

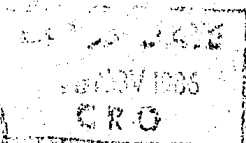
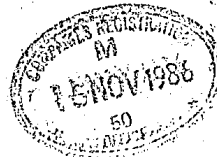
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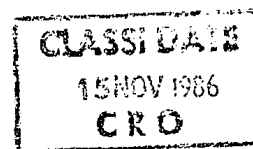
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Eastern Counties Newspapers Group Limited

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Notice of Annual General 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, 19th May, 1986 at 2.30 p.m. for the following purposes:

1. To receive the reports of the directors and the auditors and to adopt the audited accounts for the year ended 31st December, 1985.
2. To declare a dividend.
3. To elect directors.
4. To appoint auditors and to authorise the directors to fix their remuneration.
5. To consider, and if thought fit, pass the following special resolution amending the Articles of Association:-
 - (1) To insert a new Article 54A after Article 54.

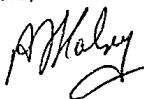
"PURCHASE OF OWN SHARES

54A Subject to the provisions of the Statutes, the Company may purchase all or any of its shares of any class (including any redeemable shares) and accordingly may enter into any contract under which it will or may be subject to any conditions become entitled or obliged to purchase all or any of such shares. Every contract entered into in pursuance of this Article shall be authorised by such resolution of the Company as may be required by the Statutes, but subject thereto the Directors shall have full power to determine and approve the terms of any such contract. Any contract which the Company enters into in pursuance of this Article may be or provide for the purchase of shares by private treaty or otherwise and neither the Company nor the Directors shall be required to select the shares in question rateably or in any other particular manner as between the holders of shares of the same class or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares. Subject to the provisions of the Statutes, the Company may agree to the variation of any contract entered into in pursuance of this Article and to release any of its rights or obligations under any such contract. Notwithstanding anything to the contrary contained in these Articles, the rights and privileges attached to any class of shares shall be deemed not to be modified or abrogated by anything done by the Company in pursuance of this Article.

Subject to, and in accordance with, the provisions of the Statutes, the Company may make a payment out of the capital in respect of such purchase."

- (2) By inserting in Article 3(j) after the words "A resolution" the words "(other than a resolution authorising the company to purchase any of its own shares in accordance with Article 54A or a resolution authorising the company to make a payment out of capital in respect of such purchase)".
 - (3) By inserting in Article 38(A) after the words "or Article 36" the words "or any purchase by the Company of any Ordinary Shares pursuant to Article 54A".
6. To transact any other ordinary business of the company.

By order of the board,
A. J. Halsey
Secretary
25th April, 1986



Prospect House,
Rouen Road,
Norwich, NR1 1RE

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.

Notice of Meeting of the 5.95 per cent. Preference Shareholders

NOTICE IS HEREBY GIVEN that a separate General Meeting of the holders of 5.95 per cent. Preference Shares of £1 each in the above-named Company will be held at Prospect House, Rouen Road, Norwich on Monday, 19th May, 1986, immediately following the Annual General Meeting being held at 2.30 p.m., for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution.

EXTRAORDINARY RESOLUTION

THAT this separate General Meeting of the holders of the 5.95 per cent. Preference Shares of £1 each in the capital of the Company hereby approves and sanctions the adoption of the new Article to be numbered 54A, and the amendments to Articles 3(j) and 38(A) effected by the Special Resolution set out in the Notice of the Annual General Meeting of the Company which is to be held on Monday, 19th May, 1986, and generally approves and sanctions every variation or modification of the special rights and privileges attached to the said class to be effected by such Special Resolution or involved therein or resulting from giving effect thereto.

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

25th April, 1986

Prospect House,
Rouen Road,
Norwich, NR1 1RE

Note: — Any Shareholder entitled to attend and vote at the above separate General Meeting is entitled to appoint a proxy (who need not be a member of the Company) to attend and, on a poll, vote instead of him. To be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority must be deposited at the Company's Registered Office not less than 24 hours before the time appointed for holding the Meeting.

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Notice of Meeting of the 15 per cent. Preference Shareholders

NOTICE IS HEREBY GIVEN that a separate General Meeting of the holders of 15 per cent. Preference Shares of £1 each in the above-named Company will be held at Prospect House, Rouen Road, Norwich on Monday, 19th May, 1986, immediately following the Annual General Meeting being held at 2.30 p.m., for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution.

EXTRAORDINARY RESOLUTION

THAT this separate General Meeting of the holders of the 15 per cent. Preference Shares of £1 each in the capital of the Company hereby approves and sanctions the adoption of the new Article to be numbered 54A, and the amendments to Articles 3(j) and 38(A) effected by the Special Resolution set out in the Notice of the Annual General Meeting of the Company which is to be held on Monday, 19th May, 1986, and generally approves and sanctions every variation or modification of the special rights and privileges attached to the said class to be effected by such Special Resolution or involved therein or resulting from giving effect thereto.

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

25th April, 1986

Prospect House,
Rouen Road,
Norwich, NR1 1RE

Note: — Any Shareholder entitled to attend and vote at the above separate General Meeting is entitled to appoint a proxy (who need not be a member of the Company) to attend and, on a poll, vote instead of him. To be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarial copy of that power or authority must be deposited at the Company's Registered Office not less than 24 hours before the time appointed for holding the Meeting.

Notice of Meeting of the Ordinary Shareholders

NOTICE IS HEREBY GIVEN that a separate General Meeting of the holders of Ordinary Shares of 20p each in the above-named Company will be held at Prospect House, Rouen Road, Norwich on Monday, 19th May, 1986, immediately following the Annual General Meeting being held at 2.30 p.m., for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution.

