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SC15382

financial calendar

March
Preliminary Results

April
Annual General Meeting

May
Payment of Final Dividend

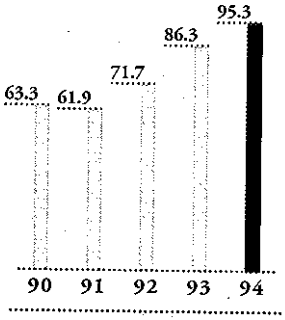
August
Interim Results

November
Payment of Interim Dividend

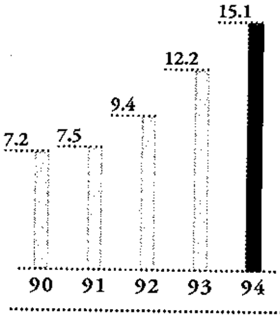
Registered Number 15382

Financial Highlights

operating profit

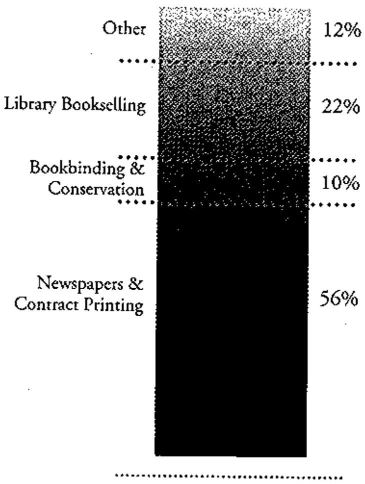


Turnover (£m)

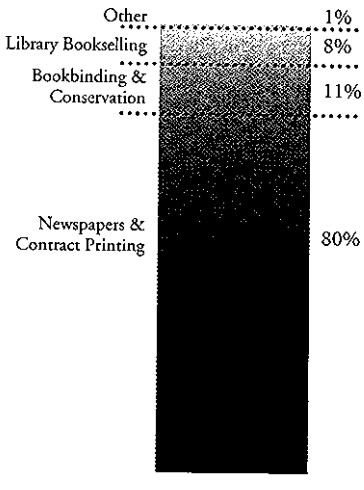


Operating Profit (£m)

turnover



Turnover by Activity (%)



Operating Profit by Activity (%)

Chairman's Statement

I am pleased to report that the Company made substantial further progress during the year, even though the economic recovery decelerated in areas such as housing, the motor trade, and the retail sector on which so much advertising revenue depends. The Company's progress was aided by an encouraging post-acquisition profit contribution from Halifax Courier Holdings Ltd of £1.358 million, following its purchase in June 1994.

The profit on ordinary activities, before taxation and exceptional items, rose from £12.503 million in 1993 to £15.335 million, an increase of 22.7 per cent. There was an exceptional loss of £666,000 comprising the loss on the disposal of three non-core, unprofitable businesses which included associated write-offs of goodwill and gains of £153,000 on the disposal of fixed assets. This was anticipated at the time of the interim announcement and fully provided for. After this exceptional loss, the pre-tax profit amounted to £14.669 million, an increase of 17.3 per cent on 1993.

Earnings per share, following the bonus issue of ordinary shares in October 1994, rose to 7.40p from an equivalent of 6.75p in the previous year. Before adjustment for exceptional items the 1994 earnings per share were 7.95p.

Net borrowings at the year end were £1.555 million, with a gearing level of less than 5 per cent. It is anticipated that the Company will return to a net cash position during the first half of 1995.

Because it is the Company's policy, in general, not to value the titles of its newspapers in the balance sheet, there was a goodwill write-off of £25.198 million against reserves following the acquisition of Halifax Courier Holdings. The net assets at the year end stood at £32.261 million, a small reduction on the 1993 level of £34.126 million. This should in no way be regarded as a diminution in the real value of the shareholders' assets.

Your Board recommends a final dividend of 1.32p per ordinary share to be payable on 15 May 1995, to those shareholders on the register at 1 May 1995. The 1993 equivalent was 1.125p per ordinary share. The total dividend per share is therefore 2.0075p per ordinary share. The 1993 equivalent was 1.75p.

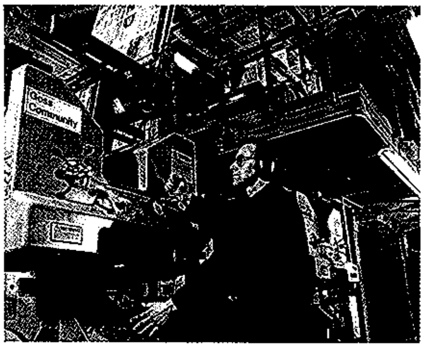
Trading Review

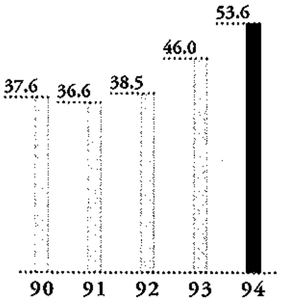
Taking into account the post acquisition profits of Halifax and the Isle of Man, the newspaper divisions made an operating profit of £12.045 million, compared to £9.185 million in the previous year, an increase of 31.1 per cent.

It should also be noted that the 1994 results for the newspaper division included 52 weeks revenue as opposed to 53 weeks in 1993. The extra week contributed an additional £307,000 to operating profit in that year.

Newspaper publishing therefore remained by far the most important contributor to the Group's profits. However, bookbinding and wholesale stationery also recorded profit growth.

Printing Press, Falkirk





Newspaper & Contract Printing

Turnover (£m)

Newspapers (Scotland)

The three Scottish newspaper companies all reported better profits and improved operating margins. This was particularly encouraging as a number of advertising categories were far from buoyant.

Preparations were made at Johnston (Falkirk) for the concentration of all production facilities at the Camelon plant and the closure of the Middlefield location. This operation was completed after the end of the year.

At Strachan & Livingston, cost controls continue to be of vital importance and were the key to that Company's success in 1994.

Newspapers (North of England)

The Halifax-based newspapers have been incorporated into Johnston Newspapers (North of England), under the control of the Divisional Managing Director, Mr Graham S. Gould. The Calderdale titles, acquired as part of Halifax Courier Holdings Ltd, contributed encouragingly strong post-acquisition results and should be further helped by a continuing programme of investment in plant and equipment. This will improve operational flexibility at the Halifax plant and lead to further cost savings.

Yorkshire Weekly Newspaper Group had yet another good year with improvements in both margins and profits. The new press, commissioned at the end of 1993 as reported last year, helped to enhance the quality of the Company's publications, especially by facilitating the printing of full colour on a regular basis.

Bury Times continued to under-perform other newspaper companies in the Group, though its results were slightly better than in the previous year. It is clear that this company requires some significant restructuring. Plans are presently in hand to rationalise production facilities at Bury and this should be completed in the course of the current year.

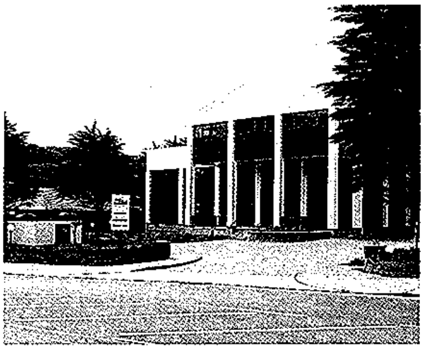
Newspapers (Midlands)

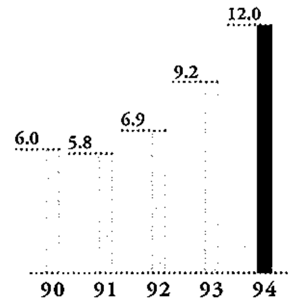
Wilfred Edmunds had another satisfactory year especially as it operated in a difficult market and faced increased competition.

Local Network Publications also suffered from additional competition in the free newspaper field and saw a fall in its profitability. G C Brittain, on the other hand, had an excellent year and achieved a significant improvement in margins.

Since the year end positive action has been taken to improve the publications of both Edmunds and Local Network which should enhance the performance of the Midlands Division.

The offices of Isle of Man Newspapers





NEWSPAPER & CONTRACT PRINTING

OPERATING PROFIT (£M)

NEWSPAPERS (SOUTH OF ENGLAND)

T.R. Beckett recorded heartening results with satisfactory performances in both Eastbourne and Worthing.

Following its progress in 1993, West Sussex County Times achieved another improved result, with its flagship newspaper making further revenue progress in a market which remained subdued.

An encouraging recent feature at both Beckett and West Sussex County Times was the strong growth in jobs advertising during 1994. This trend has been particularly apparent in the South of England and is normally a sign that the economy has started to improve.

NEWSPAPERS (ISLE OF MAN)

Isle of Man Newspapers, which was acquired as part of Halifax Courier Holdings Ltd, now operates as an entirely separate unit in the Group. Its trading continues to be successful, with all three newspapers on the Island performing well.

BOOKBINDING

In the United Kingdom, Riley Dunn & Wilson, Falkirk, achieved better profits on improved margins. At Huddersfield there was a small profit setback due mainly to a slight fall in turnover.

Cedric Chivers of Bristol performed well and achieved a good increase in profitability.

Outside Britain, the Irish company was on occasions short of work and its profit consequently fell short of the previous year's performance.

In Australia, on the other hand, there was excellent progress, with profits up by more than 30 per cent.

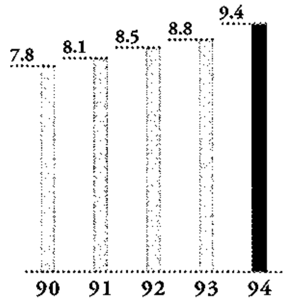
LIBRARY BOOKSELLING

The Library Bookselling Division suffered a slight diminution in overall profitability due partly to the continuing severe pressure on public sector funding affecting many libraries and education authorities. A setback at the Morley Book Company was to some extent counterbalanced by further encouraging progress at Greenhead Books in Huddersfield.

