

TURNERS NEWS LIMITED
Registered number 896298

Directors

A. B. Turner
D. B. Lyon
A. R. Turner
D. G. Campbell

Secretary and Registered Office

D. G. Campbell
Europa Drive
Sheffield
S9 1XT

Bankers

Lloyds Bank plc
Church Street
Sheffield
S1 1HP

Girobank plc
Bootle
Merseyside
GIR 0AA

Auditors

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



TURNERS NEWS LIMITED**DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31st March, 2001.

PRINCIPAL ACTIVITY & REVIEW OF THE BUSINESS

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

In September 2001, the Directors accepted an offer from Menzies Distribution Limited, to acquire the company's trade and assets. The transfer will be completed on 3rd December 2001. A few weeks prior to that, in October 2001, the company closed its distribution depot at Kings Cross in London.

RESULTS & DIVIDENDS

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

The directors do not recommend that a dividend be paid on the ordinary shares.

DIRECTORS & THEIR INTERESTS

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

A. B. Turner
D. B. Lyon
M. Ramsden (resigned 4th May 2000)
A. R. Turner
D G Campbell (appointed 4th May 2000).

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

	<u>£1 ordinary shares</u>	
	<u>At 31/3/01</u>	<u>At 31/3/00</u>
A. B. Turner	1,875	1,875
A .R. Turner	95	95

TURNERS NEWS LIMITED

DIRECTORS' REPORT (cont)

EMPLOYEE INVOLVEMENT

During the year the policy of providing employees with information about the company has been continued through the regular group newsletters.

DISABLED EMPLOYEES

The company gives every consideration to applications for employment from disabled persons, where the requirements of the job may be covered adequately by a handicapped or disabled person. With regard to existing disabled employees, and those who have become disabled during the year, the company has continued to examine ways and means of providing continuing employment under normal terms and conditions, and to provide training and career development and promotion, wherever appropriate.


HEALTH AND SAFETY

The company has a comprehensive health and safety policy covering all aspects of its operations, all employees and all relations with customers and the general public.

AUDITORS

The auditors, Barber Harrison & Platt, have expressed their willingness to continue in office and a resolution proposing their re-appointment and authorising the directors to agree their remuneration will be submitted at the Annual General Meeting.

BY ORDER OF THE BOARD



D. G. CAMPBELL
SECRETARY

20th November 2001

TURNERS NEWS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- select suitable accounting policies and apply them consistently ;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

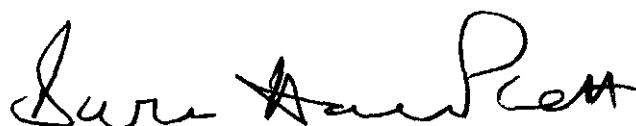
BASIS OF OPINION

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st March, 2001, and of its loss for the year then ended, and have been properly prepared in accordance with the provisions of the Companies Act 1985.

**BARBER HARRISON & PLATT**

Chartered Accountants
and Registered Auditors

Sheffield
20th November 2001

PROFIT & LOSS ACCOUNT
for the Year ended 31st March 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
TURNOVER		81,324,595	80,113,801
Cost of sales		<u>(75,078,763)</u>	<u>(73,488,498)</u>
GROSS PROFIT		6,245,832	6,625,303
Selling and distribution expenses		(8,056,866)	(7,400,921)
Administrative expenses		(1,916,766)	(1,859,279)
Other operating income		<u>2,990,888</u>	<u>2,891,195</u>
OPERATING (LOSS) / PROFIT	2	(736,912)	256,298
Profit on sale of assets		<u>12,159</u>	<u>3,825</u>
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		(724,753)	260,123
Interest and finance charges	4	<u>(81,769)</u>	<u>(20,719)</u>
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(806,522)	239,404
Taxation	5	<u>-</u>	<u>(136,871)</u>
RETAINED (LOSS) / PROFIT FOR THE YEAR		<u>(806,522)</u>	<u>102,533</u>

CONTINUING OPERATIONS

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

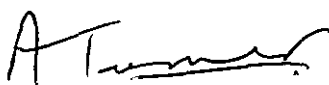
TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than those recognised in the profit and loss account.