EXTRAORDINARY RESOLUTION

THAT this separate General Meeting of the holders of the Ordinary Shares of 20p each in the capital of the Company hereby approves and sanctions the adoption of the new Article to be numbered 54A, and the amendments to Articles 3(j) and 38(A) effected by the Special Resolution set out in the Notice of the Annual General Meeting of the Company which is to be held on Monday, 19th May, 1986, and generally approves and sanctions every variation or modification of the special rights and privileges attached to the said class to be effected by such Special Resolution or involved therein or resulting from giving effect thereto.

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

25th April, 1986

Prospect House,
Rouen Road,
Norwich, NR1 1RE

Note: — Any Shareholder entitled to attend and vote at the above separate General Meeting is entitled to appoint a proxy (who need not be a member of the Company) to attend and, on a poll, vote instead of him. To be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority must be deposited at the Company's Registered Office not less than 24 hours before the time appointed for holding the Meeting.

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Directors and Appointments

Directors

| | |
|-------------------------|--------------------------------------|
| T. J. A. Colman, D.C.L. | Chairman |
| G. V. Lockett | Vice-Chairman – <i>Non Executive</i> |
| G. H. C. Copeman | Chief Executive |
| R. C. Copeman | <i>Non Executive</i> |
| R. W. Jewson | <i>Non Executive</i> |
| D. L. Bird | |
| R. J. Cortis | |
| B. C. Rackham | |

Secretary and Registered Office

A. J. Halsey
Prospect House,
Rouen Road,
Norwich, NR1 1RE.

Auditors

Ernst & Whinney,
Chartered Accountants.

Principal Subsidiaries – Directors and Appointments

Eastern Counties Newspapers Limited Newspaper publishing

| | |
|------------------|----------------------|
| G. H. C. Copeman | Chairman |
| D. L. Bird | Managing Director |
| R. C. Copeman | <i>Non Executive</i> |
| R. W. Jewson | <i>Non Executive</i> |
| I. R. Lockett | <i>Non Executive</i> |
| R. J. Cortis | |
| S. M. Garner | |
| A. J. Halsey | |
| B. C. Rackham | |

East Anglian Daily Times Company Limited Newspaper publishing

| | |
|------------------|----------------------|
| G. H. C. Copeman | Chairman |
| B. C. Rackham | Managing Director |
| I. R. Lockett | <i>Non Executive</i> |
| P. Troughton | <i>Non Executive</i> |
| D. L. Bird | |
| R. J. Cortis | |
| G. R. Kiddell | |

The Paper Shops (East Anglia) Limited Retailing

| | |
|--------------------|----------------------|
| G. H. C. Copeman | Chairman |
| C. D. W. Broadhead | Managing Director |
| R. W. Jewson | <i>Non Executive</i> |
| R. J. Cortis | |
| J. O. Ellison | |
| B. C. Rackham | |

Slade Packaging Limited Carton manufacturing

| | |
|---------------|-------------------|
| M. Rathbone | Chairman |
| S. R. Goode | Managing Director |
| W. S. Bennett | |
| R. J. Cortis | |
| J. M. Eaton | |

Community Media Limited Newspaper publishing

| | |
|------------------|----------|
| G. H. C. Copeman | Chairman |
| R. J. Cortis | |
| A. J. Halsey | |
| N. G. F. Websper | |

Report of the Directors

The directors have pleasure in presenting their report and the company's accounts for the year ended 31st December, 1985.

Accounts

The consolidated profit for the year attributable to members amounted to £781,000. Dividends have been paid or are proposed as follows:

| | £'000 | £'000 |
|---|-------|-------|
| 5.95% cumulative preference shares | | 18 |
| 15% cumulative second preference shares | | 306 |
| Ordinary Shares: | | |
| Interim of 3% paid 1st October, 1985 | 92 | |
| Proposed final of 7% | 214 | |
| | | <hr/> |
| | | 306 |
| | | <hr/> |
| | | 630 |
| | | <hr/> |

Activities and Review of Business Development

The principal activities of the group during the year remained unchanged and were the printing and publishing of newspapers and periodicals, retailing, manufacture and printing of cartons, distribution of films, and leasing.

During the year the group extended its trading interests by acquiring an interest in C. M. Publishing Limited, a publisher of freesheets. The goodwill element included in this purchase totalled £448,000 and has been charged in the accounts as an extraordinary item, as has goodwill arising from the acquisition of freesheet titles amounting to £714,000.

As part of the group's continuing leasing activity a lease portfolio was acquired during the year at a cost of £6,450,000.

The directors consider the state of the company to be satisfactory and plans for the future include the development of all aspects of the business.

Revaluation of Properties

Certain freehold and leasehold properties were revalued at 31st October 1985. The values have been incorporated into the accounts and the surplus of £1,774,000 taken to reserves.

Disabled Persons

It is the company's policy to give full consideration to suitable applications for employment by disabled persons. Opportunities also exist for employees of the company who become disabled to continue in their employment or to be trained for other positions in the company's employment.

Employee Involvement

During 1985 the group has continued its practice of encouraging staff involvement. In addition to regular briefing meetings and the separate publication of in-house staff newspapers for Norwich and Ipswich, working parties drawn from the staff have been increasingly involved in planning processes.

Report of the Directors (continued)

Donations

Charitable donations by the company and its subsidiaries totalled £17,897.