WHOLESALE STATIONERY

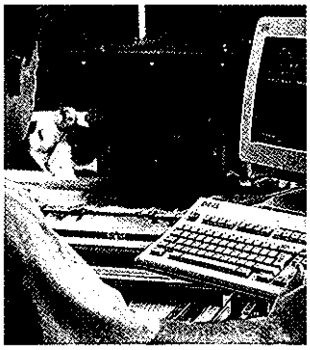
Shoesmith & Etheridge again had a good year. F.W. Pawsey & Sons of Ipswich also achieved improved profits, partly as a result of reorganisation and rationalisation.

Bookbinding, Falkirk

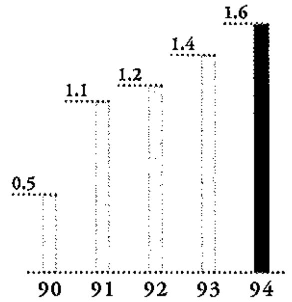


BOOKBINDING & CONSERVATION

TURNOVER (£M)



Lettering Machine, Falkirk



BOOKBINDING & CONSERVATION

OPERATING PROFIT (£M)

COMMERCIAL PRINTING

Following several years of effort to return both Wood Westworth of St Helens and Yorkshire Communications Group of Wakefield to profitability, the Company decided to withdraw from these businesses as reported in the Interim Statement. Each was sold as a going concern towards the end of the year and job losses were kept to a minimum. In the circumstances, the Board regards this as a successful solution to a protracted problem.

DIRECTORS AND MANAGEMENT

Mr Edward N. Wood, former Managing Director of Halifax Courier Holdings Ltd, joined the Board following the acquisition of these companies in June 1994. Under the Company's Articles of Association he will retire at the Annual General Meeting and being eligible for re-appointment, offers himself for re-election.

Mr Iain W. Bell retires from the Board on 31 March 1995 and accordingly relinquishes his role as Group Deputy Chairman. As emphasised in last year's report, he played a key role in the development of the Company, especially during his fourteen years as Group Managing Director.

Mr Robert E. Kennedy, Divisional Managing Director of Johnston Newspapers (Midlands), died suddenly on 10 November 1994. He was a distinguished member of the Group's management team and is sadly missed. His place as Divisional Managing Director at Chesterfield has been taken by Mr Peter W. Walker, an experienced senior manager from within the Group.

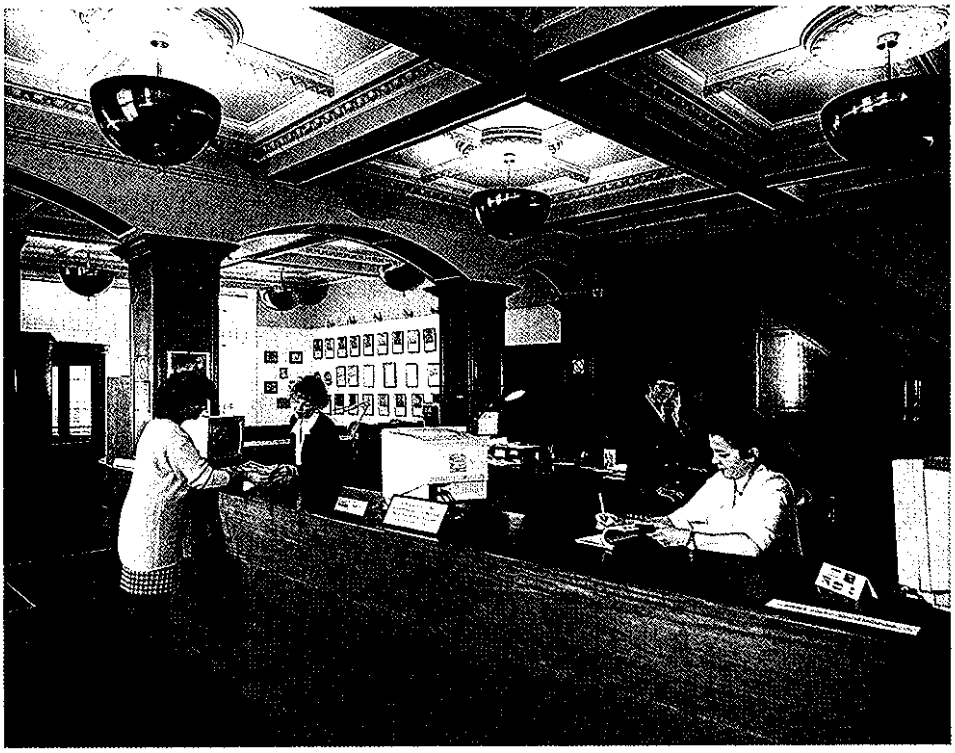
Mr Christopher P. Watkins has been appointed Divisional Managing Director of the Bookselling Division and is now responsible both for the Morley Book Company and Greenhead Books.

The divisional structure introduced over a year ago has functioned effectively and improved the management capacity of the Group.

FUTURE PROSPECTS

The trading environment in 1994 showed that your Board was justified in regarding prospects for national economic recovery, especially in the domestic market, with caution. It is evident that business conditions are continuing to improve only slowly and while buoyant exports have certainly helped job's advertising, retail sales continue to be lacklustre. The property market, which affects trading conditions far beyond the buying and selling of houses, is still sluggish, particularly in the South of England where many households still have to contend with negative equity.

The motor trade has also been at best patchy but the overall picture has its brighter areas. Apart from Bury Times and Local Network Publications, both with their special problems which are presently being addressed, the newspaper companies got off to an encouraging start in the current year with generally improving profits.



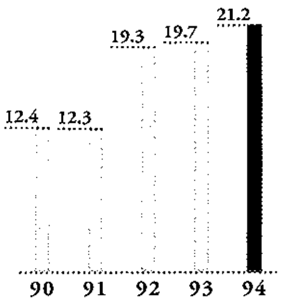
Front Office, Halifax

It should be remembered that the Company's interests in book related activities depend significantly on public funding which remains under pressure. However, the Bookselling Division has started strongly and remains busy. There has been a shortage of work in some of the bookbinding companies but both Falkirk and Australia have begun the year well.

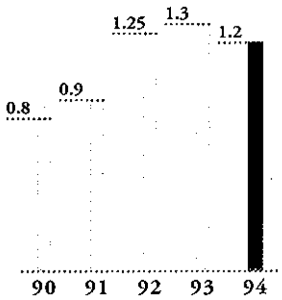
As far as the rest of the year is concerned there are several worrying problems, such as continuing increases in the price of newsprint and, more generally, the lack of a 'feel good' factor. However, provided that the UK Government can avoid sharp increases in interest rates future prospects appear quite encouraging. Though it is sometimes slow, the anticipated growth in advertising should continue to assist the Company's performance.

Moreover, benefits are still being derived from past and present investment. Loss-making activities have been sold and close attention is currently being paid to weaknesses in certain of the trading companies. These factors, together with a full year's profit contribution from Halifax and the Isle of Man, should justify cautious optimism.

F.P.M. Johnston
Executive Chairman
28 March 1995



LIBRARY BOOKSELLING
TURNOVER (£M)



LIBRARY BOOKSELLING
OPERATING PROFIT (£M)

Corporate Governance

The Company supports and complies with virtually all of those recommendations in the Cadbury Committee's Code of Best Practice, for which guidelines are presently available.

It does not, however, technically comply with recommendation 2.2 of the Cadbury Report's Code of Best Practice, which states that the majority of Non-Executive Directors should be free of any business or other relationship which could materially interfere with the exercise of their independent judgement.

This is because Mr Ian Dickson is a partner in MacRoberts, who are the Company's solicitors, and Mr H.C.M. Johnston, Mr M.J.H. Hale and Mr E.N. Wood have significant shareholdings in the Company, details of which are given in the Directors' Report.

However, it is the view of the Board that such circumstances do not lessen the value of the contributions made by these four Non-Executive Directors.

The Board

The Board consists of four Executive Directors and six Non-Executive Directors.

The Board normally meets twelve times a year but can meet where necessary for any matters which may arise between monthly Board meetings. The Board receives a formal schedule of matters specifically reserved to it for decision, such as acquisitions and disposals, capital expenditure, trading and capital budgets and Group borrowing facilities. The Board considers a report from the Managing Director and Finance Director and minutes of the Board are circulated to all Board members.

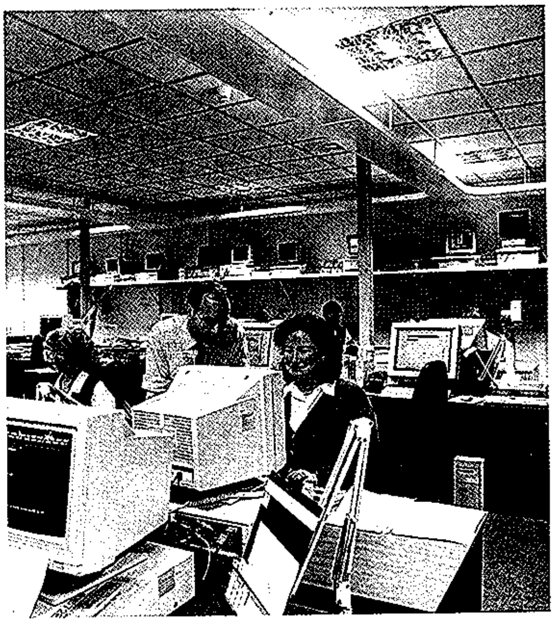
Service contracts exist for the Executive Directors on a two year notice basis and are on display prior to the Annual General Meeting. Non-Executive Directors do not have service contracts but are appointed for an initial term of three years. At the end of that period their re-appointment is formally considered by the Board.

Audit Committee

The Company has appointed an Audit Committee comprising three Non-Executive Directors, chaired by Mr M.J.H. Hale who meet twice a year, or as necessary. The Chairman of the Committee acts as Secretary to the Committee and the minutes of the Committee are circulated to all Board members. The Finance Director, who is Company Secretary, normally attends the meetings. The Executive Chairman and Managing Director are also invited to attend, if required to do so by the Committee. The Company's external Auditors also attend the meetings at which the Committee considers the Company's half-year and final results and any other matters which the Committee feels it necessary to discuss.