BALANCE SHEET**at 31st March 2001**

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
FIXED ASSETS			
Tangible assets	6	968,245	1,771,221
Trade Investments	8	50,060	-
		<u>1,018,305</u>	<u>1,771,221</u>
CURRENT ASSETS			
Stock	9	152,761	164,770
Debtors	10	7,833,887	6,890,734
Cash at bank and in hand		51,815	292,919
		<u>8,038,463</u>	<u>7,348,423</u>
CREDITORS: amounts due within one year	11	<u>(7,364,629)</u>	<u>(6,620,983)</u>
NET CURRENT ASSETS		<u>673,834</u>	<u>727,440</u>
TOTAL NET ASSETS		<u><u>1,692,139</u></u>	<u><u>2,498,661</u></u>
CAPITAL AND RESERVES			
Called-up share capital	13	1,500,000	1,500,000
Profit & loss account	14	192,139	998,661
EQUITY SHAREHOLDER'S FUNDS		<u><u>1,692,139</u></u>	<u><u>2,498,661</u></u>

The financial statements on pages 6 to 14 were approved by the Board of Directors on 20th November 2001, and signed on its behalf.



A. B. TURNER - DIRECTOR

TURNERS NEWS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
at 31st March 2001****1. ACCOUNTING POLICIES****Basis of preparation**

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

The accounting policies are consistent with the previous year.

Cash flow

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

Accounting period

The company's accounting reference date is 31st March. The financial statements are made up for a 52 or 53 week period ending on a Sunday adjacent to 31st March each year. These financial statements are for a 52 week period ending on 1st April 2001. The comparative figures are for a 52 week period.

Turnover

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

Depreciation

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

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

NOTES TO THE FINANCIAL STATEMENTS
at 31st March 2001

1. ACCOUNTING POLICIES (cont)

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of identifiable net assets acquired. Goodwill arising on acquisitions since 1st April 1998 is capitalised and amortised through the profit and loss account over its estimated economic life, which is less than 20 years. Goodwill arising on acquisitions prior to 1st April 1998 was eliminated against reserves and will only be charged in the profit and loss account on a subsequent disposal of the business to which it related.

Stock

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

Deferred taxation

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

Related parties

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

Pensions

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

Operating leases

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

Group relief

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

Consolidation

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

NOTES TO THE FINANCIAL STATEMENTS
at 31st March 2001

2 <u>OPERATING PROFIT</u>	<u>2001</u>	<u>2000</u>
	£	£
This is stated after charging :-		
Directors' remuneration	89,637	123,560
Auditors' remuneration: fees	10,000	9,000
other	34,031	29,368
Depreciation	355,729	362,384
Operating leases on property	123,087	344,402
Onerous lease provision	-	77,463

The company made contributions to the group's defined benefit pension scheme in respect of two directors (2000 : two).

3 STAFF COSTS - including directors

Wages and salaries	2,903,661	3,146,151
Social security costs	231,093	221,539
Other pension costs	32,894	41,304
	<u>3,167,648</u>	<u>3,408,994</u>

The average number of employees during the year was:-

	<u>No.</u>	<u>No.</u>
Management	13	44
Warehouse distribution	248	221
	<u>261</u>	<u>265</u>

4 INTEREST AND FINANCE CHARGES

Group interest payable	83,775	48,999
Other interest payable	3,374	-
Other interest receivable	(5,380)	(28,280)
	<u>81,769</u>	<u>20,719</u>

NOTES TO THE FINANCIAL STATEMENTS

at 31st March 2001

5 TAXATION

	<u>2001</u>	<u>2000</u>
	£	£
Based on the profit of the year:-		
Adjustment for previous year	-	(30,129)
Subvention payment for group relief	-	167,000
	<u>-</u>	<u>136,871</u>

