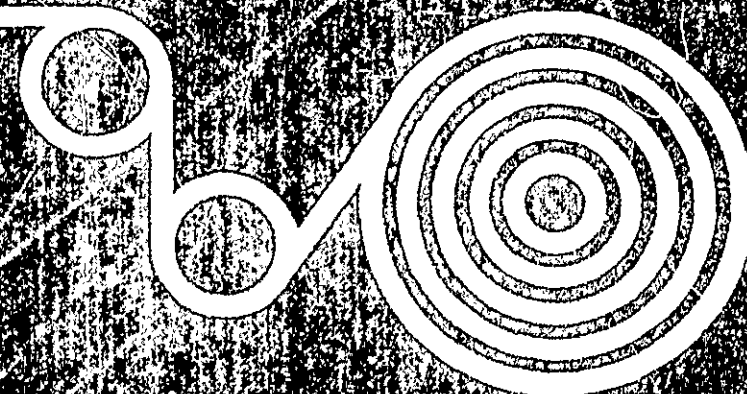


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Eastern Counties Newspapers Group Limited

REPORT & ACCOUNTS 1989



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Notice of Meeting

Notice is hereby given that the Annual General Meeting of the company will be held at the registered office, Prospect House, Rouen Road, Norwich, on Monday, 21st May, 1990 at 12.30 p.m. for the following purposes:

To consider and if thought fit to pass the Resolutions numbered 1 to 5 set out below as Ordinary Resolutions and Resolution numbered 6 as a Special Resolution.

RESOLUTIONS

1. THAT the Reports of the Directors and Auditors be and are hereby received and approved and that the audited accounts for the year ended 31st December 1989 be and are hereby adopted.
2. THAT a final dividend of 4 pence per share on the issued Ordinary Shares recommended by the Directors be and is hereby approved and that the Directors be authorised to pay it accordingly.
3. THAT Sir James Cleminson, Mr G. H. C. Copeman and Mr S. M. Garner, retiring as Directors at this Meeting by rotation, be re-elected.
4. THAT Ernst & Young be reappointed Auditors of the Company at a fee to be fixed by the Directors.
5. THAT the Directors be and they are hereby generally and unconditionally authorised to allot such number of unissued Ordinary Shares of 20 pence each in the capital of the Company as Members elect to take up in accordance with the Resolution numbered 6 below at any time or times during the period of twelve months from the date hereof provided that this authority shall immediately lapse and be of no effect in the event that the aforesaid Resolution 6 shall not be duly passed as a Special Resolution.
6. THAT a special dividend of 5 pence per share ('the Dividend') on the Ordinary Shares of 20 pence each ('Ordinary Shares') in the capital of the Company recommended by the Directors be and is hereby approved and shall:
 - (a) be paid in cash to the registered holders of such Ordinary Shares; or
 - (b) subject to Resolution 5 above having been duly passed and upon the election of the Member entitled to receive the Dividend be satisfied in whole or in part by the allotment to such Member of such number of Ordinary Shares credited as fully paid as the Auditors of the Company shall determine equate in value to the net cash amount of the Dividend otherwise receivable by such Member and any fractional entitlement shall be satisfied by the payment of the Dividend in cash as aforesaid.

By order of the Board,
A. J. Halsey
Secretary

Prospect House
Rouen Road
Norwich NR1 1RE

18th April, 1990

Note - A member entitled to attend and vote at the meeting is entitled to appoint a proxy for that purpose who need not be a member of the company.

Directors and Appointments

Directors

T. J. A. Colman, D.C.L.

G. H. C. Copeman, D.L.

Sir James Cleminson, K.B.E., M.C., D.L. *Non Executive*

R. C. Copeman *Non Executive*

R. W. Jewson *Non Executive*

D. L. Bird

R. J. Cortis

S. M. Garner

Chairman

Chief Executive

Non Executive

Non Executive

Non Executive

Secretary and Registered Office

A. J. Halsey

Prospect House

Rouen Road

Norwich NR1 1RE

Auditors

Ernst & Young

Chartered Accountants

Principal Subsidiaries – Directors and Appointments

Eastern Counties Newspapers Limited Newspaper Publishing

G. H. C. Copeman, D.L.	Chairman
D. L. Bird	Managing Director
R. C. Copeman	<i>Non Executive</i>
I. R. Lockett	<i>Non Executive</i>
M. E. Bennett	
R. J. Cortis	
P. R. Keel	
L. H. Sear	
T. Stevenson	

East Anglian Daily Times Company Limited Newspaper Publishing

G. H. C. Copeman, D.L.	Chairman
S. M. Garner	Managing Director
R. L. Dodsworth	<i>Non Executive</i>
I. R. Lockett	<i>Non Executive</i>
R. J. Cortis	
M. J. Farahar	
T. J. White	