Directors

The directors of the company listed on page 2 have held office throughout the year. The directors retiring by rotation in accordance with the Articles of Association are Mr. T. J. A. Colman and Mr. R. C. Copeman 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 were as follows:

| | At 1st January 1985 | | | At 31st December 1985 | | |
|------------------|----------------------|-----------------------------|---------------------|-----------------------|-----------------------------|---------------------|
| | £1 Preference Shares | £1 Second Preference Shares | 20p Ordinary Shares | £1 Preference Shares | £1 Second Preference Shares | 20p Ordinary Shares |
| T. J. A. Colman | — | — | 324,234 | — | — | 324,234 |
| | 45,183* | — | 3,187,200* | 45,183* | — | 3,187,200* |
| G. V. Lockett | — | 41,426 | 932,064 | — | 41,426 | 732,064 |
| | — | 56,119* | 841,782* | — | 56,119* | 841,782* |
| R. C. Copeman | 1,905 | 18,688 | 245,031 | 1,905 | 18,688 | 245,031 |
| | 5,660* | 8,867* | 57,840* | 4,938* | 7,490* | 51,840* |
| G. H. C. Copeman | 4,960 | 38,904 | 291,780 | 4,960 | 38,904 | 291,780 |
| | 1,296* | 10,368* | 77,760* | 1,296* | 10,368* | 77,760* |
| R. J. Cortis | — | — | 3,672 | — | — | 3,672 |
| | 1,296* | 10,368* | 77,760* | 1,296* | 10,368* | 77,760* |
| B. C. Rackham | — | — | 1,836 | — | — | 1,836 |
| D. L. Bird | — | 122 | 1,836 | — | 122 | 1,836 |

*Held as Trustee

Auditors

Ernst & Whinney 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



24th March, 1986

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Consolidated Profit and Loss Account

Year ended 31st December, 1985

| | | 1985 | 1984 |
|--|------|---------------|---------------|
| | Note | £'000 | £'000 |
| Turnover | 3 | 44,260 | 36,769 |
| Operating Costs | 4 | 41,782 | 34,520 |
| Group Operating Profit | 3 | 2,478 | 2,249 |
| Other Income | 8 | 759 | 443 |
| | | 3,237 | 2,692 |
| Interest payable | 9 | 507 | 17 |
| Profit on Ordinary Activities Before Taxation | | 2,730 | 2,675 |
| Provision | 10 | 228 | 513 |
| Taxation | 11 | 559 | 548 |
| Profit on Ordinary Activities after Taxation | | 1,943 | 1,614 |
| Extraordinary Items | 12 | (1,162) | 4,528 |
| Profit for the Financial Year | | 781 | 6,142 |
| Dividends | 13 | 630 | 891 |
| Retained Profit for the Year | | 151 | 5,251 |
| Statement of Retained Profits | | | |
| Balance at 31st December, 1984 | | 10,769 | 5,504 |
| Retained profit for the year | | 151 | 5,251 |
| Transfer from Revaluation Reserve | | 18 | 14 |
| Balance at 31st December, 1985 | | 10,938 | 10,769 |
| Retained by: | | | |
| The company | | 7,351 | 7,320 |
| Subsidiaries | | 3,587 | 3,449 |
| | | 10,938 | 10,769 |

Eastern Counties Newspapers Group Limited and Subsidiaries

Balance Sheets

31st December, 1985

| | | Consolidated | | E.C.N.G. | |
|---|----|---------------|---------------|---------------|---------------|
| | | 1985 | 1984 | 1985 | 1984 |
| | | £'000 | £'000 | £'000 | £'000 |
| Fixed Assets | | | | | |
| Intangible assets | 14 | 1,231 | 1,020 | — | — |
| Tangible assets | 17 | 14,304 | 11,893 | 9,271 | 8,219 |
| Investments | 18 | 5,983 | 6,353 | 7,056 | 7,099 |
| | | <u>21,518</u> | <u>19,266</u> | <u>16,327</u> | <u>15,318</u> |
| Current Assets | | | | | |
| Stocks | 15 | 1,965 | 1,680 | 451 | 392 |
| Debtors | 16 | 16,368 | 9,919 | 17,769 | 11,295 |
| Investments — short term deposits | | 292 | 75 | 292 | 75 |
| Cash at bank and in hand | | 479 | 151 | 4 | 3 |
| | | <u>19,104</u> | <u>11,825</u> | <u>18,516</u> | <u>11,765</u> |
| Creditors — Amounts falling due within one year | | | | | |
| Bank overdraft | | 7,128 | 689 | 6,749 | 696 |
| Trade and other creditors | 20 | 6,595 | 4,210 | 3,215 | 2,107 |
| Taxation | | 477 | — | — | — |
| Proposed dividend | | 214 | 475 | 214 | 475 |
| | | <u>14,414</u> | <u>5,374</u> | <u>10,178</u> | <u>3,338</u> |
| Net Current Assets | | <u>4,690</u> | <u>6,451</u> | <u>8,338</u> | <u>8,427</u> |
| Total Assets Less Current Liabilities | | <u>26,208</u> | <u>25,717</u> | <u>24,665</u> | <u>23,745</u> |
| Creditors — Amounts falling due after more than one year | 21 | 4,189 | 5,893 | 8,115 | 8,672 |
| Provisions for Liabilities and Charges | 19 | <u>3,258</u> | <u>2,988</u> | <u>2,548</u> | <u>2,341</u> |
| | | <u>18,761</u> | <u>16,836</u> | <u>14,002</u> | <u>12,732</u> |
| Capital and Reserves | | | | | |
| Called-up share capital | 22 | 5,412 | 5,412 | 5,412 | 5,412 |
| Revaluation reserve | 23 | 2,378 | 622 | 1,239 | — |
| Other reserves — pre acquisition | | 33 | 33 | — | — |
| Profit and loss account | 23 | 10,938 | 10,769 | 7,351 | 7,320 |
| | | <u>18,761</u> | <u>16,836</u> | <u>14,002</u> | <u>12,732</u> |

