

TURNERS NEWS LIMITED
Registered number 896298

Directors

A. B. Turner
D. B. Lyon
M. Ramsden
A. R. Turner

Secretary and Registered Office

D. G. Campbell,
Richmond Park Road,
Sheffield,
S13 8JQ.

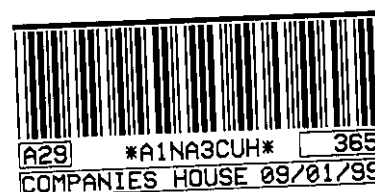
Bankers

Lloyds Bank plc,
Church Street,
Sheffield,
S1 1HP.

Girobank plc,
Bootle,
Merseyside,
GIR 0AA.

Auditors

Barber Harrison & Platt,
Chartered Accountants and Registered Auditors,
2, Rutland Park,
Sheffield,
S10 2PD.



TURNERS NEWS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31st March, 1998.

PRINCIPAL ACTIVITY & REVIEW OF THE BUSINESS

The principal activity of the company during the year was wholesale news distribution.

RESULTS & DIVIDENDS

The results for the year are set out on page 6.

The directors do not recommend the payment of a dividend.

DIRECTORS & THEIR INTERESTS

The directors who served during the year, were as follows:

A. B. Turner
D. B. Lyon
M. Ramsden
A. R. Turner

The directors had no beneficial interest in the share capital of the company. Messrs. A. B. Turner and A. R. Turner had beneficial (including family) interests in the shares of the ultimate holding company, H. Turner & Son Limited, as follows:

	<u>£1 ordinary shares</u>	
	<u>At 31/3/98</u>	<u>At 31/3/97</u>
A. B. Turner	1,875	1,875
A. R. Turner	95	95

MILLENNIUM COMPLIANCE

The company has a project designed to ensure that the problem of the date change to the year 2000 in computer systems is resolved without material impact on operations. The project covers all internal systems and relations with suppliers and other external contacts. The directors do not expect the cost to exceed materially the normal capital replacement and enhancement budget.

TURNERS NEWS LIMITED

DIRECTORS' REPORT (cont)

AUDITORS

The auditors, Messrs. Cobden, Board & Co., merged their practice with Barber Harrison & Platt on 5th March 1998, and now practice under the name of Barber Harrison & Platt. Accordingly, the audit report has been signed in the new name. A resolution to re-appoint Barber Harrison & Platt as auditors, and to authorise the directors to agree their remuneration will be submitted at the Annual General Meeting.

BY ORDER OF THE BOARD

A handwritten signature in dark ink, appearing to read 'D G Campbell', is written above the printed name.

D. G. CAMPBELL
SECRETARY

5th October, 1998

TURNERS NEWS LIMITED

STATEMENT OF 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 profit or loss of the company for that period. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and apply them consistently ;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS**to the Members of TURNERS NEWS LIMITED**

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention, and the accounting policies set out on pages 8 and 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

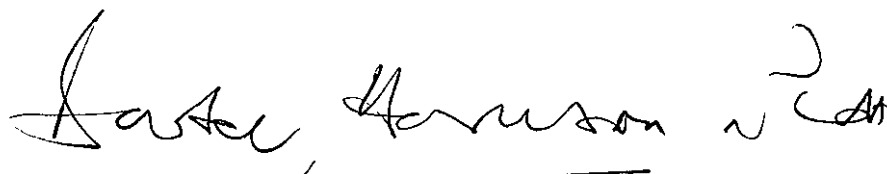
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or 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 at 31st March, 1998, and of its profit for the year then ended, and have been properly prepared in accordance with the provisions of the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Barber Harrison & Platt', with a horizontal line underneath.**BARBER HARRISON & PLATT**

Chartered Accountants
and Registered Auditors

Sheffield
5th October, 1998

PROFIT & LOSS ACCOUNT
for the Year ended 31st March 1998

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
TURNOVER		52,014,227	48,696,080
Cost of Sales		<u>(47,193,544)</u>	<u>(43,853,914)</u>
GROSS PROFIT		4,820,683	4,842,166
Selling and distribution expenses		(4,264,960)	(3,773,158)
Administrative expenses		(1,165,825)	(964,863)
Other operating income		<u>1,586,573</u>	<u>1,367,094</u>
OPERATING PROFIT	2	976,471	1,471,239
Profit on sale of assets in continuing operations		26,190	16,354
Provision for diminution in value of investments		<u>(16,566)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		986,095	1,487,593
Interest and finance charges		<u>4,744</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		990,839	1,487,593
Taxation	5	<u>(277,725)</u>	<u>(531,506)</u>
RETAINED PROFIT FOR THE YEAR	15	<u>713,114</u>	<u>956,087</u>