Remuneration Committee

This Committee is chaired by Mr A. Merrills, a Non-Executive Director, and also comprises another Non-Executive Director and the Executive Chairman. It meets once a year, or as necessary.



New Production Office, Falkirk

The Committee is charged with recommending Group Board remuneration and changes to the Company's Executive Share Option Scheme. The Board is also consulted and informed of all appointments and remuneration of all subsidiary company directors and is further consulted at Board level on major re-organisational change.

PENSION SCHEME

The Group operates a common investment fund which holds the assets of the UK pension funds which are totally separate from the assets of the Company, and invested by independent fund managers. Professional independent trustees and member trustees are appointed for all the separate pension funds and a firm of external actuaries and consultants act as secretaries and advisers to the scheme. Members of all pension schemes annually receive a report from the trustees and a statement of their accrued benefits.

GOING CONCERN

The Directors confirm that the Group is a going concern for the foreseeable future.

Our Auditors, Arthur Andersen, have reviewed the above statement about compliance with the Cadbury Code solely insofar as this relates to the following matters:

- the need for a formal schedule of matters reserved for the Board (1.4);
- procedures for Directors to obtain independent advice (1.5);
- the selection and appointment of Non-Executive Directors (2.3 and 2.4);
- service contracts and remuneration of Executive Directors (3.1, 3.2 and 3.3);
- the establishment of an Audit Committee (4.3);
- the acknowledgement of Directors' and Auditors' responsibilities (4.4); and
- going concern (4.6).

The Company's auditors, Arthur Andersen, have confirmed that, in their opinion: with respect to the directors' statement on going concern on this page, the directors have provided the disclosures required by paragraph 4.6 of the Code (as supplemented by the related guidance for directors) and such statement is not inconsistent with the information of which they are aware from their audit work on the financial statements; and that the directors' other statements on this page appropriately reflect the company's compliance with the other paragraphs of the Code specified for their review. They were not required to perform the additional work necessary to, and did not, express any opinion on the effectiveness of the company's corporate governance procedures nor on the ability of the company to continue in operational existence.

Historical Perspective

1 KIRKCALDY
NEWSPAPERS - 7 PUBLICATIONS

2 FALKIRK
NEWSPAPERS - 8 PUBLICATIONS
LIBRARY BOOKSELLER

3 EDINBURGH
MOTOR RETAILERS

4 KIRKINTILLOCH
NEWSPAPERS - 5 PUBLICATIONS

5 ISLE OF MAN
NEWSPAPERS - 3 PUBLICATIONS

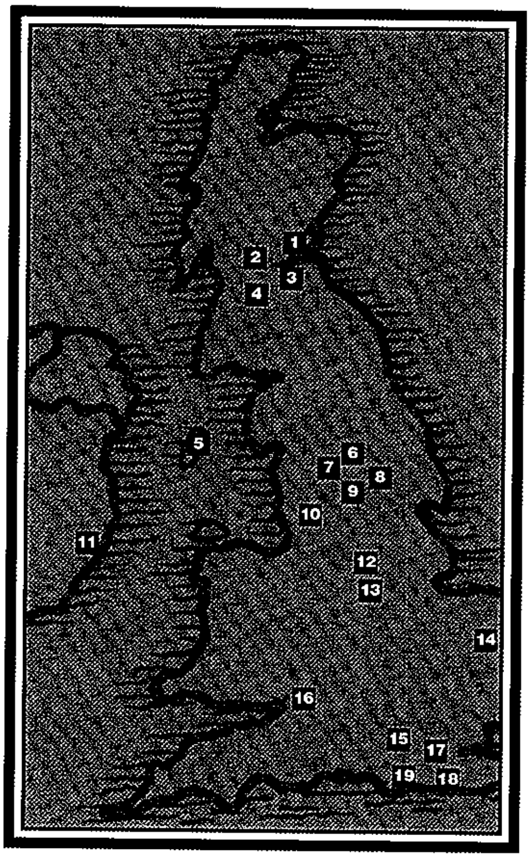
6 MORLEY
NEWSPAPERS - 1 PUBLICATION
LIBRARY BOOKSELLER

7 HALIFAX
NEWSPAPERS - 5 PUBLICATIONS

8 WAKEFIELD
NEWSPAPERS - 12 PUBLICATIONS

9 HUDDERSFIELD
LIBRARY BOOKSELLER
BOOKBINDERS &
CONSERVATIONISTS

10 BURY
NEWSPAPERS - 5 PUBLICATIONS



11 WICKLOW
BOOKBINDERS &
CONSERVATIONISTS

12 CHESTERFIELD
NEWSPAPERS - 11 PUBLICATIONS

13 RIPLEY
NEWSPAPERS - 7 PUBLICATIONS

14 IPSWICH
STATIONERS &
TOY DISTRIBUTORS

15 HORSHAM
NEWSPAPERS - 3 PUBLICATIONS

16 BRISTOL
BOOKBINDERS &
CONSERVATIONISTS

17 UCKFIELD
STATIONERS &
TOY DISTRIBUTORS

18 EASTBOURNE
NEWSPAPERS - 7 PUBLICATIONS

19 WORTHING
NEWSPAPERS - 8 PUBLICATIONS

Acquisitions since 1988

1989

Letterbox Publishing, free sheet operation

South Yorkshire Times and South Yorkshire Times Extra.

Belper News Ltd

1990

Dunn & Wilson Ltd (including The Morley Book Co Ltd, Riley Dunn & Wilson Ltd, Dunn and Wilson (Ireland) Ltd and Dunn & Wilson (Australia) Pty Ltd)

Cedric Chivers Ltd

1991

Ilkeston Advertiser Ltd

1992

Greenhead Books Ltd

Sussex County Press Ltd

T.R. Beckett Ltd

Shoesmith & Etheridge Ltd

F.W. Pawsey & Sons

1994

Halifax Courier Holdings Ltd

Isle of Man Newspapers Ltd

Ilkeston Shoppers

Group Structure

Group Managing Director

- **Bookbinding**
  - Divisional Managing Director — A.J. Jeffrey
  - Dunn & Wilson (Australia) Pty Ltd — M. Winter, M. Mear
- **Newspapers**
  - Divisional Managing Director, Johnston Newspapers (Scotland) — S. McPherson
  - Divisional Managing Director, Johnston Newspapers (North of England) — C.S. Gould
  - Divisional Managing Director, Johnston Newspapers (Midlands) — P.W. Walker
  - Divisional Managing Director, Johnston Newspapers (South of England) — K. Regan
  - Isle of Man Newspapers — T.J. Williamson
- **Library Bookselling**
  - Divisional Managing Director — C.P. Watkins

Directors & Advisers

Secretary and Registered Office
M.L.A. Chiappelli
53 Manor Place, Edinburgh EH3 7EG

Solicitors
MacRoberts
152 Bath Street, Glasgow G2 4TB

Auditors
Arthur Andersen
Chartered Accountants and Registered Auditors
18 Charlotte Square,
Edinburgh EH2 4DF

Merchant Bankers
Hill Samuel Bank Limited
100 Wood Street, London EC2P 2AJ

Principal Bankers
The Royal Bank of Scotland plc
2 Newmarket Centre, Falkirk,
Stirlingshire FK1 1JX

Stockbrokers
UBS Ltd
100 Liverpool Street
London EC2M 2RH

Registrars
The Royal Bank of Scotland plc
Registrar's Department
PO Box 435, Owen House
8 Bankhead Crossway North
Edinburgh EH11 4BR

Standing Left to Right:

I. Dickson, LLB
(Non-Executive)
Partner of MacRoberts, Solicitors
Appointed to the Board 1985

E.N. Wood
(Non-Executive)
Chairman of Halifax Courier Holdings Ltd
Appointed to the Board 1994

A. Merrills, OBE
(Non-Executive)
Executive Chairman of Ireland Alloys (Holdings) Ltd
Appointed to the Board 1985

H.C.M. Johnston
(Non-Executive)
Former Managing Director Johnston (Falkirk) Ltd
J.M. Duncan Ltd
Appointed to the Board 1971

M.J.H. Hale, OBE, MC, TD
(Non-Executive)
Solicitor
Non-Executive Chairman T.R. Beckett Ltd
Appointed to the Board 1992

H.J. Roche
(Non-Executive)
Chairman and Chief Executive of the Guardian Media Group PLC
Appointed to the Board 1993

Seated Left to Right:

I.W. Bell
(Deputy Chairman)
Appointed to the Board 1979

M.L.A. Chiappelli, CA
(Finance Director)
Appointed to the Board 1980

T.J. Bowdler, BSc, MBA
(Group Managing Director)
Appointed to the Board 1994

F.P.M. Johnston, CBE, MA
(Executive Chairman)
Appointed to the Board 1959

Auditors' Report

To the Shareholders of
Johnston Press plc

We have audited the financial statements on pages 17 to 35 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out in note 1.

Respective Responsibilities of Directors and Auditors

As described in the Directors' Report on pages 15 and 16, the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company and of the Group, 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 affairs of the Company and of the Group at 31 December 1994 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors
18 Charlotte Square
Edinburgh EH2 4DF
28 March 1995

Directors' Report

The Directors present their Report and Accounts for the year ended 31 December 1994.

PRINCIPAL ACTIVITIES
The Group's main activities are the publication of weekly and evening newspapers, both paid-for and free, bookbinding, book conservation, library bookselling and wholesale stationers.

On 17 June 1994, the Group acquired the entire issued ordinary share capital of Halifax Courier Holdings Ltd, newspaper publishers and printers.

REVIEW OF BUSINESS
The results for the year are set out in the Group Profit and Loss Account on page 17. The Group profit for the year before taxation was £14,669,000 (1993 - £12,503,000) which results in a retained profit transferred to Reserves of £6,891,000 (1993 - £6,165,000). Details of the business activities during the year are set out in the Chairman's Statement.