Paper Chain (East Anglia) Limited Neighbourhood Retailing

R. J. Cortis	Chairman
C. D. W. Broadhead	Managing Director
G. R. H. Clemons	<i>Non Executive</i>
G. W. Marshall	<i>Non Executive</i>
J. O. Ellison	
P. R. Keel	

Slade Packaging Limited Carton Manufacturing

M. Rathbone	Chairman
S. R. Goode	Managing Director
W. S. Bennett	
R. J. Cortis	
D. J. Clark	
J. M. Eaton	

Community Media Limited Newspaper Publishing

G. H. C. Copeman, D.L.	Chairman
C. Houghton	Managing Director
J. P. Lyes	<i>Non Executive</i>
P. Troughton	<i>Non Executive</i>
R. J. Cortis	
S. M. Garner	
A. J. Halsey	
N. G. F. Websper	

Report of the Directors

The directors have pleasure in presenting their report and the audited accounts of the company for the year ended 31st December, 1989.

Accounts

The profit for the year before extraordinary items and taxation was £16,522,000.

The consolidated profit for the year attributable to members was £12,228,000.

Dividends have been paid or proposed as follows:

	£'000	£'000
5.95% cumulative preference shares		18
15% cumulative second preference shares		306
Ordinary shares		
Interim of 10% paid 2nd October, 1989	308	
Proposed final of 20%	616	
Proposed special of 25%	771	
		<hr/>
		1,695
		<hr/>
		2,019
		<hr/>

After payment of the above dividends there is an amount of £10,209,000 retained in the business.

Activities and Review of Business Developments

The principal activity of the Group is the printing and publishing of newspapers. Other trading activities undertaken include neighbourhood retailing and the printing of cartons.

Fixed Assets

As disclosed in Notes 13 and 16 the Group expended a total of £11,914,000 on additions to intangible and tangible fixed assets.

Disabled Persons

It is the company's policy to give full consideration to suitable applications for employment by disabled persons. The need to develop the careers of disabled persons is accepted by the company, and the necessary steps are taken to train and promote disabled employees where this is in their own and the company's best interests.

Report of the Directors (Continued)

Employee Involvement

During 1989 the Group continued its practice of encouraging staff involvement. In addition to regular briefing meetings and the publication of in-house staff newspapers for Norwich and Ipswich, working parties drawn from the staff have contributed to the planning processes.

Consultation procedures also take place covering such matters as health and safety and pensions. In addition certain Trustees of the Pension Schemes are employees of the Group.

Donations

Charitable donations made by the company and its subsidiaries totalled £43,000.

Directors

The members of the board who held office throughout the year are listed on page 4.

The directors retiring by rotation in accordance with the articles of association are Sir James Cleminson, Mr G. H. C. Copeman and Mr S. M. Garner who, being eligible, offer themselves for re-election.

According to the register kept for the purpose, the directors' interests in the shares of the company throughout the year were as follows:

	£1 Preference Shares	£1 Second Preference Shares	20p Ordinary Shares
T. J. A. Coleman	—	—	319,945
	35,448*	—	3,338,304*
G. H. C. Copeman	4,960	38,904	294,280
	1,296*	10,368*	77,760*
Sir James Cleminson	—	—	5,000
R. C. Copeman	1,905	18,688	245,031
	4,938*	7,490*	51,840*
R. W. Jewson	—	—	5,000
D. L. Bird	—	122	7,745
R. J. Cortis	—	—	8,657
	1,296*	10,368*	77,760*
S. M. Garner	—	—	5,000

* Held as Trustee

Auditors

Ernst & Whinney merged their practice with Arthur Young on 1st September 1989 and now practise in the name of Ernst & Young. Accordingly, they have signed their audit report in their new name. Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the Board,
A. J. Halsey
Secretary