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

Retained profit for the year	713,114	956,087
Goodwill acquired and written off	<u>-</u>	<u>(450,000)</u>
	<u>713,114</u>	<u>506,087</u>

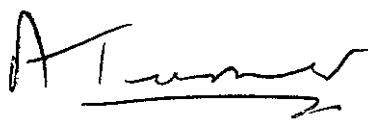
CONTINUING OPERATIONS

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

BALANCE SHEET
at 31st March 1998

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
FIXED ASSETS			
Tangible fixed assets	6	629,170	480,501
Trade investment	8	-	7,550
		<u>629,170</u>	<u>488,051</u>
CURRENT ASSETS			
Stock	9	98,362	85,910
Debtors	10	6,357,749	3,531,808
Cash at bank and in hand		85,393	2,284,311
		<u>6,541,504</u>	<u>5,902,029</u>
CREDITORS: amounts falling due within one year	11	<u>(4,415,715)</u>	<u>(4,348,235)</u>
NET CURRENT ASSETS		2,125,789	1,553,794
TOTAL NET ASSETS		<u>2,754,959</u>	<u>2,041,845</u>
CAPITAL AND RESERVES			
Called-up share capital	13	1,500,000	1,500,000
Profit & loss account	15	<u>1,254,959</u>	<u>541,845</u>
EQUITY SHAREHOLDER'S FUNDS	16	<u>2,754,959</u>	<u>2,041,845</u>

The financial statements on pages 6 to 14 were approved by the Board of Directors on 5 October 1998, and signed on its behalf.



A.B. TURNER - DIRECTOR

TURNERS NEWS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
at 31st March 1998****1. ACCOUNTING POLICIES**Basis of preparation

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

The accounting policies are consistent with the previous year.

Cash flow

The financial statements do not include a cash flow statement because the company, as a wholly owned subsidiary, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash Flow Statements".

Accounting period

The company's accounting reference date is 31st March. The financial statements are made up for a 52 or 53 week period ending on a Sunday adjacent to 31st March each year. These financial statements are for a 52 week period ending on 5th April 1998. The comparative figures are for a 53 week period.

Turnover

Turnover represents the invoiced amount of goods sold and services provided excluding value added tax.

Goodwill

Goodwill is written off in the year of acquisition as the directors are of the opinion that its purchase price does not necessarily bear any relation to its current value.

Depreciation

Tangible fixed assets used in the company's trade are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows;

Short leasehold property	- over the term of the lease.
Fixtures, fittings and machinery	- over 4 to 10 years.
Motor vehicles	- over 4 years.
Computers	- over 3 to 4 years.

TURNERS NEWS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
at 31st March 1998**

1. ACCOUNTING POLICIES (cont)

Stock

Stock is stated at the lower of cost and net realisable value.

Deferred taxation

No provision is made for deferred taxation except where timing differences are expected to reverse in the foreseeable future.

Related parties

As a wholly owned subsidiary, the company does not disclose details of transactions with group companies which are eliminated on consolidation. Balances at the year end are disclosed in debtors and creditors as appropriate.

Pensions

Certain employees of the company are eligible to become members of a defined benefit scheme operated in the name of H. Turner & Son Limited.

Operating leases

Rentals applicable to operating leases, where substantially all the benefits of ownership remain with the lessor, are charged to profit and loss incurred.

Group relief

The group has adopted a policy of internal subvention payments to represent the tax value of group relief surrenders.

Consolidation

As a wholly owned subsidiary, which is itself included in the consolidated results of its holding company, the company does not consolidate the results of its own subsidiary.

2. OPERATING PROFIT

	<u>1998</u>	<u>1997</u>
This is stated after charging or crediting:	£	£
Directors' remuneration	101,853	73,295
Auditors' remuneration : fees	8,475	8,250
other remuneration	2,825	2,750
Depreciation	225,133	143,130
Operating leases on property	184,500	184,501

3. STAFF COSTS - including directors

Wages & salaries	2,042,482	1,817,415
Social security costs	166,570	144,338
Other pension costs	27,861	28,086
	<u>2,236,913</u>	<u>1,989,839</u>

The average number of employees during the year was :

	<u>No.</u>	<u>No.</u>
Management	33	25
Warehouse distribution	198	182
	<hr/> 231	<hr/> 207

4. INTEREST AND FINANCE CHARGES

	£	£
Other interest payable	(2,347)	-
Other interest receivable	<u>7,091</u>	<u>-</u>
	4,744	-

TURNERS NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
at 31st March 1998

	<u>1998</u>	<u>1997</u>
	£	£

5. TAXATION

Based on the profit for the year:

Corporation tax at 33%	16,300	273,000
(Over) / Under provision in previous year	(17,575)	38,506
Group relief subvention payment	279,000	220,000
	<u>277,725</u>	<u>531,506</u>

6. TANGIBLE FIXED ASSETS

	Short Leasehold Property £	Fixtures, Fittings, Equipment & Vehicles £	Total £
Cost:			
At 1/4/97	32,722	1,132,590	1,165,312
Additions	-	390,344	390,344
Disposals	-	(103,065)	(103,065)
Group transfers in year	-	(29,314)	(29,314)
At 31/3/98	<u>32,722</u>	<u>1,390,555</u>	<u>1,423,277</u>
Depreciation:			
At 1/4/97	21,632	663,179	684,811
Disposals	-	(96,946)	(96,946)
Provided during the year	3,408	221,725	225,133
Group transfers in year	-	(18,891)	(18,891)
At 31/3/98	<u>25,040</u>	<u>769,067</u>	<u>794,107</u>
Net book value:			
At 31/3/98	<u>7,682</u>	<u>621,488</u>	<u>629,170</u>
At 31/3/97	<u>11,090</u>	<u>469,411</u>	<u>480,501</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31st March 1998

7. INVESTMENT IN SUBSIDIARY

On 2nd November 1997, the company acquired the whole of the issued share capital of Beattie Brothers Limited, which subsequently changed its name to Turners News (Kings Cross) Limited. The investment at cost was £9,016, and full provision has been made for diminution in its value. The subsidiary company's trade is in wholesale news distribution.

8. TRADE INVESTMENTS

	<u>1998</u>	<u>1997</u>
	£	£
Carousel Returns Handling Limited:		
Ordinary shares of £1 each	50	50
Loan capital	7,500	7,500
	<u>7,550</u>	<u>7,550</u>
Less provision for diminution in value	(7,550)	-
	<u>-</u>	<u>7,550</u>

The investment represents 15% of the issued share capital. The Directors consider that the investment no longer has a value.

9. STOCK

Stock consists entirely of goods for resale.

10. DEBTORS : amounts falling due within one year

	<u>1998</u>	<u>1997</u>
	£	£
Trade debtors	2,896,894	2,787,540
Amount due from holding company	2,931,566	584,338
Amount due from fellow subsidiaries	373,583	-
Amount due from associate	50,293	-
Prepayments	75,554	58,168
Other debtors	29,859	101,762
	<u>6,357,749</u>	<u>3,531,808</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31st March 1998

11. CREDITORS: amounts falling due within one year

	<u>1998</u>	<u>1997</u>
	£	£
Bank overdraft	423,732	-
Amount due to associate	-	541
Trade creditors	1,390,892	1,945,333
Corporation tax	47,650	304,000
Other taxes & social security costs	45,740	55,791
Other creditors	34,314	14,053
Accruals	2,473,387	2,028,517
	<u>4,415,715</u>	<u>4,348,235</u>

12. DEFERRED TAXATION

There is no actual or potential liability to deferred taxation.

13. SHARE CAPITAL

Ordinary shares of £1 each:		
Authorised, issued and fully paid.	<u>1,500,000</u>	<u>1,500,000</u>

The company also has 100 £1 preference shares authorised but not issued.

14. ULTIMATE HOLDING COMPANY

The ultimate holding company and immediate controlling party is H.Turner & Son Limited.

15. PROFIT & LOSS ACCOUNT

Balance at 1/4/97	541,845	35,758
Retained profit for the year	713,114	956,087
Goodwill written off	-	(450,000)
Other recognised gains	-	-
Balance at 31/3/98	<u>1,254,959</u>	<u>541,845</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31st March 1998

16. RECONCILIATION OF MOVEMENT
IN EQUITY SHAREHOLDER'S FUNDS

	<u>1998</u>	<u>1997</u>
	£	£
Retained profit for the year	713,114	956,087
Goodwill written off	-	(450,000)
Other recognised gains	-	-
Net addition to shareholder's funds	<u>713,114</u>	<u>506,087</u>
Balance at 1/4/97	<u>2,041,845</u>	<u>1,535,758</u>
Balance at 31/3/98	<u><u>2,754,959</u></u>	<u><u>2,041,845</u></u>

17. CAPITAL COMMITMENTS

Expenditure committed at the year end was £490,000, (1997 : Nil).

18. LEASING COMMITMENTS

The company has forward commitments for property leases amounting to at least £184,500 per annum for the foreseeable future. (1997: £184,500).

19. CONTINGENT LIABILITIES

The company is party to a group cross guarantee regarding overdraft facilities. The group's outstanding liability at the year end was £250,322.