DIVIDENDS
The Directors recommend a final dividend of 1.32p per share making a total dividend of 2.0075p per share for the year. Subject to approval by members the final dividend will be paid to those Ordinary Shareholders on the register at 1 May 1995.

SHARE CAPITAL
Details of Share Capital are shown in note 20.

FIXED ASSETS
Movements in Tangible Fixed Assets are shown in note 12. Capital Expenditure during the year totalled £3,705,000.

In the opinion of the Directors there is no material difference between the book and current value of interests in land and buildings.

CHARITABLE AND POLITICAL CONTRIBUTIONS
Charitable donations amounted to £11,465. There were no payments for political purposes.

DIRECTORS AND THEIR INTERESTS
Mr I.W. Bell will retire from the Board on 31 March 1995.

Mr M.L.A. Chiappelli and Mr M.J.H. Hale retire by rotation and, being eligible for re-appointment, offer themselves for re-election. Mr M.L.A. Chiappelli has a service contract entitling him to two years notice of termination.

Mr E.N. Wood was appointed a Director on 24 June 1994 and under the Company's Articles of Association will retire at the Annual General Meeting and, being eligible for re-appointment, offers himself for re-election.

The Directors during the year and their interests in the share capital of the Company were as follows:

	ORDINARY SHARES OF 10P EACH	
	31 DECEMBER 1994	31 DECEMBER 1993
F.P.M. Johnston	12,145,704	12,145,704
T.J. Bowdler (appointed 1 January 1994)	4,000	N/A
M.L.A. Chiappelli	1,733,600	1,773,600
I.W. Bell	1,760,000	1,768,000
H.C.M. Johnston	12,400,000	12,400,000
A. Merrills	100,740	78,960
I. Dickson	43,704	43,704
M.J.H. Hale	867,700	867,700
H.J. Roche	12,508	NIL
E.N. Wood (appointed 24 June 1994)	635,154	N/A

The above list of Shareholdings are in all cases held beneficially. Mr M.J.H. Hale also held 298,568 ordinary shares non-beneficially at 31 December 1994 and 31 December 1993. Mr E.N. Wood also held 311,652 ordinary shares non-beneficially at 31 December 1994. Details of share options held by a Director are shown in note 20.

The comparative figures have been restated to reflect the bonus issue in 1994 (note 20).

There have been no significant changes in the Directors' Shareholdings since 31 December 1994.

No Director had any material interest in any contract, other than a service contract, with the Company or any subsidiary at any time during the year, with the exception of Mr I. Dickson, as a partner in MacRoberts, the Company's solicitors, for their fees for legal services which totalled £143,000 in 1994.

SUBSTANTIAL SHAREHOLDINGS

So far as the Directors are aware the only holders of 3% or more of the Ordinary Share Capital of the Company, other than Directors, are as follows:

	NO OF ORDINARY SHARES
J.C.M. Johnston	10,902,840
The trustees of H.C.M. Johnston's children's trusts	9,600,000
Mrs S. Blofeld	6,200,000
M.F. Johnston	5,400,000
R.T. Johnston	5,400,000

DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- 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 presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Employment policy

It is the policy of the Group to encourage and develop every member of staff to realise their maximum potential. Wherever possible, vacancies are filled from within the Group and adequate opportunities for internal promotion are created. The Board is committed to a systematic training policy.

It is also the policy of the Group, where possible, to give sympathetic consideration to disabled persons in their application for employment within the Group, and to protect the interests of existing members of the staff who are disabled.

Special business

Two resolutions are set out under Special Business in the notice of this year's Annual General Meeting. The purpose of the first of these, an Ordinary Resolution, is to renew the Directors' authority to allot shares.

The second, a Special Resolution, relates to the limited powers given to the Directors in the Company's Articles of Association, to allot equity securities for cash, without the statutory pre-emption provisions of the Companies Act 1985 applying. This power which accords with normal practice, expires on the date of this year's Annual General Meeting. The purpose of the Special Resolution is to renew this power for a further year.

Close company status

So far as the Directors are aware the Company is not a close company for taxation purposes.

Directors' liability insurance

As permitted by the Companies Act 1985 the Company has insurance cover for the Directors against liabilities in relation to the Group.

Auditors

Arthur Andersen have intimated their willingness to seek re-appointment and a resolution to re-appoint them as Auditors of the Company will be put to members at the Annual General Meeting.

By Order of the Board
M.L.A. Chiappelli, C.A.
Secretary
53 Manor Place, Edinburgh EH3 7EG
28 March 199[illegible]

Group Profit and Loss Account

Year to 31 December 1994	Notes		1994 £'000		1993 £'000
Turnover					
Existing operations			86,433		82,838
Acquisitions			5,923		–
Total continuing operations			92,356		82,838
Discontinued operations			2,897		3,498
Total turnover	2		95,253		86,336
Cost of sales	3		57,823		54,842
Gross profit			37,430		31,494
Other operating costs (net)	3		22,292		19,299
Operating profit					
Existing operations		14,162		12,391	
Acquisitions		1,358			
Total continuing operations		15,520		12,391	
Discontinued operations		(382)		(196)	
Total operating profit	4		15,138		12,195
Exceptional items					
Loss on disposal of businesses		(604)		–	
Write-off of goodwill on disposal of businesses	21	(215)		–	
Profit on sale of fixed assets– existing operations		153		–	
			(666)		–
Profit on ordinary activities before interest and taxation			14,472		12,195
Net interest receivable	5		197		308
Profit on ordinary activities before taxation			14,669		12,503
Taxation on profit on ordinary activities	9		4,969		4,029
Profit for the financial year			9,700		8,474
Dividends on equity and non-equity shares	10		2,809		2,309
Retained profit for year	21		6,891		6,165
Earnings per share	6				
On profit for the financial year			7.40p		6.75p
Adjustments for exceptional items			0.55p		–
After the elimination of exceptional items			7.95p		6.75p

A statement of movements on reserves is given in note 21.

The accompanying notes are an integral part of these accounts.

Statement of Total Recognised Gains and Losses

Year to 31 December 1994	1994	1993
	£'000	£'000
Profit for the financial year	9,700	8,474
Currency translation adjustment on foreign currency net investments	89	(58)
Total recognised gains and losses for the financial year	**9,789**	8,416

Reconciliation of Movements in Shareholders' Funds

Year to 31 December 1994	1994	1993
	£'000	£'000
Profit for the financial year	9,700	8,474
Dividends	(2,809)	(2,309)
Other recognised gains and losses relating to the year (net)	89	(58)
Goodwill written-off (net)	(24,983)	–
New share capital subscribed, including share premium	16,138	–
Net (decrease)/increase in shareholders' funds	(1,865)	6,107
Opening shareholders' funds	34,126	28,019
Closing shareholders' funds	**32,261**	34,126

Note of Historical Cost Profits and Losses

Year to 31 December 1994	1994	1993
	£'000	£'000
Reported profit on ordinary activities before taxation	14,669	12,503
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	156	90
Historical cost profit on ordinary activities before taxation	**14,825**	12,593
Historical cost profit for the year retained after taxation and dividends	**7,047**	6,255

The accompanying notes are an integral part of these accounts.

Group Balance Sheet

As at 31 December 1994	Notes	1994 £'000	1993 £'000
Fixed assets			
Intangible	11	**867**	790
Tangible	12	**27,378**	22,334
Investments	13	**273**	75
		28,518	23,199
Current assets			
Stocks	14	**6,741**	6,490
Debtors–due within one year	15	**17,443**	13,964
–due after more than one year	15	**2,465**	1,450
Cash at bank and in hand		**6,104**	9,300
		32,753	31,204
Creditors: amounts falling due within one year	16	**26,087**	17,894
Net current assets		**6,666**	13,310
Total assets less current liabilities		**35,184**	36,509
Creditors: amounts falling due after more than one year	17	**470**	98
Provisions for liabilities and charges	19	**2,453**	2,285
Net assets	2	**32,261**	34,126
Capital and reserves			
Called-up share capital			
Equity	20	**13,337**	3,081
Non-equity	20	**1,106**	1,106
		14,443	4,187
Reserves	21	**17,818**	29,939
Capital employed		**32,261**	34,126

The financial statements were approved by the Board of Directors on 28 March 1995 and are signed on its behalf by:

F. P. M. Johnston, Director
28 March 1995

The accompanying notes are an integral part of these accounts.

Group Cash Flow Statement

Year to 31 December 1994	Notes	1994 £'000	1993 £'000
Net cash inflow from operating activities	22a	16,867	11,567
Returns on investments and servicing of finance			
Income from investments		29	21
Interest received		389	430
Interest paid		(221)	(143)
Dividends paid		(2,435)	(2,155)
Cash outflow from returns on investments and servicing of finance		(2,238)	(1,847)
Taxation			
Taxation paid		(6,129)	(3,130)
Cash outflow from taxation		(6,129)	(3,130)
Investing activities			
Purchase of intangible fixed assets		(77)	–
Purchase of tangible fixed assets		(3,705)	(4,124)
Proceeds from disposal of tangible fixed assets		529	308
Purchase of subsidiaries (net of cash and cash equivalents)	22b	(10,184)	–
Net proceeds from sale of businesses/subsidiary	22b	125	–
Cash outflow from investing activities		(13,312)	(3,816)
Net cash (outflow)/inflow before financing activities		(4,812)	2,774
Financing activities	22e		
Proceeds from shares issued (net of issue expenses)		3,760	–
Loan stock repaid		(1,771)	(723)
Loans repaid		(131)	(42)
Finance leases		(21)	(34)
Cash inflow/(outflow) from financing activities		1,837	(799)
Net (decrease)/increase in cash and cash equivalents	22c	(2,975)	1,975

The accompanying notes are an integral part of these accounts.