T. J. Colman, *Director*
G. V. Lockett, *Director*
24th March, 1986

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Eastern Counties Newspapers Group Limited and Subsidiaries

Source and Application of Funds

Year ended 31st December, 1985

| | 1985 | 1984 |
|---|---------|---------|
| | £'000 | £'000 |
| Source of Funds | | |
| From Operations | | |
| Profit on ordinary activities before taxation | 2,730 | 2,675 |
| Items not involving the movement of funds: | | |
| Depreciation | 1,621 | 1,412 |
| Loss/(Profit) on sale of fixed assets: | | |
| Intangibles | (26) | — |
| Tangibles | 98 | (5) |
| Investments | (335) | (86) |
| Total generated from operations | 4,088 | 3,996 |
| Other Sources | | |
| Loan finance | — | 249 |
| Hire purchase finance | — | 3,451 |
| Taxation recovered | — | 217 |
| Proceeds from sale of shares in: | | |
| Reuters Holdings PLC | — | 5,941 |
| Associated Company | — | 769 |
| Proceeds from sale of fixed assets: | | |
| Intangibles | 45 | — |
| Tangibles | 337 | 335 |
| Investments | 4,056 | 1,934 |
| Total sources of funds | 8,526 | 16,892 |
| Funds Applied | | |
| Hire purchase payments | 905 | — |
| Dividends paid | 851 | 569 |
| Taxation paid | 311 | 840 |
| Loan repayments | 662 | 151 |
| Net investment in finance leases | 6,450 | 4,181 |
| Special payment to pension fund | — | 220 |
| Purchase of fixed assets: | | |
| Intangibles | 260 | 2,127 |
| Tangibles | 2,536 | 1,777 |
| Investments | 3,351 | 6,205 |
| Acquisition of subsidiary | 660 | — |
| | 16,026 | 16,079 |
| Increase (decrease) in Working Capital | (7,500) | 813 |
| Arising from movements in: | | |
| Stocks and work in progress | 285 | 475 |
| Debtors excluding taxation | (102) | 1,777 |
| Creditors excluding obligation under hire purchase contracts and taxation | (1,901) | (338) |
| Liquid funds | (5,782) | (1,101) |
| | (7,500) | 813 |
| Analysis of the acquisition of C. M. Publishing Limited | | |
| Net assets acquired: | | |
| Tangible fixed assets | £'000 | £'000 |
| Goodwill | 157 | 660 |
| Taxation | 1,132 | |
| Hire purchase | (28) | |
| Loan | (25) | |
| Debtors | (500) | |
| Creditors | 360 | |
| Liquid funds | (324) | |
| | (112) | |
| | 660 | 660 |

Notes on the Accounts

31st December, 1985

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, 1985. The company has taken advantage of the exemption from presenting its own profit and loss account.

(c) Intangible Fixed Assets

(i) Retail Outlets

In the opinion of the directors these are assets which, 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 written off in the year of 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 in the year of 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

Finance leases are accounted for using the actuarial method, which recognises all significant cash flows affecting each lease, and which apportions the income to give a constant periodic return on the net cash investment in each lease, after such provision as may be required in those cases where the company is seeking to obtain an adequate post tax return on the funds invested. Hire purchase obligations are also 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 and dividends receivable in respect of the year.

Realised profits and losses on disposal of investments, other than trade and 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.

(i) Pension Benefits

Pension benefits are funded over the employees' periods of service. The company's contributions are based on the rates recommended by the actuary following periodic actuarial valuations of the fund.

(j) Translation of Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies, held at the year end, are translated at the closing rate or the rate of exchange at which the translation is contracted to be settled.

Notes on the Accounts (continued)

2. Turnover

Turnover represents receipts, excluding VAT, in respect of:

- (a) sales of newspapers and periodicals and publishing of advertisements after deducting discounts to newsagents and advertisers and commission to advertising agents;
- (b) retail sales;
- (c) manufacture and printing of cartons;
- (d) other activities including finance leases and film distribution.

3. Analysis of Turnover and Group Operating Profit

| | 1985 | | 1984 | |
|--|-------------------|---------------------------------------|-------------------|---------------------------------------|
| | Turnover £'000 | Group Operating Profit £'000 | Turnover £'000 | Group Operating Profit £'000 |
| Printing and publishing of newspapers and periodicals | 31,301 | 1,879 | 27,170 | 1,959 |
| Retailing | 7,625 | 299 | 6,026 | 185 |
| Manufacture and printing of cartons | 4,621 | 246 | 3,399 | 176 |
| Other activities | 713 | 54 | 174 | (71) |
| | <u>44,260</u> | <u>2,478</u> | <u>36,769</u> | <u>2,249</u> |

The aggregate rentals receivable under finance leases were £1,061,000 (1984 £104,000)
All sales were made in the United Kingdom.