19th March, 1990

Consolidated Profit and Loss Account

For the year ended 31st December, 1989

		1989	1988
	Note	£'000	£'000
Turnover	3	96,562	75,813
Other operating income		575	282
		<u>97,137</u>	<u>76,095</u>
Operating Costs	4	91,587	71,387
		<u>5,550</u>	<u>4,708</u>
Group Operating Profit	3, 5	5,550	4,708
Other income	8	11,129	3,500
		<u>16,679</u>	<u>8,208</u>
Interest payable	9	157	206
		<u>16,522</u>	<u>8,002</u>
Profit on Ordinary Activities Before Taxation		16,522	8,002
Taxation	10	4,294	2,857
		<u>12,228</u>	<u>5,145</u>
Profit on Ordinary Activities After Taxation		12,228	5,145
Extraordinary items		—	169
		<u>12,228</u>	<u>4,976</u>
Profit for the Financial Year		12,228	4,976
Dividends	11	2,019	1,000
		<u>10,209</u>	<u>3,976</u>
Retained Profit for the Year		10,209	3,976
Statement of Retained Profits			
Balance at 31st December, 1988			
As previously reported		17,783	13,779
Prior year adjustment	12	1,023	1,038
		<u>16,760</u>	<u>12,741</u>
As restated		16,760	12,741
Retained profit for the year		10,209	3,976
Transfer from revaluation and other reserves		99	43
		<u>27,068</u>	<u>16,760</u>
Balance at 31st December, 1989		27,068	16,760
Retained by:			
The company		20,544	11,070
Subsidiaries		6,524	5,690
		<u>27,068</u>	<u>16,760</u>

Balance Sheets

31st December, 1989

	Note	Consolidated		E.C.N.G.	
		1989	1988	1989	1988
		£'000	£'000	£'000	£'000
Fixed Assets					
Intangible assets	13	8,864	2,884	—	—
Tangible assets	16	26,273	24,168	12,121	14,823
Investments	17	801	2,203	4,765	3,666
		<u>35,938</u>	<u>29,255</u>	<u>16,886</u>	<u>18,489</u>
Current Assets					
Stocks	14	4,095	3,309	334	450
Debtors	15	12,252	10,696	19,144	12,863
Short term investment		163	200	163	200
Cash and deposits at bank		5,261	1,140	3,602	455
		<u>21,771</u>	<u>15,345</u>	<u>23,243</u>	<u>13,968</u>
Creditors – amounts falling due within one year:					
Bank overdraft		880	448	—	136
Trade and other creditors	19	12,121	10,219	4,566	4,169
Taxation		3,992	4,029	2,531	2,627
Proposed dividend		1,386	462	1,386	462
		<u>18,379</u>	<u>15,158</u>	<u>8,483</u>	<u>7,394</u>
Net Current Assets		<u>3,392</u>	<u>187</u>	<u>14,760</u>	<u>6,574</u>
Total Assets less Current Liabilities		<u>39,330</u>	<u>29,442</u>	<u>31,646</u>	<u>25,063</u>
Creditors – amounts falling due after more than one year:					
	20	1,691	1,698	2,719	5,275
Provisions for Liabilities and Charges	18	2,933	3,247	1,752	2,085
		<u>34,706</u>	<u>24,497</u>	<u>27,175</u>	<u>17,703</u>
Capital and Reserves					
Called up share capital	21	5,431	5,431	5,431	5,431
Share premium account		61	61	61	61
Revaluation reserve	22	2,146	2,212	1,139	1,141
Other reserves		—	33	—	—
Profit and loss account	22	27,068	16,760	20,544	11,070
		<u>34,706</u>	<u>24,497</u>	<u>27,175</u>	<u>17,703</u>

T. J. A. Colman, Director
G. H. C. Copeman, Director

19th March, 1990

T. J. A. Colman
G. H. C. Copeman

Source and Application of Funds

For the year ended 31st December, 1989

	1989	1988
	£'000	£'000
Source of Funds		
From Operations		
Profit on ordinary activities before taxation	16,522	8,002
Items not involving the movement of funds:		
Depreciation	3,176	2,417
Amortisation of Goodwill	249	—
Profit on sale of fixed assets:		
Intangibles	(157)	—
Tangibles	(163)	(65)
Investments	(1,223)	(3,009)
Total generated from operations	18,404	7,345
Other Sources		
Taxation recovered	—	189
Proceeds from sale of fixed assets:		
Intangibles	534	21
Tangibles	1,229	430
Investments	2,796	6,917
Issue of Shares	—	80
Total sources of funds	22,963	14,982
Funds Applied		
Dividends paid	1,095	844
Taxation paid	4,331	1,460
Loan and provision repayments	324	1,027
Purchase of fixed assets:		
Intangibles	4,996	623
Tangibles	5,934	6,665
Investments	171	521
Acquisition of newspaper titles	—	169
Purchase of W. B. Frampton & Sons Limited (see below)	1,750	—
	18,601	11,309
Increase in Working Capital	4,362	3,673
Arising from movements in:		
Stocks and work in progress	766	538
Debtors excluding taxation	1,184	1,709
Short term investment	(37)	200
Creditors excluding taxation	(1,240)	14
Liquid funds	3,689	1,212
	4,362	3,673
Analysis of the acquisition of W. B. Frampton & Sons Limited		
	1989	
	£'000	
Net assets acquired:		
Tangible fixed assets	388	
Stocks	20	
Debtors	372	
Creditors	(665)	
	115	
Goodwill	1,635	
Cash paid	1,750	

Notes on the Accounts

31st December, 1989

1. Accounting Policies

(a) Accounting Convention

The accounts have been prepared under the historical cost convention modified by the revaluation of freehold and leasehold properties.