Company Balance Sheet

As at 31 December 1994	Notes	1994 £'000	1993 £'000
Fixed assets			
Tangible	12	**144**	187
Investments	13	**64,946**	34,249
		65,090	34,436
Current assets			
Debtors–due within one year	15	**9,995**	8,691
–due after more than one year	15	**655**	347
Cash at bank and in hand		**5,478**	9,300
		16,128	18,338
Creditors: amounts falling due within one year	16	**25,474**	17,316
Net current (liabilities)/assets		**(9,346)**	1,022
Total assets less current liabilities		**55,744**	35,458
Creditors: amounts falling due after more than one year	17	**82**	–
Provisions for liabilities and charges	19	**792**	863
Net assets		**54,870**	34,595
Capital and reserves			
Called-up share capital			
Equity	20	**13,337**	3,081
Non-equity	20	**1,106**	1,106
		14,443	4,187
Reserves	21	**40,427**	30,408
Capital employed		**54,870**	34,595

The financial statements were approved by the Board of Directors on 28 March 1995 and are signed on its behalf by:

F. P. M. Johnston, Director
28 March 1995

The accompanying notes are an integral part of these accounts.

1. Accounting Policies

Year to 31 December 1994

The accounts have been prepared under the historical cost convention as modified by the revaluation of property, and using applicable accounting standards. No Profit and Loss Account is presented for the Parent Company as permitted by Section 230 of the Companies Act 1985. Of the consolidated profit for the financial year, £6,946,000 (1993–£6,074,000) is dealt with in the accounts of the Parent Company.

Basis of consolidation

The Group accounts consolidate the accounts of Johnston Press plc and all its subsidiaries made up to 31 December each year.

The Group has adopted the acquisition method of accounting. Under this method the results of subsidiary undertakings acquired or disposed of during the year are included in the Consolidated Profit and Loss Account from the date of acquisition or up to the date of disposal. Goodwill is written off against reserves.

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Cost incurred in bringing materials to their present location and condition. Raw materials and goods for re-sale-purchase cost on a first-in, first-out basis. Work in progress–cost of direct materials, labour and certain overheads. Net realisable value–estimated selling price less any costs anticipated on disposal.

Tangible fixed assets

Freehold properties are shown at cost or valuation as set out in Note 12. Other tangible fixed assets are shown at cost.

Depreciation is provided on all fixed assets at varying rates calculated to write off cost or valuation over their useful lives. The principal rates employed are:

Heritable and freehold property (excluding land)	2.5% on written down value
Leasehold land and buildings	equal annual instalments over life of lease
Web offset presses (acquired after 1981)	5% straight line basis
Phototypesetting plant (acquired after 1984)	20% straight line basis
Other plant and machinery	7½% and 15% on written down value 6⅔%, 10% and 20% straight line basis
Motor vehicles	25% on written down value 25% straight line basis

Fixed asset investments

Fixed asset investments are shown at cost less amounts written off.

Leasing

Operating lease rentals are charged to the Profit and Loss Account in the year in which they are due. Finance leases are capitalised and written off over their primary period.

Turnover

Turnover represents net invoiced sales to customers excluding value added tax.

Foreign currencies

Profit and Loss Accounts are translated at the average rate for the year. Assets and Liabilities of overseas subsidiaries are translated at exchange rates ruling at the year end date. Exchange differences arising on consolidation and on long-term funding of subsidiary companies are dealt with through reserves. All other exchange differences are dealt with through the Profit and Loss Account.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.
Provision is made for deferred taxation using the liability method, to take account of all timing differences except where it is thought reasonably probable that the tax effects of such deferrals will continue for the foreseeable future. The amount of deferred tax is shown in note 19.

Development grants

Development grants are credited to the Profit and Loss Account by equal instalments over 10 years.

Publishing titles

Publishing titles separately acquired after 1 January 1989 are stated in the Balance Sheet at cost and are not written down unless there is a permanent diminution in their value.

1. Accounting Policies (continued)

Pension costs

The Group provides pensions to employees through various schemes.

The expected cost of pensions in respect of the Group's defined benefit pension schemes is charged to the Profit and Loss Account so as to spread the cost of pensions over the service lives of employees in the schemes. Variations from the regular cost are spread over the expected remaining service lives of current employees in the schemes. The pension cost is assessed in accordance with the advice of qualified actuaries.

As required by SSAP 24, provision has been made for unfunded pension commitments, and payments to pensioners in respect of these commitments are charged to this provision.

Further information regarding the Group pension schemes is provided in notes 19 and 24.

2. Turnover/Net Assets Analysis	Turnover		Net Assets	
	1994	1993	1994	1993
(a) By activity	£'000	£'000	£'000	£'000
Continuing operations				
Newspapers and contract printing				
Existing operations	47,657	46,012	23,072	20,510
Acquisitions	5,923	—	6,250	—
Total newspapers and contract printing	53,580	46,012	29,322	20,510
Bookbinding and conservation	9,388	8,816	6,670	6,179
Library bookselling	21,226	19,728	4,322	3,521
Other	8,162	8,282	(8,053)	4,238
Total continuing operations	92,356	82,838	32,261	34,448
Discontinued operations				
Commercial printing	1,742	2,183	–	(41)
Other	1,155	1,315	–	(281)
Total discontinued operations	2,897	3,498	–	(322)
	95,253	86,336	32,261	34,126
(b) By location				
United Kingdom	93,242	84,138	30,568	32,798
Eire	478	652	888	698
Australia	1,533	1,546	805	630
	95,253	86,336	32,261	34,126

The acquisition and disposals during the year all relate to the United Kingdom.

Turnover for newspapers relates to a 52-week period ended 31 December 1994. The comparative period for 1993 related to a 53-week period to 25 December 1993.

There is no significant difference between the geographical origin and destination of turnover.

3. Cost of Sales/Other Operating Costs (net)	Continuing operations		Discontinued	
	Existing	Acquisitions	Operations	Total
1994	£'000	£'000	£'000	£'000
Cost of sales	53,841	1,680	2,302	57,823
Distribution costs	5,339	447	114	5,900
Administration expenses	13,172	2,438	863	16,473
	18,511	2,885	977	22,373
Other operating income	(81)	–	–	(81)
	18,430	2,885	977	22,292
1993				
Cost of sales	52,161	–	2,681	54,842
Distribution costs	5,266	–	177	5,443
Administration expenses	13,111	–	836	13,947
	18,377	–	1,013	19,390
Other operating income	(91)	–	–	(91)
	18,286	–	1,013	19,299

4. Operating Profit

(a) By activity	1994 £'000	1993 £'000
Continuing operations		
Newspapers and contract printing		
Existing operations	10,687	9,185
Acquisitions	1,358	
Total newspapers and contract printing	12,045	9,185
Bookbinding and conservation	1,599	1,352
Library bookselling	1,226	1,314
Other	650	540
Total continuing operations	15,520	12,391
Discontinued operations		
Commercial printing	(283)	(149)
Other	(99)	(47)
Total discontinued operations	(382)	(196)
	15,138	12,195

(b) By location	1994 £'000	1993 £'000
United Kingdom	14,735	11,824
Eire	79	124
Australia	324	247
	15,138	12,195

The acquisition and disposals during the year all relate to the United Kingdom.
The operating profit for the newspaper companies relates to a 52-week period ended 31 December 1994.
The comparative period for 1993 related to a 53-week period to 25 December 1993.

(c) Operating profit is shown after charging or (crediting):	1994 £'000	1993 £'000
Depreciation of fixed assets (Note 12)	2,527	2,288
Loss on disposal of fixed assets	12	94
Exceptional item:		
Redundancy costs	165	197
Staff costs (Note 7)	30,921	28,818
Directors' remuneration (Note 8)	992	725
Auditors' remuneration:		
Audit services	190	163
Development grant amortisation	(13)	–
Leasing charges:		
Plant	158	204
Other	873	919
Rental income	(152)	(85)

In addition to the auditors' remuneration shown above the auditors received fees of £235,000 (1993–£33,000) for non-audit services.

5. Net Interest Receivable

	1994 £'000	1993 £'000
Income from investments	29	21
Interest receivable	389	430
	418	451
Interest payable		
On bank loan, overdraft and other loans repayable within five years	(219)	(135)
Finance leases	(2)	(8)
	(221)	(143)
	197	308

6. Earnings per Share	1994	1993
Earnings per share is calculated on profit on ordinary activities after taxation and preference dividends on the weighted average number of shares in issue in the year to 31 December 1994 which totalled 129,015,172 (1993–123,242,648)	**7.40p**	6.75p

The additional earnings per share figures regarding the effect of exceptional items inclusive of taxation are presented because the Directors believe they provide useful information.

The exercise of options under the Share Option Scheme would not result in a material dilution of earnings per share (Note 20).

The comparative figure has been restated to reflect the bonus issue in 1994 (Note 20).

7. Employees	1994	1993
The average number of persons employed by the Group during the year was:	**No.**	No.
Production	**1,115**	1,014
Editorial and Photographic	**380**	315
Advertising and sales	**475**	390
Administrative	**459**	377
	2,429	2,096
Staff costs:	**£'000**	£'000
Wages and salaries	**27,340**	25,489
Social security costs	**2,195**	2,064
Other pension costs (Note 24)	**1,386**	1,265
	30,921	28,818

8. Remuneration of Directors	1994	1993
	£'000	£'000
Fees	**94**	100
Other emoluments (including pension contributions) (of which £67,000 (1993–£37,983)) paid by subsidiary companies	**898**	625
	992	725

	Chairman		Highest paid Director	
The Directors' remuneration	**1994**	1993	**1994**	1993
included amounts paid to:	**£'000**	£'000	**£'000**	£'000
Emoluments	**144**	131	**184**	144
Performance related bonus	**11**	14	**–**	62
Pension contribution	**41**	37	**67**	44
	196	182	**251**	250

	1994	1993
The amount shown in other emoluments is made up as follows:	**£'000**	£'000
Salaries, including benefits	**695**	405
Bonuses	**32**	96
Pension contributions	**171**	124
	898	625

The bonuses payable to the Executive Directors relate to a performance related scheme based on the increase in earnings per share.

The emoluments shown above include car, fuel, telephone and health insurance benefits.