4. Operating Costs

| | 1985 | 1984 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Increase in stocks of finished goods and work in progress | (76) | (339) |
| Raw materials and consumables | 13,372 | 11,132 |
| Other external charges | 3,156 | 1,583 |
| Staff costs—wages and salaries | 14,170 | 12,677 |
| social security costs | 1,076 | 996 |
| other pension costs | 1,226 | 1,108 |
| Depreciation | 1,621 | 1,412 |
| Other operating charges | 7,220 | 5,951 |
| Loss on disposal of leasehold property | 155 | — |
| Proceeds from sale of developed newspaper title | (138) | — |
| | <u>41,782</u> | <u>34,520</u> |

5. Group Operating Profit is stated after charging:

| | 1985 | 1984 |
|----------------------------------|-------|-------|
| | £'000 | £'000 |
| Directors' remuneration (note 6) | 228 | 123 |
| Auditors' remuneration | 58 | 54 |
| Rentals under operating leases | 298 | 113 |

Notes on the Accounts (continued)

6. Directors' Remuneration

| | 1985 | 1984 |
|--|------------|------------|
| | £'000 | £'000 |
| Fees | 17 | 14 |
| Other remuneration (including pension contributions) | 211 | 109 |
| | <u>228</u> | <u>123</u> |

The remuneration of the chairman and of the highest paid director, excluding pension contributions, was respectively £25,971 (1984 £25,741) and £38,297 (1984 £33,211).

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

| | Number of Directors | |
|--------------------|---------------------|------|
| | 1985 | 1984 |
| Gross Emoluments | | |
| Up to £5,000 | 1 | 2 |
| £5,001 to £10,000 | 2 | 1 |
| £20,001 to £25,000 | — | — |
| £25,001 to £30,000 | 1 | 2 |
| £30,001 to £35,000 | 3 | 1 |
| £35,001 to £40,000 | 1 | — |

7. Number of Employees

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

| | 1985 | 1984 |
|-------------------------|--------------|--------------|
| Printing and publishing | 1,243 | 1,177 |
| Retailing | 13 | 12 |
| Carton manufacturing | 111 | 101 |
| | <u>1,367</u> | <u>1,290</u> |

8. Other Income

| | 1985 | 1984 |
|--|------------|------------|
| | £'000 | £'000 |
| Interest and dividends receivable, including tax credit: | | |
| Listed investments | 331 | 154 |
| Unlisted investments | 25 | 3 |
| Short term interest | 68 | 189 |
| Former associated company | — | 11 |
| | <u>424</u> | <u>357</u> |
| Surplus on disposal of investments | 335 | 86 |
| | <u>759</u> | <u>443</u> |

9. Interest Payable

| | 1985 | 1984 |
|---|------------|-----------|
| | £'000 | £'000 |
| Overdraft and loans – repayable within five years | <u>507</u> | <u>17</u> |

Notes on the Accounts (continued)

10. Provision

The company has written finance leases which are intended to give it an adequate post tax return on the amount invested. Since such rates take account of the tax benefit accruing to the company from future reductions in the rate of corporation tax, provision has been made to reduce the leased debtors to their net realisable amount. This provision has been shown separately in the profit and loss account below the profit on ordinary activities before taxation. This constitutes a departure from the requirements of the Companies Act 1985 but in the opinion of the directors is required to enable the accounts to show a true and fair view.

11. Taxation

| | 1985 | 1984 |
|--|------------|------------|
| | £'000 | £'000 |
| Corporation tax on profit for year | | |
| Current at 41.25% (1984 - 46.25%) | — | (131) |
| Deferred at 35% (1984 - 35%) | 502 | 722 |
| Tax credit on investment income | 116 | 51 |
| | <u>618</u> | <u>642</u> |
| Adjustments relating to previous years | (59) | (94) |
| | <u>559</u> | <u>548</u> |

The charge for taxation has been reduced by £354,000 resulting from relief for certain timing differences at a rate of 41.25% while the corresponding deferred tax requires provision at a rate of 35%.

Deferred tax not provided for the year amounts to £47,000 (1984 - nil) in respect of capital gains rolled over.

12. Extraordinary Items

| | 1985 | 1984 |
|--|----------------|--------------|
| | £'000 | £'000 |
| Cost of newspaper titles acquired | (714) | (1,859) |
| Goodwill on consolidation written off | (448) | — |
| Profit on sale of shares in Reuters Holdings PLC | — | 5,941 |
| Profit on disposal of shares in associated company | — | 391 |
| Provision against permanent diminution in value of a subsidiary no longer required | — | 200 |
| Special payment to pension fund | — | (220) |
| | <u>(1,162)</u> | <u>4,453</u> |
| U.K. Corporation tax on the above | — | 925 |
| | <u>(1,162)</u> | <u>3,528</u> |
| Provision for deferred tax no longer required resulting from reduction in rates of corporation tax announced in March 1984 | — | 1,000 |
| | <u>(1,162)</u> | <u>4,528</u> |

13. Dividends

| | 1985 | 1984 |
|---|------------|------------|
| | £'000 | £'000 |
| 5.95% Cumulative Preference Shares | 18 | 18 |
| 15% Cumulative Second Preference Shares | 306 | 306 |
| | <u>324</u> | <u>324</u> |
| Ordinary Shares: | | |
| Interim of 3% paid on 1st October, 1985 (1984 3%) | 92 | 92 |
| Special of 10% | — | 306 |
| Proposed final of 7% (1984 5½ %) | 214 | 169 |
| | <u>306</u> | <u>567</u> |
| | <u>630</u> | <u>891</u> |

Notes on the Accounts (continued)

14. Intangible Fixed Assets

| Retail Outlets | 1985 | 1984 |
|------------------------|--------------|--------------|
| | £'000 | £'000 |
| Cost: | | |
| At 31st December, 1984 | 1,020 | 752 |
| Additions during year | 230 | 268 |
| Disposals during year | (19) | — |
| | <u>1,231</u> | <u>1,020</u> |

15. Stocks

| | Consolidated | | E.C.N.G. | |
|-------------------------------------|--------------|--------------|------------|------------|
| | 1985 | 1984 | 1985 | 1984 |
| | £'000 | £'000 | £'000 | £'000 |
| Raw materials | 898 | 689 | 451 | 392 |
| Work in progress | 120 | 130 | — | — |
| Finished goods and goods for resale | 947 | 861 | — | — |
| | <u>1,965</u> | <u>1,680</u> | <u>451</u> | <u>392</u> |

In the opinion of the directors the replacement cost of all stocks and work in progress is not significantly different from the above values.

