period	<u>3,357</u>	<u>4,921</u>

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

9. Tax on profit on ordinary activities (continued)

9(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 (2004 - £2,100,000). In addition, the Company has unutilised capital losses of £1,417,000 (2004 - £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.

10. Dividends

	53 weeks ended 1 October 2005 £'000	52 weeks ended 25 September 2004 £'000
Final dividend of £12.50 (2004 - £49.00) per share	2,500	9,800

11. Intangible assets

	Goodwill £'000
Cost	
At 1 October 2005 and at 25 September 2004	65,681
Amortisation and other amounts written off	
At 26 September 2004	28,011
Amortisation charge for the period	2,796
At 1 October 2005	30,807
Net book value	
At 1 October 2005	34,874
At 25 September 2004	37,670

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

12. 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 26 September 2004	7,579	2,109	2,008	15,536	6,698	33,930
Additions	-	-	11	1,634	1,191	2,836
Disposals	(83)	-	(45)	(3,675)	(1,659)	(5,462)
At 1 October 2005	<u>7,496</u>	<u>2,109</u>	<u>1,974</u>	<u>13,495</u>	<u>6,230</u>	<u>31,304</u>
Depreciation						
At 26 September 2004	1,264	616	963	9,162	3,418	15,423
Charge for the period	227	101	153	1,851	1,183	3,515
Disposals	(83)	-	(45)	(3,615)	(1,563)	(5,306)
At 1 October 2005	<u>1,408</u>	<u>717</u>	<u>1,071</u>	<u>7,398</u>	<u>3,038</u>	<u>13,632</u>
Net book value						
At 1 October 2005	<u>6,088</u>	<u>1,392</u>	<u>903</u>	<u>6,097</u>	<u>3,192</u>	<u>17,672</u>
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>
Analysis of assets carried at cost or valuation at 1 October 2005						
Net book value						
At valuation	115	-	23	-	-	138
At cost	5,973	1,392	880	6,097	3,192	17,534
	<u>6,088</u>	<u>1,392</u>	<u>903</u>	<u>6,097</u>	<u>3,192</u>	<u>17,672</u>

Leased assets

At 1 October 2005, the Company had leased motor vehicles with a net book value of £336,000 (2004 – £705,000) and leased furniture, fixtures and fittings with a net book value of £455,000 (2004 – £644,000).

Assets in the course of construction

The net book value of furniture, fixtures and fittings includes £716,000 (2004 – £535,000) in respect of assets in the course of construction.

Freehold land

Included in the net book value of freehold land and buildings, the amount for land, which is not subject to depreciation, was £1,176,000 (2004 – £1,176,000).

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

12. 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 1 October 2005 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 1 October 2005 and at 25 September 2004, no freehold properties were being held pending disposal.

Historical costs

If land and buildings were stated at historical cost, the amounts as at 1 October 2005 would be:

	Freehold properties £'000	Short leasehold properties £'000
Cost	7,431	1,979
Accumulated depreciation	(1,395)	(1,075)
Net book value	<u>6,036</u>	<u>904</u>

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

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

13. Fixed asset investments**13(1). Summary of fixed asset investments**

	1 October 2005 £'000	25 September 2004 £'000
Investments in subsidiary undertakings – note 13(2)	901	2,095
Investments in associated undertakings – note 13(3)	619	608
	<u>1,520</u>	<u>2,703</u>

13(2). Investments in subsidiary undertakings

	£'000
Cost	
At 26 September 2004	20,545
Additions	3
Cost written off on dissolution of subsidiary undertakings	(15,765)
At 1 October 2005	<u>4,783</u>
Provisions	
At 26 September 2004	18,450
Provisions written back on dissolution of subsidiary undertakings	(14,568)
At 1 October 2005	<u>3,882</u>
Net book amount	
At 1 October 2005	<u>901</u>
At 25 September 2004	<u>2,095</u>

At 1 October 2005, the Company's subsidiary undertakings were:

<i>Name</i>	<i>Country of incorporation</i>	<i>Voting rights held</i>	<i>Activity</i>
Solent SD Limited	Great Britain	53%	Wholesale newsagent
Dawson Media Direct NV	Belgium	100%	Specialist distribution
Dawson Media Direct SAS	France	100%	Specialist distribution
Dawson Media Direct GmbH	Germany	100%	Specialist distribution

Each subsidiary undertaking trades in its country of incorporation.