The number of Directors who received emoluments (excluding pension contributions) fell within the following ranges:

	1994	1993
	No.	No.
£5,001- £10,000	**–**	1
£10,001- £15,000	**–**	3
£15,001- £20,000	**4**	1
£35,001- £40,000	**–**	1
£40,001- £45,000	**1**	–
£45,001- £50,000	**1**	–
£140,001-£145,000	**1**	2
£155,001-£160,000	**1**	–
£175,001-£180,000	**1**	–
£180,001-£185,000	**1**	–
£205,001-£210,000	**–**	1

9. Taxation	1994	1993
The taxation charge which is based on profit for the year is made up as follows:	£'000	£'000
Corporation tax at 33%	4,643	3,671
Overseas taxation	135	107
Taxation under/(over) provision in previous year	8	(41)
Deferred taxation (Note 19)	183	292
	4,969	4,029

The aggregate effect of the exceptional items recorded after operating profit on the taxation charge is to increase the charge by £43,000 (1993–£Nil)

10. Dividends	1994	1993
Preference Dividends	£'000	£'000
13.75% Cumulative Preference Shares	104	104
13.75% "A" Preference Shares	48	48
Ordinary Dividends		
Interim of 0.6875p (1993-0.625p) paid on 10 November 1994	897	770
Proposed final of 1.32p (1993-1.125p) payable on 15 May 1995	1,760	1,387
	2,809	2,309

11. Intangible Fixed Assets	Publishing
Group	titles
Cost and net book value	£'000
At 1 January 1994	790
Additions	77
At 31 December 1994	867

The Company holds no intangible fixed assets.

12. Tangible Fixed Assets	Freehold	Leasehold	Plant and	Motor	
Group	*buildings*	*buildings*	*machinery*	*vehicles*	*Total*
Cost or valuation	£'000	£'000	£'000	£'000	£'000
At 1 January 1994	11,007	1,183	17,902	3,247	33,339
Additions	209	277	2,195	1,024	3,705
New subsidiary	3,539	–	1,347	325	5,211
Disposals	(180)	(9)	(2,374)	(945)	(3,508)
Exchange adjustment	34	1	54	6	95
At 31 December 1994	14,609	1,452	19,124	3,657	38,842
Depreciation					
At 1 January 1994	540	238	8,778	1,449	11,005
Disposals	(9)	(6)	(1,504)	(591)	(2,110)
Exchange adjustment	2	–	37	3	42
Charge for year	259	58	1,597	613	2,527
At 31 December 1994	792	290	8,908	1,474	11,464
Net book value					
At 31 December 1994	13,817	1,162	10,216	2,183	27,378
At 31 December 1993	10,467	945	9,124	1,798	22,334

Included in plant and machinery are assets held under finance leases with a net book value of £Nil (1993–£86,000).

	Plant and	Motor	
Company	*machinery*	*vehicles*	*Total*
Cost	£'000	£'000	£'000
At 1 January 1994	71	170	241
Additions	5	–	5
Disposals	–	(12)	(12)
At 31 December 1994	76	158	234
Depreciation			
At 1 January 1994	35	19	54
Disposals	–	(6)	(6)
Charge for year	8	34	42
At 31 December 1994	43	47	90
Net book value			
At 31 December 1994	33	111	144
At 31 December 1993	36	151	187

	1994	1993
(i) Freehold buildings comprise:	**£'000**	£'000
At valuation	**8,829**	8,973
At cost	**5,780**	2,034
	14,609	11,007

Professional valuations were carried out by firms of chartered surveyors on certain of the Group's buildings at 31 December 1992 and, in the case of those properties owned by T. R. Beckett Ltd., and its subsidiaries, and Halifax Courier Holdings Ltd., and it subsidiaries, on 28 September 1992 and 7 June 1994 respectively. The valuations were prepared on the basis of open market value on existing use.

	1994	1993
(ii) Historical cost figures for freehold buildings are:	**£'000**	£'000
Cost	**10,599**	7,296
Depreciation	**1,469**	692
Net book value	**9,130**	6,604

13. Fixed Assets Investments

Group	Associated companies £'000	Listed investments £'000	Unlisted investments £'000	Total £'000
At 1 January 1994	3	12	60	75
New subsidiary	–	–	198	198
At 31 December 1994	3	12	258	273

Company	Subsidiary undertakings £'000	Associated companies £'000	Listed investments £'000	Unlisted investments £'000	Total £'000
At 1 January 1994	34,176	12	9	52	34,249
Addition	30,938	–	–	–	30,938
Written off	(241)	–	–	–	(241)
At 31 December 1994	64,873	12	9	52	64,946

The aggregate market value of the listed investments for the Group is £23,197 (1993–£19,557).

The Group holds more than 10% of the equity of the following companies:

Name of company	Country of incorporation	Proportion held	Nature of business
Subsidiary undertakings			
Johnston (Falkirk) Ltd.	Scotland	100%	Newspaper publishers and printers
D. MacLeod Ltd.	Scotland	100%	Newspaper publishers
Strachan & Livingston Ltd.	Scotland	100%	Newspaper publishers and printers
Wilfred Edmunds Ltd.	England	100%	Newspaper publishers and printers
G. C. Brittain & Sons Ltd.	England	100%	Newspaper publishers and commercial printers
Local Network Publications Ltd.	England	100%	Newspaper publishers
Bury Times Ltd.	England	100%	Newspaper publishers and commercial printers
Yorkshire Weekly Newspaper Group Ltd	England	100%	Newspaper publishers and printers
West Sussex County Times Ltd.	England	100%	Newspaper publishers and printers
T. R. Beckett Ltd.	England	100%	Newspaper publishers and printers
Halifax Courier Holdings Ltd.	England	100%	Newspaper publishers and printers
*Isle of Man Newspapers Ltd.	Isle of Man	100%	Newspaper publisher and printers
J. M. Duncan Ltd.	Scotland	100%	Motor traders
*Riley Dunn & Wilson Ltd.	Scotland	100%	Bookbinders, book conservationists
Cedric Chivers Ltd.	England	99.9%	Bookbinders, book conservationists
*Dunn & Wilson (Australia) Pty Ltd.	Australia	100%	Bookbinders
*Dunn & Wilson (Ireland) Ltd.	Eire	100%	Bookbinders
*The Morley Book Co. Ltd.	Scotland	100%	Library booksellers
Greenhead Books Ltd.	England	100%	Library booksellers
*Glyn Summers Ltd.	England	100%	Wholesale booksellers
*Shoesmith & Etheridge Ltd.	England	100%	Wholesale stationers and toy distributors

Subsidiary undertakings which are dormant are not listed above.

Associated companies			
Strathclyde News Holdings Ltd.	Scotland	25%	Investment company
*Lanehart Ltd.	England	33.3%	Computer stationer

In the opinion of the Directors the value of the Group's investments in associated and unlisted companies are fairly reflected by their book values.

*Held through subsidiary.

14. Stocks	Group		Company	
	1994	1993	**1994**	1993
	£'000	£'000	**£'000**	£'000
Raw materials	**1,323**	1,355	**–**	–
Work in progress	**332**	376	**–**	–
Goods for re-sale	**5,086**	4,759	**–**	–
	6,741	6,490	**–**	–

There is no material difference between the net book value of stocks as shown above and their estimated replacement cost.

15. Debtors	Group		Company	
	1994	1993	**1994**	1993
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Trade debtors	**13,891**	12,454	**–**	–
Amounts owed by Group undertakings	**–**	–	**2,109**	2,020
Prepayments	**639**	475	**63**	96
Other debtors	**873**	307	**119**	24
Dividends receivable	**–**	–	**7,100**	5,930
Corporation tax recoverable	**2,040**	728	**604**	621
	17,443	13,964	**9,995**	8,691
Amounts falling due after more than one year:				
Advance corporation tax recoverable	**440**	347	**440**	347
Pension prepayments	**1,679**	1,103	**–**	–
Other debtors	**346**	–	**215**	–
	2,465	1,450	**655**	347

16. Creditors : amounts falling due within one year	Group		Company	
	1994	1993	**1994**	1993
	£'000	£'000	**£'000**	£'000
Bank loans (Note 18)	**–**	33	**–**	–
Loan stock (Note 18)	**6,356**	1,838	**6,356**	1,838
Bank overdrafts (secured)	**915**	1,173	**7,294**	5,929
Trade creditors	**4,917**	4,394	**–**	–
Corporation tax	**6,107**	4,517	**732**	682
Other taxes and social security costs	**2,314**	1,898	**89**	44
Amounts due to Group undertakings	**–**	–	**9,049**	7,186
Dividends	**1,760**	1,386	**1,760**	1,386
Obligations under finance leases	**–**	21	**–**	–
Other creditors	**705**	358	**36**	–
Accruals	**3,013**	2,276	**158**	251
	26,087	17,894	**25,474**	17,316

17. Creditors : amounts falling due after more than one year	Group		Company	
	1994	1993	**1994**	1993
	£'000	£'000	**£'000**	£'000
Bank loans (Note 18)	**–**	98	**–**	–
Other loans	**388**		**–**	
Other creditors	**82**		**82**	
	470	98	**82**	

18. Loans	Group		Company	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Bank Loans:				
Repayable within five years by instalments	–	131	–	–
Guaranteed loan stock 1991/95	338	547	338	547
Guaranteed loan stock 1993/98	732	1,291	732	1,291
Guaranteed loan stock 1994/99	5,286	–	5,286	–
Other loans	388	–	–	–
	6,744	1,969	6,356	1,838
Repayable:				
Within one year	6,356	1,871	6,356	1,838
Within one to two years	43	34	–	–
Within two to five years	129	64	–	–
More than five years	216	–	–	–
	6,744	1,969	6,356	1,838

Interest on the 1991/95 loan stock is at 2% below inter-bank rate.

Interest on the 1993/98 loan stock is at 2% and 1½ % below inter-bank rate.

Interest on the 1994/99 loan stock is at ¾ % below inter-bank rate.