(b) Basis of Consolidation

The consolidated profit and loss account and consolidated balance sheet comprise the audited accounts of Eastern Counties Newspapers Group Limited (E.C.N.G.) and all of its subsidiaries for the year ended 31st December, 1989. The company has taken advantage of the exemption allowed by Section 228(7) of the Companies Act 1985 from presenting its own profit and loss account.

(c) Intangible Fixed Assets

(i) Retail Outlets

This value arises from the excess of the purchase consideration over the fair value ascribed to the net tangible assets on the acquisition of retail shops. In the opinion of the directors these assets, with proper care and maintenance, will retain their value. They are examined annually on an individual branch basis and if performance no longer justifies carrying the asset at its original cost then an appropriate provision is made.

(ii) Newspaper Titles

Costs of newspaper titles represented by the excess of the amount paid over net tangible assets acquired are treated as goodwill and, from 1st January, 1989, written off evenly over their expected useful economic life of ten years and are reviewed annually by the directors to ensure that their carrying value is appropriate. This represents a change in accounting policy as similar costs were previously written off on acquisition.

(iii) Goodwill Arising on Consolidation

Goodwill arising on consolidation, representing the excess of the purchase consideration for subsidiary companies over the fair value ascribed to their net tangible assets at the respective dates of acquisition, is written off evenly over its expected useful economic life of ten years. This represents a change in accounting policy as goodwill was previously written off on acquisition.

(d) Tangible Fixed Assets

Freehold land is not depreciated. Depreciation and amortisation is provided on all other assets in use at the end of each year by equal annual instalments estimated to write off those assets over their useful lives at the following rates:

Freehold buildings	2% or 4%
Leasehold buildings – long	2%
– short	Period of lease
Plant, equipment and vehicles	Between 10% and 25%

Film projects are shown at the lower of cost less revenue received to date and estimated net realisable value. Accordingly no profit is taken on projects until the cost is fully written off.

(e) Leases

Hire purchase obligations are accounted for using the actuarial method. Rentals under operating leases are charged on a straight line basis over the period of each lease.

(f) Stocks and Work in Progress

Newsprint, other raw materials and retail stocks have been valued at the lower of unit cost and net realisable value. Finished cartons and work in progress are valued at prime cost plus an appropriate portion of production overheads.

(g) Other Income – Investment Income and Surpluses

Investment income represents interest receivable and dividends received in respect of the year. Realised profits and losses on disposal of investments, other than associated company investments which are not held with a view to realisation, are included in profit before taxation. Investments are included at cost, no provision being made for temporary diminution in market values in relation to cost at any balance sheet date.

(h) Deferred Taxation

Provision is made for deferred taxation, using the liability method on all timing differences to the extent that it is probable that the liability will crystallise.

Notes on the Accounts (continued)

1. Accounting Policies (continued)

(i) Pensions

The group operates a number of pension schemes. The two major schemes are of the defined benefit type, both of which require contributions to be made to separately administered funds. Contributions to these funds are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the group. The pension cost is assessed in accordance with the advice of qualified actuaries. This is a change of accounting policy following adoption of SSAP 24. In previous years, the charge to the profit and loss account was the actual amount of contributions made by the employer to the schemes.

(j) Translation of Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies, held at the year end, are translated at the rate of exchange ruling at the balance sheet date or the rate at which the transaction is contracted to be settled.

2. Turnover

Turnover represents the value, excluding VAT, in respect of:

- (a) Sales of newspapers and publishing of advertisements;
- (b) Retail sales;
- (c) Manufacture and printing of cartons;
- (d) Other activities including film distribution.

3. Analysis of Turnover and Group Operating Profit

	1989		1988	
	Turnover	Group operating profit	Turnover	Group operating profit
	£'000	£'000	£'000	£'000
Printing and publishing of newspapers	59,752	4,550	52,960	4,159
Retailing	28,694	760	16,257	642
Manufacture and printing of cartons	8,103	426	6,577	93
Other activities	13	(186)	19	(186)
	<u>96,562</u>	<u>5,550</u>	<u>75,813</u>	<u>4,708</u>

All sales were made in the United Kingdom.

