

REPORT OF THE DIRECTORS

Directors: K J Sadler
A P Vickery

Secretary: A P Vickery, FCA

Registered Office: Temple Way, Bristol BS99 7HD

The directors present their report and the audited financial statements of the company for the year ended 28 March 1998.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The only activity of the company during the year was investing.

The profit for the year after taxation amounted to £3,740 (1997: £15,892). The directors recommend that £3,740 (1997: £389,751) be paid as a dividend on the Ordinary Shares.

DIRECTORS' INTERESTS

The interests of the directors in the shares of the ultimate parent company, Bristol United Press plc, at the beginning and end of the year were as follows:

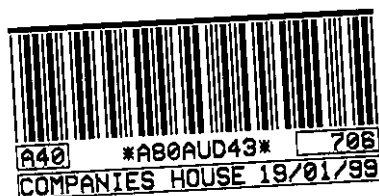
	28 March 1998			29 March 1997		
	<u>Shares held</u>	<u>Share options</u>		<u>Shares held</u>	<u>Share options</u>	
		<u>Executive</u>	<u>SAYE</u>		<u>Executive</u>	<u>SAYE</u>
K J Sadler	400	6,500	4,687	400	-	-
A P Vickery	1,988	4,000	-	1,988	-	-

Share options granted under an Executive Share Option Scheme on 1 December 1997 are exercisable at 420p per share between three and ten years thereafter. Share options granted under the Inland Revenue approved SAYE Share Option scheme on 11 August 1997 are exercisable after three or five years at 368p per share. No options lapsed during the year.

Otherwise, the directors had no interest in the shares of any Group company during the year or at 28 March 1998.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to remain in office.



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act 1985 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 as at the end of the financial year and of the profit or loss of the company for the financial year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

BY ORDER OF THE BOARD

A.P. VICKERY

Secretary

28 May 1998



REPORT OF THE AUDITORS

TO THE MEMBERS OF BUP PROPERTIES LIMITED

We have audited the financial statements on pages 3 to 7 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described above 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.

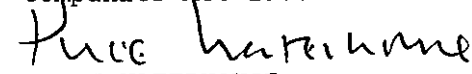
Basis of opinion

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 affairs of the company as at 28 March 1998 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

Bristol
28 May 1998

BUP PROPERTIES LIMITED

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 28 MARCH 1998

	<u>Notes</u>	<u>1997/98</u>	<u>1996/97</u>
		£	£
Turnover	3	0	<u>26,569</u>
External charges		0	(253)
Depreciation of tangible fixed assets		0	(1,720)
Other operating charges, including auditors' remuneration £100 (1996/97 £500)		<u>(165)</u>	<u>(4,331)</u>
		<u>(165)</u>	<u>(6,304)</u>
Operating profit		(165)	20,265
Interest received		2,202	1,755
Interest paid		(6)	0
(Loss) on sale of fixed assets		<u>0</u>	<u>(4,813)</u>
Profit on ordinary activities before taxation		2,031	17,207
Taxation on profit on ordinary activities	5	<u>1,709</u>	<u>(1,315)</u>
Profit on ordinary activities after taxation		3,740	15,892
Dividend proposed		<u>(3,740)</u>	<u>(389,751)</u>
Retained deficit for the financial year		0	(373,859)
Released from revaluation reserve		<u>0</u>	<u>373,859</u>
Retained profit for the year carried forward and amount transferred to reserves		<u>Nil</u>	<u>Nil</u>

All of the company's profit and turnover have been generated from continuing activities.

There is no significant difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

The notes on pages 6 to 7 form part of these financial statements.

BUP PROPERTIES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 28 MARCH 1998

	<u>1997/98</u>	<u>1996/97</u>
	£	£
Profit for the financial year	3,740	15,892
(Deficit) on revaluation of properties	<u>0</u>	<u>(70,000)</u>
Total recognised gains and losses for the financial year	<u>3,740</u>	<u>(54,108)</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

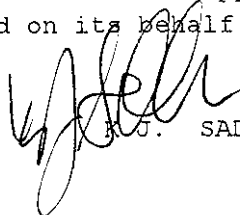
Profit for the financial year	3,740	15,892
Dividends	<u>(3,740)</u>	<u>(389,751)</u>
	0	(373,859)
(Deficit) on revaluation of properties	<u>0</u>	<u>(70,000)</u>
	0	(443,859)
Opening shareholders' funds	<u>49,894</u>	<u>493,753</u>
Closing shareholders' funds	<u>49,894</u>	<u>49,894</u>