The other loans bear interest at a rate of 5% per annum.

19. Provisions for Liabilities and Charges	Group		Company	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Deferred taxation	707	574	(448)	(448)
Unfunded pensions	1,636	1,711	1,240	1,311
Development grants	110	–	–	–
	2,453	2,285	792	863

Deferred Taxation

The balance on the deferred taxation account represents the postponed liability arising from:

(i) Timing differences calculated at 33% on pension commitments.

(ii) Other timing differences calculated at 33%.

(iii) Roll-over relief claimed for the capital gains in respect of the sales of freehold property.

Details of the deferred taxation account are as follows:

	(i)	*(ii)*	*(iii)*	
		Timing	*Roll-over*	
	Pensions	*differences*	*relief*	*Total*
Group	£'000	£'000	£'000	£'000
Balance at 1 January 1994	(122)	646	50	574
Balance written back on disposal of businesses	(50)	–	–	(50)
Transfer to profit and loss account	181	40	(38)	183
Balance at 31 December 1994	9	686	12	707
Company				
Balance at 1 January 1994	(448)	–	–	(448)
Transfer to profit and loss account	–	–	–	–
Balance at 31 December 1994	(448)	–	–	(448)

If full provision had been made the amount of the provision at 31 December 1994 for timing differences would have totalled £1,941,000 (1993–£2,304,000) and the charge for the year would have decreased by £496,000 (1993–increased by £178,000).

Provision for any tax on capital gains which might become payable on the disposal of revalued properties is made only when it is decided in principle to dispose of the asset. The maximum tax liability if all properties had been sold at their book values at 31 December 1994 is estimated to be £736,000 (1993–£796,000) after making an allowance for the effect of indexation.

Deferred taxation is not provided on the undistributed earnings of overseas subsidiaries since there are no plans for such earnings to be paid up to the UK Group.

19. Provisions for Liabilities and Charges (continued)

Unfunded pensions

As required by SSAP 24, a provision has been made for unfunded pension commitments and the liability for such commitments has been valued by a qualified actuary. The movement in the provision during the year is as follows:

	Group	*Company*
	£'000	£'000
Valuation at 1 January 1994	1,711	1,311
Less: Pensions paid during the year	246	203
	1,465	1,108
Valuation at 31 December 1994	1,636	1,240
Charged to Profit and Loss Account	171	132

20. Share Capital	**1994**	1993
	£'000	£'000
Authorised—equity		
173,290,000 Ordinary Shares of 10p each (1993–32,440,000)	**17,329**	3,244
Authorised—non-equity		
756,000 13.75% Cumulative Preference Shares of £1 each	**756**	756
415,000 13.75% "A" Preference Shares of £1 each	**415**	415
	18,500	4,415
Issued—equity		
133,378,336 Ordinary Shares of 10p each (1993–30,810,662)	**13,337**	3,081
Issued—non-equity		
756,000 13.75% Cumulative Preference Shares of £1 each	**756**	756
349,600 13.75% "A" Preference Shares of £1 Each	**350**	350
	14,443	4,187

During the year ended 31 December 1994, ordinary shares of 10p each were issued and allotted as follows:	£'000
1 On 31 March 1994, 20,000 shares under the terms of the Johnston Press Executive Share Option Scheme for a consideration of £32,000	2
2 On 25 April 1994 and 23 June 1994, 2,513,922 shares on the acquisition of Halifax Courier Holdings Ltd., in exchange for shares in Halifax Courier Holdings Ltd., and net cash of £3,760,000	251
3 On 28 October 1994, 100,033,752 shares pursuant to a bonus issue on the basis of 3 Ordinary Shares for every 1 Ordinary Share	10,003
Total new shares issued	10,256
Value at 31 December 1993	4,187
Value at 31 December 1994	14,443

Pursuant to a resolution of members on 22 April 1994, the authorised share capital of the Company was increased from £4,415,000 to £5,500,000 by the creation of 10,850,000 Ordinary Shares of 10p each. The authorised share capital was further increased pursuant to a resolution of members dated 28 October 1994 from £5,500,000 to £18,500,000 by the creation of 130,000,000 Ordinary Shares of 10p each.

Executive Share Option Scheme

Names	*At 1.1.94*	*Number of options during year* *Granted*	*Exercised*	*At 31.12.94*	*Exercise Price*	*Market price at date of exercise*	*Date from which exercisable*	*Expiry date*
S. McPherson	80,000	–	80,000	–	40p	134.25p		–
N. Perella	80,000		–	80,000	40p	–	8.3.94	8.3.01
R. Kennedy (dec'd)	80,000	–	–	80,000	40p	–	8.3.94	8.3.01
T. J. Bowdler	–	200,000	–	200,000	137.75p	–	5.1.97	5.1.04
G. Gould	80,000	–	–	80,000	40p	–	8.3.94	8.3.01
A. J. Jeffrey	80,000	–	–	80,000	134.75p	–	4.6.96	4.6.03
P. Walker	80,000	–	–	80,000	134.75p	–	4.6.96	4.6.03
S. Brain	80,000	Lapsed		–	134.75p		Lapsed	Lapsed
Total	560,000	200,000	80,000	600,000				

The middle market price of the Ordinary Shares was as follows:

On 1 January 1994	138p
On 31 December 1994	147p
Highest price during year	167p

The number of options, exercise prices and middle market prices in the above tables have been altered to take into account the bonus issue of 3 for 1 on 28 October 1994.

21. Reserves

	Share premium £'000	Revaluation reserve £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
(a) Group					
At 1 January 1994	–	2,621	4,867	22,451	29,939
Retained profit for year	–	–	–	6,891	6,891
Share premium on issue of new Ordinary shares (net of costs)	15,885	–	–	–	15,885
Capitalisation of Reserves on bonus issue	(10,003)	–	–		(10,003)
Exchange adjustment	–	–	–	89	89
Revaluation adjustment	–	(156)	–	156	–
Reduction in share premium account	(5,882)	–	5,882	–	
Goodwill which arose on acquisition of business disposed of during the year	–	–	–	215	215
Goodwill written off	–	–	(10,749)	(14,449)	(25,198)
At 31 December 1994	–	2,465	–	15,353	17,818
(b) Company					
At 1 January 1994	–		18,730	11,678	30,408
Retained profit for year	–	–	–	4,137	4,137
Share premium on issue of new Ordinary shares (net of costs)	15,885	–	–	–	15,885
Capitalisation of Reserves on bonus issue	(10,003)	–	–	–	(10,003)
Reduction in share premium account	(5,882)	–	5,882	–	–
At 31 December 1994	–	–	24,612	15,815	40,427

The Profit and Loss Account is the only distributable reserve.
By a Special Resolution of the Company passed on 28 October 1994, as confirmed by the court, the Share Premium Account was reduced by £5,882,000 and the credit was carried to a special reserve.

22. Notes to cash flow statement

	1994 £'000	1993 £'000
(a) Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	**15,138**	12,195
Depreciation	**2,527**	2,288
Loss on disposal of tangible fixed assets	**12**	94
Development grant amortisation	**(13)**	–
Decrease in unfunded pensions	**(75)**	(80)
Increase in debtors	**(1,254)**	(806)
Increase in stocks	**(483)**	(336)
Increase/(decrease) in creditors	**1,015**	(1,788)
Net cash inflow from operating activities	**16,867**	11,567

22. Notes to cash flow statement (continued)	Acquisitions	Disposals
(b) Acquisition/disposals of subsidiary undertakings	1994	1994
Net assets acquired/disposed	£'000	£'000
Fixed assets		
Tangible fixed assets	5,211	1,010
Investments	198	–
Current assets		
Stocks	62	294
Debtors	2,471	567
Cash at bank and in hand	2,247	–
Creditors		
Bank overdraft	(160)	–
Other creditors	(4,166)	(324)
Provisions		
Other provisions	(123)	–
Goodwill	25,198	–
	30,938	1,547
Satisfied by		
Issue of shares	12,378	–
Issue of guaranteed loan notes	6,289	–
Cash	12,271	300
Deferred consideration	–	818
Disposal costs	–	(175)
Loss on disposal	–	604
	30,938	1,547

The businesses acquired/disposed of during the year made the following contributions to the Group's cash flows:

Operating cash flows	1,660	431
Returns on investment and servicing of finance	(500)	(12)
Taxation	(2,272)	27
Investing activities	(593)	(34)
Financing	–	(98)
	(1,705)	314

(c) Analysis of changes in cash and cash equivalents during the year	1994	1993
	£'000	£'000
Balance at 1 January 1994	8,127	6,195
Net cash (outflow)/inflow	(2,975)	1,975
Foreign currency adjustments	37	(43)
Balance at 31 December 1994	5,189	8,127

(d) Analysis of balances of cash and cash equivalents as shown in Balance Sheet		
Cash at bank and in hand	6,104	9,300
Bank overdraft	915	1,173
	5,189	8,127

	Share capital including premium	*Finance leases*	*Loans*	*Loan Stock*
(e) Analysis of changes in financing	£'000	£'000	£'000	£'000
At 1 January 1994	4,187	21	131	1,838
Loan stock issued				6,289
New subsidiary			388	
Issue of shares for cash	3,760	–		
Issue of shares in exchange for shares in new subsidiary	12,378			
Reduction of share premium	(5,882)			
	14,443	21	519	8,127
Repayments	–	21	131	1,771
At 31 December 1994	14,443		388	6,356

23. Guarantees and Other Financial Commitments

(i) Lease Commitments

The Company has entered into non-cancellable operating leases in respect of plant and machinery, the payments for which extend over a period of years. The total annual rental for 1994 was £153,000 (1993–£196,000). In addition, the Company leases certain land and buildings on short-term and long-term operating leases. The annual rental on these leases was £850,000 (1993–£905,000). The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. The Company pays insurance, maintenance and repairs of these properties.