4. Operating Costs

	1989	1988
	£'000	£'000
Increase in stocks of finished goods and work in progress	(871)	(337)
Raw materials and consumables	35,840	24,255
Other external charges	6,042	5,700
Staff costs – wages and salaries	26,184	22,305
– Social Security costs	2,110	1,899
– other pension costs	2,479	1,665
Depreciation and amortisation	3,425	2,417
Other operating charges	16,378	13,483
	<u>91,587</u>	<u>71,387</u>

5. Group Operating Profit is stated after charging:

	1989	1988
	£'000	£'000
Directors' remuneration (note 6)	443	540
Auditors' remuneration	85	75
Rentals under operating leases	896	468
Exceptional payment to pension fund	750	245

Notes on the Accounts (continued)

6. Directors' Remuneration

	1989	1988
	£'000	£'000
Fees	23	24
Other remuneration (including pension contributions)	420	416
Compensation for loss of office (including pension contributions)	—	100
	<u>443</u>	<u>540</u>

Emoluments amounting to £10,809 (1988: £9,505) were waived by one director.

The remuneration of the chairman and of the highest paid director, excluding pension contributions, was respectively £54,047 (1988: £37,151) and £84,241 (1988: £69,163).

The following table shows the number of directors whose emoluments during the year, excluding pension contributions, were within the bands stated:

Gross emoluments	Number of directors	
	1989	1988
Up to £5,000	—	1
£5,001 to £10,000	3	3
£30,001 to £35,000	—	1
£50,001 to £55,000	1	1
£55,001 to £60,000	—	3
£60,001 to £65,000	1	—
£65,001 to £70,000	2	1
£80,001 to £85,000	1	—

7. Employees

The average number of persons employed by the Group, including directors, during the year was as follows:

	1989	1988
Printing and publishing	2,173	1,584
Retailing	275	32
Carton manufacturing	128	131
	<u>2,576</u>	<u>1,747</u>

The number of employees of the group other than directors whose emoluments, excluding pension contributions, exceeded £30,000 was as follows:

	1989	1988
£30,001 to £35,000	8	5
£35,001 to £40,000	6	1
£40,001 to £45,000	4	2
£45,001 to £50,000	1	—
£50,001 to £55,000	1	—
£55,001 to £60,000	1	—

8. Other Income

	1989	1988
	£'000	£'000
Interest and dividends receivable, including tax credit:		
Listed investments	156	425
Unlisted investments	9,118	21
Short term interest	505	45
	<u>9,779</u>	<u>491</u>
Surplus on disposal of investments	1,223	3,009
Surplus on disposal of fixed assets	127	—
	<u>11,129</u>	<u>3,500</u>

Included within the dividends from unlisted investments is an interim dividend from the Press Association Limited for £8,999,000.

Notes on the Accounts (continued)

9. Interest Payable

	1989	1988
	£'000	£'000
Overdraft and loans – repayable within five years	157	206

10. Taxation

	1989	1988
	£'000	£'000
Corporation Tax on profit for year		
Current at 35% (1988: 35%)	2,344	2,578
Deferred at 35% (1988: 35%)	325	208
Tax credit on investment income	2,329	100
	4,998	2,886
Adjustments relating to previous years	(704)	(29)
	4,294	2,857

11. Dividends

	1989	1988
	£'000	£'000
5.95% Cumulative Preference Shares	18	18
15% Cumulative Second Preference Shares	306	306
	324	324
Ordinary Shares:		
Interim of 10% paid on 3rd October, 1989 (1988: 7%)	308	214
Proposed final of 20% (1988: 15%)	616	462
Proposed special of 25%	771	—
	1,695	676
	2,019	1,000

12. Prior Year Adjustment

The group has complied with SSAP 24, Accounting for Pensions Costs, which became effective for accounting periods commencing on or after 1st July 1988. This has resulted in a prior year adjustment of £1,023,000 (1988: £1,038,000) due to a deficit existing in a defined benefit Pension Scheme.

Notes on the Accounts (continued)

13. Intangible Fixed Assets

	1989	1988
	£'000	£'000
Retail outlets		
Cost:		
At 31st December, 1988	2,909	2,307
Additions during year	4,507	623
Disposals during year	(377)	(21)
At 31st December, 1989	7,039	2,909
Provision for permanent diminution in value	50	25
Net book amount	6,989	2,884
Goodwill and newspaper titles		
Cost:		
Additions during year	2,124	—
Amortisation:		
Charge for the year	249	—
Net book amount	1,875	—
	8,864	2,884

The consideration for the acquisition of W. B. Frampton & Sons Limited was £1,750,000 paid in cash. The fair value ascribed to the assets acquired was £115,000, giving rise to goodwill of £1,635,000. The other additions are represented by the cost of newspaper titles acquired.