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.

During the period, the Company's dormant subsidiaries were struck off the register of companies, some having been placed in voluntary liquidation in the prior period. On dissolution, dividends of £80,000 were paid to Surridge Dawson Limited.

SURRIDGE DAWSON LIMITED**Notes to the accounts for the 53 weeks ended 1 October 2005****13. Fixed asset investments (continued)****13(3). Investments in associated undertakings**

	Share capital £'000	Loans £'000	Total £'000
Cost and net book value			
At 26 September 2004	125	483	608
Loan repayment made	-	(90)	(90)
Purchase of further shares	101	-	101
At 1 October 2005	<u>226</u>	<u>393</u>	<u>619</u>

The Company owns 20.00% (2004 – 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% (2004 – 30.00%) of the ordinary share capital of Worldwide Magazine Distribution Limited, a news wholesale company incorporated in Great Britain.

14. Debtors

	1 October 2005 £'000	25 September 2004 £'000
Trade debtors	27,431	24,908
Other debtors	1,827	1,198
Deferred tax asset (note 18)	-	168
Prepayments and accrued income	1,735	1,701
	<u>30,993</u>	<u>27,975</u>

15. Creditors – amounts falling due within one year

	1 October 2005 £'000	25 September 2004 £'000
Bank loans and overdrafts (note 17)	15,661	1,164
Trade creditors	23,674	35,315
Amounts due to group undertakings	10,073	17,110
Corporation tax	1,342	2,477
Other taxation and social security liabilities	1,474	1,547
Accruals and deferred income	24,466	23,059
Obligations under finance leases (note 17)	352	486
	<u>77,042</u>	<u>81,158</u>

SURRIDGE DAWSON LIMITED**Notes to the accounts for the 53 weeks ended 1 October 2005****16. Creditors – amounts falling due after more than one year**

	1 October 2005 £'000	25 September 2004 £'000
Obligations under finance leases (note 17)	<u>199</u>	<u>614</u>

17. Borrowings

The Company's borrowings are as follows:

	1 October 2005 £'000	25 September 2004 £'000
Bank overdraft	15,661	1,164
Finance lease obligations	<u>551</u>	<u>1,100</u>
Total borrowings	<u>16,212</u>	<u>2,264</u>
Borrowings repayable within one year or on demand		
- bank overdrafts	15,661	1,164
- finance lease obligations	<u>352</u>	<u>486</u>
Total repayable within one year or on demand	<u>16,013</u>	<u>1,650</u>
Borrowings repayable in the second to fifth years		
- finance lease obligations	<u>199</u>	<u>614</u>
Total borrowings	<u>16,212</u>	<u>2,264</u>

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

18. Deferred tax

	£'000
Asset at 26 September 2004 – shown in debtors (note 14)	(168)
Charge relating to prior period short-term timing differences	193
Credit relating to prior period accelerated capital allowances	(3)
Charge relating to current period short-term timing differences	430
Charge relating to current period accelerated capital allowances	43
Liability at 1 October 2005	<u>495</u>

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

	1 October 2005 £'000	25 September 2004 £'000
Excess of depreciation over capital allowances	360	322
Other short term timing differences	<u>135</u>	<u>(490)</u>
Deferred tax liability (2004 – asset, shown in debtors (note 14))	<u>495</u>	<u>(168)</u>

19. Called up share capital

	1 October 2005 and 25 September 2004 £'000
Authorised, allotted, called up and fully paid	
200,000 £1 ordinary shares	<u>200</u>

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

20. Share based payments

The Dawson Holdings PLC group operates share based payment schemes that relate to the shares of Dawson Holdings PLC, the Company's ultimate parent undertaking. The expense relating to these options is recognised in the accounts of Surridge Dawson Limited, it being the Company deemed to benefit from the services to which the expense relates.