	Group		*Company*	
	1994	1993	**1994**	1993
	£'000	£'000	**£'000**	£'000
The minimum annual rentals under the foregoing leases are as follows:				
Plant–expiring				
Within one year	**30**	18	**1**	–
Within two to five years	**85**	137	**7**	9
More than five years	**1**	4	**–**	–
	116	159	**8**	9
Other–expiring				
Within one year	**47**	143	**–**	–
Within two to five years	**282**	263	**–**	–
More than five years	**429**	474	**71**	91
	758	880	**71**	91
(ii) Capital Commitments				
Contracted for but not provided	**70**	276	**–**	–
Authorised by the Directors but not yet contracted for	**3,199**	2,263	**50**	–
	3,269	2,539	**50**	–

(iii) Bank Guarantees

Certain companies in the Group have granted unlimited inter-company guarantees and letters of set-off to the Group's bankers.

(iv) Contingent Liabilities

On 17 March 1992, a writ was issued by Trickey of Ewell Limited ("Trickey") against Shoesmith & Etheridge Limited, a Group subsidiary, jointly and severally with 14 other companies which together form a club group of wholesale stationers ("the Club"). Following a change in its ownership, Trickey, in accordance with the Club rules, had resigned and offered itself for re-election. The remaining Club members refused to re-admit Trickey. Trickey claims that this refusal was unlawful under article 85 of the treaty establishing the European Community and under the Restrictive Trade Practices Act 1976. Trickey claims that its loss amounts to some £8 million over a ten year period. The writ has been vigorously defended by the Club. The Club continue to dispute liability to Trickey and is confident that Trickey's claim to damages is misconceived.

The Board of Johnston Press has obtained the opinion of leading Counsel relating to this litigation. The view expressed by Counsel is that Trickey has little prospect of success in its action and that the prospect of any pecuniary liability (which as Trickey joined another club group within a matter of days of the refusal to readmit would, in any event, be likely to be small in amount) is very small.

24. Pension Schemes

The Group operates a number of pension schemes providing benefits based on final pensionable salary. The assets of the schemes are held separately from those of the Group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuations were at 5 April 1992. The major assumptions used are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 9.5% per annum and that salary increases would average 7% per annum.

The most recent actuarial valuation showed that the market value of the schemes' assets was £33,034,087 and that the actuarial value of those assets represented 130% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the Group will remain at rates ranging between 7% and 29% and for employees between nil% and 8% of earnings.

24. Pension Schemes (continued)

The pension cost charged in the Profit and Loss Account was as follows:	1994	1993
	£'000	£'000
Charged in accounts	**1,386**	1,265
Actual contributions paid	**2,005**	1,742
	619	477

Cumulative excesses of £1,679,000 (1993–£1,103,000) are included within prepayments.

£90,000 (1993–£192,000) is included in accruals arising from certain pension schemes having a contribution holiday.

25. Acquisition of Subsidiary

Acquisition

On 17 June 1994 the Company acquired all of the Ordinary Shares of Halifax Courier Holdings Limited. The consideration was given in cash, loan stock and in shares in the Company and comprised £30.938 million. The fair value of the net assets acquired was £5.740 million as outlined below. The resulting consolidation goodwill of £25.198 million was written off on acquisition to reserves as shown in note 21.

	Book value	*Revaluations*	*Provisions*	Fair value *to Group*
	£'000	£'000	£'000	£'000
Fixed assets				
Tangible	5,950	(739) [a]	–	5,211
Investments	–	198 [b]	–	198
Current assets				
Stocks	62	–		62
Debtors	2,501	–	(30) [c]	2,471
Cash	2,247	–		
Total assets	10,760	(541)	(30)	10,189
Provisions				
Development grants	123	–	–	123
Taxation	2,365	–	–	2,365
Other	26	–	–	26
Creditors				
Bank overdraft	160	–		160
Trade creditors	415	–	–	415
Other creditors	435	–	–	435
Accruals	493	–	432 [d]	925
Total liabilities	4,017	–	432	4,449
Net assets	6,743	(541)	(462)	5,740

The profit/(loss) after tax of Halifax Courier Holdings Limited and its subsidiaries for the six months from the end of its last financial year on 31 December 1993 to the date of acquisition was £506,000, from the date of acquisition to 31 December 1994 was £1,010,000, and for its last financial year, which ended on 31 December 1993, was £1,931,000.

The fair value accounting adjustments are:

[a] Revaluation of properties;

[b] Revaluation of investments;

[c] Additional provision for bad debts; and

[d] Additional creditors to provide for Employee Profit Sharing Scheme, bonuses and Inland Revenue PAYE investigation.

26. Disposal of Subsidiary and Businesses

The Group disposed of the following subsidiary and businesses during the year:

(i) On 2 December 1994 the entire issued share capital of Yorkshire Communication Group Limited.

(ii) On 5 December 1994 the business of the "Our Dogs" Publishing Company Limited.

(iii) On 13 December 1994 the business of Wood, Westworth & Co. Limited.

Five Year Summary

	1990	1991	1992	1993	1994
PROFIT AND LOSS ACCOUNT	£'000	£'000	£'000	£'000	**£'000**
Turnover	63,284	61,922	71,691	86,336	**95,253**
Operating profit on ordinary activities	7,159	7,547	9,434	12,195	**15,138**
Exceptional items	(220)	(203)	–	–	**(666)**
Profit before interest and taxation	6,939	7,344	9,434	12,195	**14,472**
Net interest (payable)/recoverable	(422)	51	323	308	**197**
Profit before taxation	6,517	7,395	9,757	12,503	**14,669**
Taxation	2,287	2,446	3,249	4,029	**4,969**
Profit after taxation	4,230	4,949	6,508	8,474	**9,700**
Minority interest	90	6	–	–	**–**
	4,140	4,943	6,508	8,474	**9,700**
Prior year adjustment	301	–		–	**–**
Dividends	1,490	1,636	1,992	2,309	**2,809**
Retained profit for year	2,349	3,307	4,516	6,165	**6,891**
STATISTICS					
Earnings per share	3.85p	4.48p	5.68p	6.75p	**7.40p**
Pre-tax profit to turnover	10.4%	11.9%	13.6%	14.5%	**15.4%**
BALANCE SHEET					
Intangible	805	790	790	790	**867**
Tangible	14,532	15,427	20,915	22,334	**27,378**
Investments	77	87	75	75	**273**
	15,414	16,304	21,780	23,199	**28,518**
Net current assets	4,726	6,918	8,472	13,310	**6,666**
	20,140	23,222	30,252	36,509	**35,184**
Creditors due after one year	285	198	160	98	**470**
Provisions	1,584	1,696	2,073	2,285	**2,453**
Minority interest	95	–	–	–	**–**
NET ASSETS	18,176	21,328	28,019	34,126	**32,261**
Shareholders' Funds					
Preference Shares	1,081	1,106	1,106	1,106	**1,106**
Ordinary Shares	2,599	2,698	3,081	3,081	**13,337**
Reserves	14,496	17,524	23,832	29,939	**17,818**
CAPITAL EMPLOYED	18,176	21,328	28,019	34,126	**32,261**

The operating profit as shown above has been restated in line with FRS 3.

The prior year figures have been restated to reflect the bonus issue in 1994.

NOTICE IS HEREBY GIVEN that the sixty-sixth Annual General Meeting of the Company will be held at 53 Manor Place, Edinburgh on Friday, Twenty-eighth April 1995 at 11.00 a.m. to transact the following business of the Company:

1. To receive the Accounts for the year ended 31 December 1994 and the reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To re-elect Mr M. L. A. Chiappelli and Mr M. J. H. Hale as Directors of the Company. Mr Hale is 76 and accordingly special notice has been given to the Company of the intention to propose the Resolution to re-elect him.
4. To re-elect Mr E. N. Wood who had been appointed a Director since the date of the last Annual General Meeting.
5. To reappoint Arthur Andersen, Chartered Accountants and Registered Auditors, as Auditors of the Company and to authorise the Directors to fix their remuneration.

As special business to consider and, if thought fit, pass the following Resolutions which will be proposed as to Resolution 6 as an Ordinary Resolution and as to Resolution 7 as a Special Resolution:

Ordinary Resolution

6. That the Directors be generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 ("the Act") to exercise all powers of the Company to allot relevant securities (as defined for the purpose of that section) up to a maximum nominal amount of £1,330,600. This authority shall expire on 28 April 2000 save that the Company may, before this authority expires, make an offer or agreement which would or might require relevant securities to be allotted after it expires. All previous general authorities under Section 80 of the Companies Act 1985 shall cease to have effect.

Special Resolution

7. That the Directors be and are hereby empowered pursuant to the provisions of Section 95 of the Companies Act 1985 ("the Act") to allot equity securities (within the meaning of Section 94 of the Act) for cash, as if sub-section (1) of Section 89 of the Act did not apply to any such allotment provided that this power shall be limited:

   (i) to the allotment of such equity securities in connection with a rights issue in favour of Ordinary Shareholders where the equity securities respectively attributable to the interests of all Ordinary Shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body in, any territory; and

(ii) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value of £666,892.

This power shall expire, unless previously revoked or varied on the date of the Annual General Meeting of the Company held in 1996 save that the Company may before such expiry make an offer or agreement which would or might require securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By Order of the Board

M. L. A. CHIAPPELLI, C.A.
Secretary

53 Manor Place
Edinburgh
28 March 1995

Note

(a) In accordance with the Articles of Association, only holders of Ordinary Shares of the Company are entitled to attend and vote at the Meeting.

(b) An Ordinary Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxiés to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.

(c) A Form of Proxy is enclosed for Ordinary Shareholders which, to be valid, must be completed in accordance with the instructions printed thereon and be lodged with the Company's Registrars not later than 48 hours before the time of the Meeting.

(d) The Register of Directors' interests in the share capital of the Company maintained under Section 325 of the Companies Act 1985, will be available for reference at the place of the Meeting from 10.30 a.m. until its conclusion.

(e) Copies of all Directors' Service Contracts of more than one year's duration will be available for inspection at the Registered Office of the Company during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this Notice until the date of the Meeting and at the place of the Meeting from 10.30 a.m. until its conclusion.

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