14. Stocks

	Consolidated		E.C.N.G.	
	1989	1988	1989	1988
	£'000	£'000	£'000	£'000
Raw materials	1,085	1,155	334	450
Work in progress	365	196	—	—
Finished goods and goods for resale	2,645	1,958	—	—
	4,095	3,309	334	450

15. Debtors

	Consolidated		E.C.N.G.	
	1989	1988	1989	1988
	£'000	£'000	£'000	£'000
Trade debtors	11,280	9,532	4,669	4,203
Prepayments and accrued income	734	767	216	152
Amounts owed by subsidiaries	—	—	14,115	8,241
Other debtors	238	397	144	267
	12,252	10,696	19,144	12,863
The following amounts included above are due after more than one year:				
Amounts owed by subsidiaries	—	—	14,115	7,998

Notes on the Accounts (continued)

16. Tangible Fixed Assets

Movements on tangible fixed asset accounts have been:

	Freehold land and buildings	Leasehold buildings	Plant, equipment, & vehicles	Films	Total
	£'000	£'000	£'000	£'000	£'000
CONSOLIDATED					
Cost or valuation					
At 31st December, 1988	6,427	3,570	21,317	4,100	35,414
Additions during year	686	118	5,130	—	5,934
On acquisition of subsidiary	331	—	57	—	388
Disposals	(517)	(58)	(1,698)	—	(2,273)
At 31st December, 1989	6,927	3,630	24,806	4,100	39,463
Depreciation					
At 31st December, 1988	235	260	9,022	1,729	11,246
Charge for year	106	91	2,755	199	3,151
Relating to disposals	(19)	(8)	(1,180)	—	(1,207)
At 31st December, 1989	322	343	10,597	1,928	13,190
Net book amounts					
At 31st December, 1989	6,605	3,287	14,209	2,172	26,273
At 31st December, 1988	6,192	3,310	12,295	2,371	24,168
E.C.N.G.					
Cost or valuation					
At 31st December, 1988	4,597	3,241	9,456	4,100	21,394
Additions during year	539	22	1,678	—	2,239
Disposals	(517)	—	(816)	—	(1,333)
Transfers to group companies	(2,686)	(167)	—	—	(2,853)
At 31st December, 1989	1,933	3,096	10,318	4,100	19,447
Depreciation					
At 31st December, 1988	138	202	4,502	1,729	6,571
Charge for year	75	67	1,103	199	1,444
Relating to disposals	(19)	—	(553)	—	(572)
Transfers to group companies	(106)	(11)	—	—	(117)
At 31st December, 1989	88	258	5,052	1,928	7,326
Net book amounts					
At 31st December, 1989	1,845	2,838	5,266	2,172	12,121
At 31st December, 1988	4,459	3,039	4,954	2,371	14,823

Notes on the Accounts (continued)

16. Tangible Fixed Assets (continued)

	Freehold		Leasehold			
	Consolidated	E.C.N.G.	Long Consolidated	Short Consolidated	Long E.C.N.G.	Short
	£'000	£'000	£'000	£'000	£'000	£'000
At valuation in 1985	3,012	1,073	3,009	—	2,847	—
At valuation in 1979	—	—	—	11	—	2
At cost	3,915	860	253	357	184	63
	<u>6,927</u>	<u>1,933</u>	<u>3,262</u>	<u>368</u>	<u>3,031</u>	<u>65</u>

Depreciation on freehold and leasehold properties for the year has been based on the revalued amount. Based on cost the consolidated charge would have been lower by £66,000.

If freehold and leasehold land and buildings had not been revalued they would have been included at the following amounts:

	Freehold		Leasehold	
	1989	1988	1989	1988
	£'000	£'000	£'000	£'000
CONSOLIDATED				
Cost	5,373	4,873	1,623	1,563
Aggregate depreciation	590	553	668	601
E.C.N.G.				
Cost	1,168	3,849	1,280	1,275
Aggregate depreciation	174	195	553	549

17. Fixed Asset Investments

	Associated companies	Other investments	Total
	£'000	£'000	£'000
CONSOLIDATED			
Cost			
At 31st December, 1988	1	2,227	2,228
Additions during year	—	171	171
Disposals	—	(1,573)	(1,573)
At 31st December, 1989	1	825	826
Amounts written off			
At 31st December, 1988 and 1989	—	25	25
Net book amounts			
At 31st December, 1989	1	800	801
At 31st December, 1988	1	2,202	2,203

Notes on the Accounts (continued)

17. Fixed Asset Investments (continued)

	Subsidiaries	Associated companies	Other investments	Total
	£'000	£'000	£'000	£'000
E.C.N.G.				
Cost				
At 31st December, 1988	1,475	1	2,215	3,691
Additions during year	2,500	—	144	2,644
Disposals	—	—	(1,545)	(1,545)
At 31st December, 1989	3,975	1	814	4,790
Amounts written off				
At 31st December, 1988 and 1989	—	—	25	25
Net book amounts				
At 31st December, 1989	3,975	1	789	4,765
At 31st December, 1988	1,475	1	2,190	3,666