Savings related share options

During the period, new share options were granted under the 2005 Savings Related Share Option Scheme.

Savings related share options schemes are periodically made available to all employees. The options are typically provided at an exercise price equal to 80% of the quoted market price at the date of grant, and may vest over a period of three or five years. If the options remain unexercised after a period of six months after the date of vesting, the options expire.

Long term incentive plan options

No new long term incentive plan options were granted during the period.

Previous options granted under long term incentive plans were typically provided at an exercise price equal to the quoted market price at the date of grant and vested over a period of three years. If the options remain unexercised after a period of 10 years after the date of grant, the options expire.

Options outstanding

Total options outstanding are summarised below:

	1 October 2005		25 September 2004	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at 25 September 2004	1,478,488	£0.74	2,479,770	£0.77
Granted during the period	792,503	£1.34	-	-
Forfeited during the period	(196,086)	£0.96	(160,848)	£0.76
Exercised during the period	(332,722)	£0.81	(685,250)	£0.71
Expired during the period	-	-	(155,184)	£1.33
Outstanding at 1 October 2005	1,742,183	£0.98	1,478,488	£0.74
Exercisable at 1 October 2005	85,124	£1.27	110,492	£1.25

Details of options outstanding at 1 October 2005 are as follows:

	Number of options	Exercise price per share	Expiry date
Savings related options	606,076	£0.630	30 September 2006
	10,669	£0.730	28 February 2006
	316,826	£0.730	29 February 2008
	432,487	£1.340	30 September 2008
	291,001	£1.340	30 September 2010
Long term incentive plan options	61,278	£1.130	1 October 2008
	18,271	£1.665	12 September 2009
	1,575	£1.410	12 December 2009
	4,000	£1.565	19 December 2009

The weighted average market share price at the times of option exercises was £1.50.

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

20. Share based payments (continued)

Options granted during the period

	53 weeks ended 1 October 2005	52 weeks ended 25 September 2004
Inputs into the valuation model (Black-Scholes) are as follows:		
Weighted average share price/market price at inception	£1.810	-
Weighted average exercise price	£1.340	-
Expected volatility	35%	-
Expected life	3 or 5 years	-
Risk-free rate	5.75%	-
Expected dividend yield	4.20%	-

Encouraging Executive Share Ownership Scheme

Certain executives were invited to invest all or part of their net (after tax) bonus in Dawson Holdings PLC shares. If the executive then remains employed within the group for three years from the date of acquisition of these shares the Company will transfer additional shares to the executive up to a maximum of one share for each share held by the executive.

During the 53 weeks ended 1 October 2005, a total of 17,900 shares were purchased by executives under the terms of the above scheme.

Amounts recognised in the financial statements

No new share options were issued between 7 November 2002 and 25 September 2004. As a result there are no charges to the profit and loss account prior to 25 September 2004, and therefore no prior year adjustment is necessary following the adoption of FRS 20, taking advantage of the transitional provisions.

The charge to the profit and loss account for the 53 weeks ended 1 October 2005 in respect of share-based payments was £45,000 (2004 – £nil).