16. Debtors

| | Consolidated | | E.C.N.G. | |
|--|---------------|--------------|---------------|---------------|
| | 1985 | 1984 | 1985 | 1984 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade debtors | 5,766 | 4,862 | 2,946 | 2,778 |
| Taxation recoverable | — | 31 | 773 | 570 |
| Prepayments and accrued income | 304 | 232 | 154 | 118 |
| Amounts owed by subsidiaries | — | — | 3,771 | 3,278 |
| Other debtors | 1,007 | 1,126 | 834 | 883 |
| Finance lease receivables | 9,291 | 3,668 | 9,291 | 3,668 |
| | <u>16,368</u> | <u>9,919</u> | <u>17,769</u> | <u>11,295</u> |
| The following amounts included above are due after more than one year: | | | | |
| Finance lease receivables | 5,328 | 3,069 | 5,328 | 3,069 |
| Taxation recoverable | — | — | 124 | — |
| Amounts owed by subsidiaries | — | — | 3,577 | 3,081 |
| | <u>5,328</u> | <u>3,069</u> | <u>9,029</u> | <u>6,150</u> |

The cost of assets acquired during the year for the purpose of letting under finance leases amounted to £6,450,000 (1984 £4,123,000).

Notes on the Accounts (continued)

17. 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, 1984 | 2,416 | 2,724 | 8,920 | 3,634 | 17,694 |
| Additions during year | 433 | 36 | 2,067 | — | 2,536 |
| Cost of disposals | (49) | (132) | (600) | — | (781) |
| On acquisition of subsidiary | — | 19 | 208 | — | 227 |
| Surplus on revaluation | 759 | 526 | — | — | 1,285 |
| At 31st December, 1985 | 3,559 | 3,173 | 10,595 | 3,634 | 20,961 |
| Depreciation | | | | | |
| At 31st December, 1984 | 177 | 289 | 5,069 | 266 | 5,801 |
| Charge for year | 55 | 60 | 1,214 | 292 | 1,621 |
| Relating to disposals | (1) | (23) | (322) | — | (346) |
| On acquisition of subsidiary | — | — | 70 | — | 70 |
| Release on revaluation | (198) | (291) | — | — | (489) |
| | 33 | 35 | 6,031 | 558 | 6,657 |
| Net book amounts | | | | | |
| At 31st December, 1985 | 3,526 | 3,138 | 4,564 | 3,076 | 14,304 |
| At 31st December 1984 | 2,239 | 2,435 | 3,851 | 3,368 | 11,893 |
| E. C. N. G. | | | | | |
| Cost or valuation | | | | | |
| At 31st December, 1984 | 891 | 2,611 | 4,622 | 3,634 | 11,758 |
| Additions during year | 434 | 16 | 574 | — | 1,024 |
| Cost of disposals | (19) | (116) | (288) | — | (423) |
| Surplus on revaluation | 392 | 510 | — | — | 902 |
| At 31st December, 1985 | 1,698 | 3,021 | 4,908 | 3,634 | 13,261 |
| Depreciation | | | | | |
| At 31st December, 1984 | 53 | 273 | 2,947 | 266 | 3,539 |
| Charge for year | 16 | 52 | 597 | 292 | 957 |
| Relating to disposals | (1) | (21) | (139) | — | (161) |
| Release on revaluation | (56) | (289) | — | — | (345) |
| At 31st December, 1985 | 12 | 15 | 3,405 | 558 | 3,990 |
| Net book amounts | | | | | |
| At 31st December, 1985 | 1,686 | 3,006 | 1,503 | 3,076 | 9,271 |
| At 31st December, 1984 | 838 | 2,338 | 1,675 | 3,368 | 8,219 |

Notes on the Accounts (continued)

17. Tangible Fixed Assets (continued)

Certain freehold and leasehold land and buildings were revalued in 1985 on the basis of an open market existing use. This revaluation was carried out by Ernest Webster, Chartered Surveyor.

| | Freehold | | Leasehold | | | |
|----------------------|--------------|--------------|-------------------|--------------------|---------------|----------------|
| | Consolidated | E.C.N.G. | Long Consolidated | Short Consolidated | Long E.C.N.G. | Short E.C.N.G. |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At valuation in 1985 | 3,287 | 1,479 | 3,038 | — | 3,005 | — |
| At valuation in 1979 | — | — | — | 11 | — | 7 |
| At cost | 272 | 219 | 12 | 112 | — | 9 |
| | <u>3,559</u> | <u>1,698</u> | <u>3,050</u> | <u>123</u> | <u>3,005</u> | <u>16</u> |

No provision has been made for taxation which would amount to a maximum of £1,194,000 in the event of a sale of properties at the revalued amounts. 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 £49,000.