BUP PROPERTIES LIMITED

BALANCE SHEET AS AT 28 MARCH 1998

	<u>Notes</u>	<u>1998</u> £	£	<u>1997</u> £
CURRENT ASSETS				
Amount due from parent company		0		447,622
Advance Corporation Tax recoverable		<u>97,438</u>		<u>97,438</u>
		<u>97,438</u>		<u>545,060</u>
CREDITORS:				
amounts falling due within one year				
Amount due to parent company		(43,376)		0
Dividend payable		(3,740)		(389,751)
Corporation Tax		(428)		(7,977)
Advance Corporation Tax payable		<u>0</u>		<u>(97,438)</u>
		<u>(47,544)</u>		<u>(495,166)</u>
NET ASSETS			<u>49,894</u>	<u>49,894</u>
CAPITAL AND RESERVES				
Called up Share Capital	7	19,800		19,800
Other Reserves	8	30,094		30,094
Profit and loss account		<u>0</u>		<u>0</u>
EQUITY SHAREHOLDERS' FUNDS			<u>49,894</u>	<u>49,894</u>

The accounts on pages 3 to 7 were approved by the Board of Directors on 28 May 1998 and signed on its behalf by:



R.J. SADLER

Director

The notes on pages 6 to 7 form part of these financial statements.

BUP PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28 MARCH 1998

1. ULTIMATE PARENT COMPANY

The immediate parent is Western Newspapers Ltd. The ultimate parent company and controlling party is Bristol United Press plc, which itself prepares consolidated financial statements.

2. ACCOUNTING POLICIES

- (a) The 'year' refers to a period of 52 weeks ending on Saturday, 28 March 1998 (1996/97, 52 weeks to 29 March 1997).
- (b) The accounts are drawn up under the historical cost basis of accounting and in accordance with applicable accounting standards in the United Kingdom.
- (c) Turnover represents the invoiced value of rental income excluding VAT.
- (d) Tangible fixed assets are stated at cost less accumulated depreciation. Cost is their purchase price together with any incidental expenses of acquisition. Depreciation is made on the straight-line method over the estimated useful economic lives of the assets as follows:-
 - Freehold and long leasehold buildings 50 years
 - Land is not depreciated
- (e) Deferred taxation is provided on the liability method at current rates of Corporation Tax where there is a reasonable probability that the liability will become payable in the foreseeable future.

	<u>1997/98</u> £	<u>1996/97</u> £
3. TURNOVER		
Principal activity all carried out in the United Kingdom:		
Property rental income	0	26,569
Less: intra-group sales	<u>0</u>	<u>0</u>
Income from non-group sources	<u>0</u>	<u>26,569</u>

All turnover was derived from the principal activities of the company in the United Kingdom.

4. DIRECTORS AND EMPLOYEES

The company had no employees and no director received any emoluments during this or the previous year.

5. TAXATION

Corporation Tax based on the taxable profits of the year at 21% (1996/97 33%)	428	7,834
Deferred taxation (Note 6)	0	(6,662)
(Over)/under provision in previous year	<u>(2,137)</u>	<u>143</u>
	<u>(1,709)</u>	<u>1,315</u>

6. DEFERRED TAXATION

Provided in respect of excess of tax allowances over depreciation		
Balance brought forward	0	6,662
Transfer (to) Profit and Loss Account (Note 5)	<u>0</u>	<u>(6,662)</u>
Balance carried forward	<u>0</u>	<u>0</u>

BUF PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28 MARCH 1998

7. CALLED UP SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
	£	£
Authorised, allotted, called up and fully paid 19,800 Ordinary shares of £1 each	19,800	19,800
Authorised but not allotted 200 Ordinary Shares of £1	200	200
	<u>20,000</u>	<u>20,000</u>

8. OTHER RESERVES

These represent the undistributed profits at the date of the acquisition of the company by Western Newspapers Ltd.

9. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption allowed under FRS 8: Related Party Disclosures not to disclose related party transactions with members of the group.

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