21. Share premium account

	£'000
At 1 October 2005 and at 25 September 2004	<u>70</u>

22. Revaluation reserve

	Fixed assets £'000
At 1 October 2005 and at 26 September 2004	<u>63</u>

23. Share-based payments reserve

	£'000
Balance at 26 September 2004	-
Share-based payment expense for the period (note 20)	<u>45</u>
Balance at 1 October 2005	<u>45</u>

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

24. Profit and loss account

	£'000
Balance at 26 September 2004	8,276
Profit for the period	3,592
Balance at 1 October 2005	<u>11,868</u>

25. Reconciliation of movements in shareholders' funds

	53 weeks ended 1 October 2005 £'000	52 weeks ended 25 September 2004 £'000
Profit for the period	6,092	9,952
Dividends	(2,500)	(9,800)
	<u>3,592</u>	<u>152</u>
Share based payment expense	45	-
	<u>3,637</u>	<u>152</u>
Net increase in shareholders' funds	8,609	8,457
Opening shareholders' funds	<u>12,246</u>	<u>8,609</u>
Closing shareholders' funds		

26. Financial commitments

At 1 October 2005, the Company had the following annual commitments under non-cancellable operating leases:

	1 October 2005		25 September 2004	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Commitments under leases expiring				
– within one year	28	302	12	302
– in one to five years	1,335	72	1,004	46
– after five years	2,136	-	2,464	-
	<u>3,499</u>	<u>374</u>	<u>3,480</u>	<u>348</u>

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

27. Capital commitments

At 1 October 2005, the Company had no capital expenditure commitments that were not provided in the accounts (2004 – nil).

28. 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.

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 28 February 2005. 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 6.7% p.a. return on investments pre-retirement (5.0% p.a. post-retirement), salary increases of 3.75% p.a. and pension increases of 2.75% p.a. At the valuation date, the market value of the fund's assets was £37,410,000, representing 78.0% of the value of the benefits that had accrued to members, after allowing for expected future increases in salaries.

In order to determine the pension expense for 2005, the valuation was rolled back to 1 October 2004. This update revealed a deficit of £11,000,000.

In relation to the defined benefit section, the Company contributed £2,545,000 (2004 – £1,800,000) to the fund over the period.

The pension cost for the period was £2,699,000 (2004 – £1,794,000), comprising a regular cost of £1,418,000, a variation of £1,146,000 and special contributions of £135,000.

Provisions as at 1 October 2005 include £171,000 in respect of the accumulated difference between the amount expensed and the amount contributed (2004 – provision of £17,000).

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

28. Pension commitments (continued)

Additional disclosures required by FRS 17

Assumptions

	1 October 2005	25 September 2004	27 September 2003
Rate of increase in salaries	3.50%	3.50%	3.75%
Rate of increase in deferred pensions	2.75%	2.75%	2.50%
Rate of increase in pensions in payment	2.75%	2.75%	2.50%
Discount rate	5.00%	5.50%	5.30%
Inflation assumption	2.75%	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

	1 October 2005 £m	Fair value as at 25 September 2004 £m	27 September 2003 £m
Equities	26.2	20.0	17.2
Bonds	16.2	14.0	12.7
Cash	0.1	-	0.3
	<u>42.5</u>	<u>34.0</u>	<u>30.2</u>

	1 October 2005 %	Long term expected rate of return at 25 September 2004 %	27 September 2003 %
Equities	7.3	7.8	7.7
Bonds	4.3	4.8	4.7
Cash	4.0	4.0	4.0

Net pension liability

	1 October 2005 £m	25 September 2004 £m	27 September 2003 £m
Total market value of assets	42.5	34.0	30.2
Present value of fund liabilities	(54.4)	(42.3)	(40.6)
Deficit in fund	<u>(11.9)</u>	<u>(8.3)</u>	<u>(10.4)</u>
Related deferred tax asset	3.6	2.5	3.1
Net pension liability	<u>(8.3)</u>	<u>(5.8)</u>	<u>(7.3)</u>

SURRIDGE DAWSON LIMITED**Notes to the accounts for the 53 weeks ended 1 October 2005****28. 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:

	1 October 2005 £m	25 September 2004 £m
Profit and loss reserve as stated	11.9	8.3
Less: pension liability	(8.3)	(5.8)
Profit and loss reserve under FRS 17	<u>3.6</u>	<u>2.5</u>