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

| | Freehold | | Leasehold | |
|------------------------|----------|-------|-----------|-------|
| | 1985 | 1984 | 1985 | 1984 |
| | £'000 | £'000 | £'000 | £'000 |
| CONSOLIDATED | | | | |
| Cost | 2,001 | 1,617 | 1,162 | 1,258 |
| Aggregate Depreciation | 517 | 393 | 470 | 446 |
| E.C.N.G. | | | | |
| Cost | 945 | 531 | 1,055 | 1,154 |
| Aggregate Depreciation | 180 | 85 | 453 | 431 |

18. Fixed Asset Investments

| | Associated Company | Other Investments | Total |
|--------------------------------|--------------------|-------------------|---------|
| | £'000 | £'000 | £'000 |
| CONSOLIDATED | | | |
| Cost | | | |
| At 31st December, 1984 | 75 | 6,303 | 6,378 |
| Additions during year | — | 3,351 | 3,351 |
| Cost of disposals | — | (3,721) | (3,721) |
| Reclassification | (75) | 75 | — |
| At 31st December, 1985 | — | 6,008 | 6,008 |
| Amounts written off | | | |
| At 31st December 1984 and 1985 | | 25 | 25 |
| Net book amounts | | | |
| At 31st December, 1985 | — | 5,983 | 5,983 |
| At 31st December 1984 | 75 | 6,278 | 6,353 |

Notes on the Accounts (continued)

18. Fixed Asset Investments (continued)

| | Subsidiaries | Associated Company | Other Investments | Total |
|-------------------------|--------------|--------------------|-------------------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| E.C.N.G. | | | | |
| Cost | | | | |
| At 31st December 1984 | 1,075 | 75 | 6,302 | 7,452 |
| Additions during year | 660 | — | 3,350 | 4,010 |
| Cost of disposals | — | — | (3,721) | (3,721) |
| Reclassification | — | (75) | 75 | — |
| Inter group transfer | (660) | — | — | (660) |
| At 31st December 1985 | 1,075 | — | 6,006 | 7,081 |
| Amounts written off | | | | |
| At 31st December 1984 | 328 | — | 25 | 353 |
| Write back of provision | (328) | — | — | (328) |
| At 31st December 1985 | — | — | 25 | 25 |
| Net book amounts | | | | |
| At 31st December 1985 | 1,075 | — | 5,981 | 7,056 |
| At 31st December 1984 | 747 | 75 | 6,277 | 7,099 |

Other investments at net book value include:

| | Consolidated | | E.C.N.G. | |
|--|--------------|-------|----------|-------|
| | 1985 | 1984 | 1985 | 1984 |
| | £'000 | £'000 | £'000 | £'000 |
| Listed | | | | |
| Equity and authorised unit trusts (Includes £167,505 listed on stock exchanges outside the United Kingdom) | 5,482 | 5,764 | 5,482 | 5,764 |
| Unlisted | | | | |
| Equity | 501 | 514 | 499 | 513 |
| | 5,983 | 6,278 | 5,981 | 6,277 |
| Aggregate market value of listed investments | 8,344 | 8,064 | 8,163 | 7,913 |

The unlisted investments, consisting of equity share capital, are valued by the directors at £577,000 (1984 £525,000). In arriving at market or directors' valuation no provision has been made for taxation which would be payable, amounting to a maximum of £762,000, in the event of disposals at these values.

At 31st December, 1985 the Group held shares amounting to more than one-tenth in nominal value of certain classes of share capital issued by the following:

- Anglia Television Group PLC (registered in England)
 - 4.3% of issued A ordinary non-voting shares of 25p each
 - 18.0% of issued B ordinary shares of 25p each
- 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
- Radio Broadland (Holdings) PLC (registered in England)
 - 11.2% of issued ordinary shares of 25p each
- Advertising Media Representation Agency Limited (registered in England)
 - 18.75% of issued ordinary shares of £1 each.

This company was, up to 9th October 1985, an associate. On that date it increased its issued share capital which resulted in the E.C.N.G holding being reduced from 23.08% to 18.75%. The results of the company have not been incorporated in these accounts due to the immateriality of the amounts involved.

Notes on the Accounts (continued)

18. Fixed Asset Investments (continued)

Subsidiary Companies

At 31st December, 1985 the company's trading subsidiaries, all of which were registered in England, were:

| | Proportion of shares held by company | Nature of business |
|--|--|-----------------------|
| East Anglian Daily Times Company Limited | 100% | Newspaper publishing |
| The Paper Shops (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 |
| <i>Subsidiary of Community Media Limited</i> | | |
| C.M. Publishing Limited | | |
| Ordinary shares | 75% | Newspaper publishing |
| 100% cumulative preference shares | 100% | |
| <i>Subsidiary of C.M. Publishing Limited</i> | | |
| Community Media (Publishing) Limited | 100% | Newspaper publishing |

19. Provisions for Liabilities and Charges

| | Consolidated | | E.C.N.G. | |
|-------------------|--------------|--------------|--------------|--------------|
| | 1985 | 1984 | 1985 | 1984 |
| | £'000 | £'000 | £'000 | £'000 |
| Deferred taxation | 3,159 | 2,889 | 2,449 | 2,242 |
| Other provisions | 39 | 99 | 99 | 99 |
| | <u>3,258</u> | <u>2,988</u> | <u>2,548</u> | <u>2,341</u> |

Deferred taxation:

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

| | Provided | | Not Provided | |
|--|--------------|--------------|--------------|------------|
| | 1985 | 1984 | 1985 | 1984 |
| | £'000 | £'000 | £'000 | £'000 |
| CONSOLIDATED | | | | |
| Accelerated capital allowances | 3,540 | 2,965 | 694 | 694 |
| Tax losses | (101) | — | — | — |
| Other timing differences | 77 | 127 | 47 | — |
| Valuation of freehold land and buildings | — | — | 1,194 | — |
| | <u>3,516</u> | <u>3,092</u> | <u>1,935</u> | <u>694</u> |
| Advance corporation tax | (357) | (203) | — | — |
| | <u>3,159</u> | <u>2,889</u> | <u>1,935</u> | <u>694</u> |
| E.C.N.G. | | | | |
| Accelerated capital allowances | 2,920 | 2,430 | 469 | 471 |
| Tax losses | (93) | — | — | — |
| Other timing differences | (21) | 15 | 40 | — |
| Valuation of freehold land and buildings | — | — | 685 | — |
| | <u>2,806</u> | <u>2,445</u> | <u>1,194</u> | <u>471</u> |
| Advance corporation tax | (357) | (203) | — | — |
| | <u>2,449</u> | <u>2,242</u> | <u>1,194</u> | <u>471</u> |

Notes on the Accounts (continued)

20. Trade and Other Creditors

| | Consolidated | | E.C.N.G. | |
|---|--------------|--------------|--------------|--------------|
| | 1985 | 1984 | 1985 | 1984 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade creditors | 3,057 | 1,969 | 1,263 | 847 |
| Social security | 659 | 653 | 340 | 405 |
| Other creditors | 668 | 204 | 59 | 39 |
| Taxation | 88 | — | 88 | — |
| Obligation under hire purchase contract | 765 | 657 | 741 | 657 |
| Accruals and deferred income | 1,358 | 727 | 724 | 219 |
| | <u>6,595</u> | <u>4,210</u> | <u>3,215</u> | <u>2,167</u> |

21. Creditors

Amounts falling due after more than one year:

| | Consolidated | | E.C.N.G. | |
|---|--------------|--------------|--------------|--------------|
| | 1985 | 1984 | 1985 | 1984 |
| | £'000 | £'000 | £'000 | £'000 |
| Obligation under hire purchase contract | 1,806 | 2,794 | 1,796 | 2,794 |
| Loans | 2,344 | 2,506 | 2,344 | 2,506 |
| Other creditors | 39 | — | 39 | — |
| Taxation | — | 593 | — | — |
| Amounts owed to subsidiaries | — | — | 3,963 | 3,372 |
| | <u>4,189</u> | <u>5,893</u> | <u>8,115</u> | <u>8,672</u> |

The loans are interest free and repayable out of film receipts between 1986 and 1993. They are secured by charges on the copyright and physical material relating to films owned by the company and shown under that heading in tangible fixed assets.

22. Called Up Share Capital

| | Authorised | | Allotted, called up and fully paid | |
|--|--------------|--------------|------------------------------------|--------------|
| | 1985 | 1984 | 1985 | 1984 |
| | £'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 15,309,750 issued | 3,650 | 3,650 | 3,062 | 3,062 |
| | <u>6,000</u> | <u>6,000</u> | <u>5,412</u> | <u>5,412</u> |

23. Reserves

| | Revaluation Surplus | Distributable Profits | Total |
|--|---------------------|-----------------------|---------------|
| | £'000 | £'000 | £'000 |
| CONSOLIDATED | | | |
| At 31st December, 1984 | 622 | 10,769 | 11,391 |
| Retained profit for the year | — | 151 | 151 |
| Distributable element of depreciation charge | (18) | 18 | — |
| Surplus on revaluation | 1,774 | — | 1,774 |
| | <u>2,378</u> | <u>10,938</u> | <u>13,316</u> |
| E.C.N.G. | | | |
| At 31st December, 1984 | — | 7,320 | 7,320 |
| Retained profit for the year (after dividends of £630,000) | — | 22 | 22 |
| Distributable element of depreciation charge | (9) | 9 | — |
| Surplus on revaluation | 1,248 | — | 1,248 |
| | <u>1,239</u> | <u>7,351</u> | <u>8,590</u> |

Notes on the Accounts (continued)

24. Capital Commitments

Approved future capital expenditure at 31st December, 1985 for which no provision has been made in these accounts amounted to:

| | Consolidated | | E.C.N.G. | |
|---|--------------|--------------|--------------|------------|
| | 1985 | 1984 | 1985 | 1984 |
| | £'000 | £'000 | £'000 | £'000 |
| Contracts placed | 423 | 38 | 21 | 16 |
| Approved by the Board but no contracts placed | 3,446 | 2,496 | 2,256 | 796 |
| | <u>3,869</u> | <u>2,534</u> | <u>2,277</u> | <u>812</u> |

25. Pension Commitments

The actuarial valuation at 1st January, 1984 indicated that there were sufficient assets to secure the benefits of existing pensioners and to provide paid up pensions to present employees on the basis of present salaries and credited periods of service.

26. Commitments Under Operating Leases

At 31st December, 1985 the company had annual commitments under non cancellable operating leases for land and buildings as set out below:

| | Consolidated | | E.C.N.G. | |
|--------------------------------|--------------|------------|-----------|-----------|
| | 1985 | 1984 | 1985 | 1984 |
| | £'000 | £'000 | £'000 | £'000 |
| Operating leases which expire: | | | | |
| Within one year | 1 | 1 | — | — |
| Within two to five years | 43 | 43 | 3 | 3 |
| Over five years | 228 | 216 | 70 | 92 |
| | <u>272</u> | <u>260</u> | <u>73</u> | <u>95</u> |

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