Other investments at net book value include:

	Consolidated		E.C.N.G.	
	1989	1988	1989	1988
	£'000	£'000	£'000	£'000
Listed				
Equity and authorised unit trusts	548	1,819	548	1,819
Unlisted				
Equity	253	384	241	372
	801	2,203	789	2,191
Aggregate market value of listed investments	3,976	5,145	3,976	5,145

During the year an additional 2,499,998 £1 ordinary shares were issued by Community Media Limited at par. The unlisted investments, consisting of equity share capital, are valued by the directors at £1,392,000 (1988: £384,000).

In arriving at market or directors' valuation no provision has been made for taxation which would be payable amounting to a maximum of £700,000 (1988: £1,112,000) in the event of disposals at these values.

At 31st December, 1989 the Group held shares amounting to more than one tenth in nominal value of certain classes of share capital issued by the following:

Suffolk Group Radio PLC (registered in England)
 15.0% of issued ordinary shares of £1 each
 15.4% of issued 7% redeemable cumulative preference shares of £1 each
 These holdings have been sold since 31st December, 1989.

Radio Broadland (Holdings) PLC (registered in England)
 10.5% of issued ordinary shares of 25p each

Mediaserve Limited (registered in England)
 6.0% of total issued ordinary shares (includes A and B) of £1 each
 18.75% of issued redeemable cumulative preference shares of £1 each

The associated companies at 31st December, 1989 were Swift 1273 Limited and Swift 1293 Limited. The results of these companies have not been incorporated in the accounts due to the immateriality of the amounts involved.

Notes on the Accounts (continued)

17. Fixed Asset Investments (continued)

Subsidiary companies

At 31st December, 1989 the company's trading subsidiaries, all of which were registered in England, were:

	Proportion of shares held by E.C.N.G.	Nature of business
East Anglian Daily Times Company Limited	100%	Newspaper publishing
Paper Chain (East Anglia) Limited	100%	Retailing
Slade Packaging Limited		
Ordinary shares	100%	Carton manufacturing
4.2% cumulative preference shares	100%	
10% non-cumulative preference shares	100%	
Community Media Limited	100%	Newspaper publishing
CM Publishing Limited		
Ordinary shares	75%	Newspaper publishing
100% cumulative preference shares	100%	
W. B. Frampton & Sons Limited	100%	Newspaper publishing
Anglia Advertiser Limited	75%	Newspaper publishing

18. Provisions for Liabilities and Charges

	Consolidated		E.C.N.G.	
	1989	1988	1989	1988
	£'000	£'000	£'000	£'000
Deferred taxation	1,934	2,082	933	622
Other provisions	999	1,165	819	1,463
	<u>2,933</u>	<u>3,247</u>	<u>1,752</u>	<u>2,085</u>

Deferred taxation:

The major components of the provision for deferred taxation and the amounts not provided are as follows:

	Provided		Not provided	
	1989	1988	1989	1988
	£'000	£'000	£'000	£'000
CONSOLIDATED				
Accelerated capital allowances	2,298	2,270	270	278
Other timing differences	(364)	(34)	213	172
Valuation of land and buildings	—	—	127	197
	<u>1,934</u>	<u>2,236</u>	<u>610</u>	<u>647</u>
Advance corporation tax	—	(154)	—	—
	<u>1,934</u>	<u>2,082</u>	<u>610</u>	<u>647</u>
E.C.N.G.				
Accelerated capital allowances	1,210	1,278	160	154
Other timing differences	(277)	(502)	150	22
Valuation of land and buildings	—	—	140	189
	<u>933</u>	<u>776</u>	<u>450</u>	<u>365</u>
Advance corporation tax	—	(154)	—	—
	<u>933</u>	<u>622</u>	<u>450</u>	<u>365</u>

Notes on the Accounts (continued)

19. Trade and Other Creditors

	Consolidated		E.C.N.G.	
	1989	1988	1989	1988
	£'000	£'000	£'000	£'000
Trade creditors	6,696	5,607	2,065	1,669
Social Security	640	375	167	213
Other creditors	2,107	2,080	842	1,021
Obligations under hire purchase contracts	64	52	—	—
Amounts owed to subsidiaries	—	—	233	103
Accruals and deferred income	2,614	2,105	1,259	1,163
	<u>12,121</u>	<u>10,219</u>	<u>4,566</u>	<u>4,169</u>

20. Creditors

	Consolidated		E.C.N.G.	
	1989	1988	1989	1988
	£'000	£'000	£'000	£'000
Amounts falling due after more than one year:				
Obligations under hire purchase contracts	16	13	—	—
Loans – film finance	1,675	1,685	1,675	1,685
Amounts owed to subsidiaries	—	—	1,044	3,590
	<u>1,691</u>	<u>1,698</u>	<u>2,719</u>	<u>5,275</u>

The loans relating to film finance are interest free and repayable out of film receipts between 1990 and 1993. They are secured by charges on the copyright and physical material relating to two films owned by the company and shown under that heading in tangible fixed assets.