Profit and loss account disclosures under FRS 17

	53 weeks to 1 October 2005 £m	52 weeks to 25 September 2004 £m
<i>Analysis of the amount charged to operating profit</i>		
Current service cost	1.4	1.5
Past service cost	0.1	-
	<u>1.5</u>	<u>1.5</u>
<i>Analysis of amounts included on other finance costs</i>		
Expected return on pension scheme assets	2.3	2.0
Interest on pension liabilities	(2.4)	(2.2)
Net cost	<u>(0.1)</u>	<u>(0.2)</u>

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

	53 weeks to 1 October 2005 £m	52 weeks to 25 September 2004 £m
Actual return less expected return on assets	4.3	0.4
Experience gains and losses	4.2	0.2
Changes in assumptions	(13.0)	1.4
Actuarial (loss)/gain	<u>(4.5)</u>	<u>2.0</u>

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

28. Pension commitments (continued)

Additional disclosures required by FRS 17 (continued)

Movement in the deficit during the year

	53 weeks to 1 October 2005 £m	52 weeks to 25 September 2004 £m
Deficit in the scheme at the beginning of the period (before deferred tax)	(8.3)	(10.4)
Current service cost	(1.4)	(1.5)
Contributions	2.5	1.8
Past service cost	(0.1)	-
Net interest cost	(0.1)	(0.2)
Actuarial loss	(4.5)	2.0
Deficit in the scheme at the end of the period (before deferred tax)	<u>(11.9)</u>	<u>(8.3)</u>

History of experience of gains and losses

	53 weeks to 1 October 2005	52 weeks to 25 September 2004	52 weeks to 27 September 2003	52 weeks to 28 September 2002
Difference between expected and actual return on scheme assets				
Amount/£m	4.3	0.4	0.5	(2.7)
Proportion of scheme's assets	<u>10%</u>	<u>1%</u>	<u>2%</u>	<u>(10%)</u>
Experience gains and losses on scheme liabilities				
Amount/£m	4.2	0.2	0.1	0.6
Proportion of present value of scheme liabilities	<u>8%</u>	<u>-</u>	<u>-</u>	<u>2%</u>
Total amount recognised in statement of total recognised gains and losses				
Amount/£m	(4.5)	2.0	(1.6)	(4.8)
Proportion of present value of scheme liabilities	<u>(8%)</u>	<u>5%</u>	<u>(4%)</u>	<u>(13%)</u>

29. Contingent liabilities

The Company has given a guarantee and a debenture in respect of a £20,000,000 bank overdraft facility and a £12,000,000 sterling term loan taken out by its ultimate parent undertaking.

SURRIDGE DAWSON LIMITED

Notes to the accounts for the 53 weeks ended 1 October 2005

30. 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 £1,346,000 (2004 – £1,363,000) on Solent SD Limited.
- The Company credited Solent SD Limited with interest of £33,000 (2004 – £29,000) in respect of pooled cash balances.
- The Company invoiced sales with a value of £40,196,000 (2004 – £39,402,000) on behalf of Solent SD Limited. These sales are included in turnover following the adoption of Application Note G to FRS 5.
- The Company settled expenses with a value of £38,743,000 (2004 – £37,963,000) on behalf of Solent SD Limited.
- In 2004 only, motor vehicles were transferred to the Company, from Solent SD Limited, at their net book value of £26,000.

As at 1 October 2005, the creditor balance on these transactions was £1,082,000 (2004 – creditor balance of £804,000), and was included in amounts due to group undertakings (note 15).

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 £2,335,000 (2004 – £2,405,000), and services provided were invoiced at £105,000 (2004 – £814,000). At 1 October 2005, the creditor balance outstanding on these transactions was £139,000 (2004 – £317,000), and the debtor balance outstanding was £4,000 (2004 – £24,000).

During the period, the Company levied a management charge of £219,000 (2004 – £204,000) on T Cox & Son (Tonbridge) Limited, an associated undertaking in which a 20% interest is held (note 13(3)).

31. 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
9th Floor (South Wing)
AMP House
Dingwall Road
Croydon
CR0 2LX