21. Called Up Share Capital

	Authorised		Allotted, called up and fully paid	
	1989	1988	1989	1988
	£'000	£'000	£'000	£'000
5.95% cumulative preference shares of £1 each	308	308	308	308
15% cumulative second preference shares of £1 each	2,042	2,042	2,042	2,042
Ordinary shares of 20p each 15,404,250 issued	3,650	3,650	3,081	3,081
	<u>6,000</u>	<u>6,000</u>	<u>5,431</u>	<u>5,431</u>

22. Reserves

	Revaluation surplus	Profit and loss account	Total
	£'000	£'000	£'000
CONSOLIDATED			
At 31st December, 1988 (restated)	2,212	16,760	18,972
Retained profit for the year	—	10,209	10,209
Distributable element of depreciation charge	(66)	66	—
Transfer from other reserves	—	33	33
	<u>2,146</u>	<u>27,068</u>	<u>29,214</u>
E.C.N.G.			
At 31st December, 1988 (restated)	1,141	11,070	12,211
Retained profit for the year (after dividends of £2,019,000)	—	9,472	9,472
Distributable element of depreciation charge	(2)	2	—
	<u>1,139</u>	<u>20,544</u>	<u>21,683</u>

Notes on the Accounts (continued)

23. Capital Commitments

Approved future capital expenditure at 31st December, 1989 for which no provision has been made in these accounts amounted to:

	Consolidated		E.C.N.G.	
	1989	1988	1989	1988
	£'000	£'000	£'000	£'000
Contracts placed	1,105	4,786	69	85
Approved by the Board but no contracts placed	3,610	3,392	2,207	1,712
	<u>4,715</u>	<u>8,178</u>	<u>2,276</u>	<u>1,797</u>

24. Pension Schemes

The group operates a number of pension schemes. The total pension cost for the group charged in the profit and loss account was £2,479,000 (1988: £1,688,000). The two major schemes are of the defined benefit type, the assets of which are held separately from those of the group.

The contribution to these schemes are determined with the advice of an independent qualified actuary, using the projected unit method. The pension costs were based on the most recent actuarial valuations of the schemes, the effective dates of which were 1st January, 1987 (reviewed at the 1st January, 1989) for the Pension and Life Assurance Scheme and 1st July, 1989 for the Senior Management Pension Scheme, using the following main assumptions:

Rate of return on investments	9½% per annum
Rate of salary increases	7% per annum
Pension increases	5% per annum
Equity dividend increases	5% per annum

For the Pension and Life Assurance Scheme, the actuarial review at 1st January, 1989 showed that the market value of the Scheme's assets was £21,700,000 and the actuarial value was sufficient to cover 100% of the benefits that had accrued to members, for service to the review date and paid on salaries projected to retirement.

For the Senior Management Pension Scheme the actuarial review at 1st July, 1989 showed that the market value of the Scheme's assets was £3,100,000. In addition a special group contribution of £500,000 was made to the Scheme in December, 1989 to assist in the correction of part of the underfunding. The actuarial value of the assets, including the special contribution, represented 81% of the liability for benefits that had accrued to members for service to review date and based on salaries projected to retirement. Further contributions, in addition to the employers' regular contribution rate of 18.5%, are being made in order to eliminate this deficiency over a period of 12 years, the average remaining service life of the members.

25. Commitments Under Operating Leases

At 31st December, 1989 annual commitments under non-cancellable operating leases for land and buildings were:

	Consolidated	
	1989	1988
	£'000	£'000
Operating leases which expire:		
Within one year	57	11
Within two to five years	167	115
Over five years	711	366
	<u>935</u>	<u>492</u>

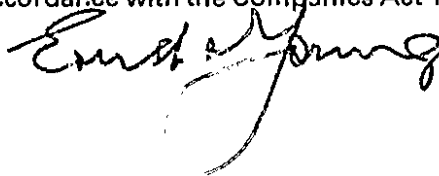
The company had no annual commitments under non-cancellable operating leases.

Report of the Auditors to the Members of Eastern Counties Newspapers Group Limited

We have audited the accounts set out on pages 8 to 21 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31st December, 1989, and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Chartered Accountants



Norwich

19th March, 1990

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