6 TANGIBLE FIXED ASSETS

	Short Leasehold Property	Fixtures, Equipment & Vehicles	Total
	£	£	£
Cost :			
At 1/4/00	35,999	3,130,026	3,166,025
Additions	-	208,951	208,951
Disposals	-	(123,383)	(123,383)
Group transfers in year	-	(561,842)	(561,842)
At 31/3/01	<u>35,999</u>	<u>2,653,752</u>	<u>2,689,751</u>
Depreciation :			
At 1/4/00	33,922	1,360,882	1,394,804
Disposals	-	(122,098)	(122,098)
Provided during the year	1,200	354,529	355,729
Group transfers in year	-	93,071	93,071
At 31/3/01	<u>35,122</u>	<u>1,686,384</u>	<u>1,721,506</u>
Net book value:			
At 31/3/01	<u>877</u>	<u>967,368</u>	<u>968,245</u>
At 31/3/00	<u>2,077</u>	<u>1,769,144</u>	<u>1,771,221</u>

NOTES TO THE FINANCIAL STATEMENTS

at 31st March 2001

7 INVESTMENTS

The company owns 100% of the issued capital of Turners News (Kings Cross) Limited which is a dormant company. The investment at cost was £9,016, and full provision has been made for diminution in its value.

8 TRADE INVESTMENTS

The company has an investment of £50,060 at cost in INdvest Limited which is an unlisted company.

9 STOCK

Stock consists entirely of goods for resale.

10 <u>DEBTORS:</u> amounts falling due within one year	<u>2001</u>	<u>2000</u>
	£	£
Trade debtors	4,588,227	5,484,945
Amount due from holding company	2,156,631	1,199,253
Prepayments	202,028	202,300
Other debtors	887,001	4,236
	<u>7,833,887</u>	<u>6,890,734</u>

11 CREDITORS: amounts falling due within one year

Bank overdraft	222,793	-
Trade creditors	6,709,215	6,209,296
Corporation tax	-	2,258
Other taxes and social security costs	81,520	65,503
Other creditors	1,552	(100,146)
Accruals	349,549	444,072
	<u>7,364,629</u>	<u>6,620,983</u>

12 DEFERRED TAXATION

The company has no actual or potential liability to deferred taxation.

NOTES TO THE FINANCIAL STATEMENTS

at 31st March 2001

13	<u>SHARE CAPITAL</u>	<u>2001</u>	<u>2000</u>
		£	£

Ordinary shares of £1 each:

Authorised, issued and fully paid	<u>1,500,000</u>	<u>1,500,000</u>
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The company also has 100 £1 preference shares authorised but not issued.

14 PROFIT & LOSS ACCOUNT

Balance at 1/4/00	998,661	896,128
Retained (loss) / profit for the year	<u>(806,522)</u>	<u>102,533</u>
Balance at 31/3/01	<u>192,139</u>	<u>998,661</u>

15 RECONCILIATION OF MOVEMENT IN
EQUITY SHAREHOLDERS' FUNDS

Retained (loss) / profit for the year	(806,522)	102,533
Surplus on revaluation of land and buildings	-	-
Balance at 1/4/00	<u>2,498,661</u>	<u>2,396,128</u>
Balance at 31/3/01	<u>1,692,139</u>	<u>2,498,661</u>

16 CAPITAL COMMITMENTS

Expenditure committed at the year end was £Nil (2000: £Nil).

17 LEASING COMMITMENTS

At the balance sheet date, the company had annual commitments for property leases of £38,700 due to expire within one year and £110,000 due to expire after five years.

NOTES TO THE FINANCIAL STATEMENTS**at 31st March 2001****18 CONTINGENT LIABILITIES**

The company is party to group cross guarantees to secure overdraft and loan facilities with the group's bankers.

19 PENSION COSTS

The company is a participating employer in a group pension scheme which is a defined benefit scheme, the assets of which are held in a separate trustee administration fund. Contributions are based on pension costs across the group as a whole. Regular funding reviews are made by a independent qualified actuary and contribution rates adjusted accordingly. Particulars of the last actuarial valuation of the scheme as at April 2000 are contained in the accounts of H Turner & Son Limited.

20 NON ADJUSTING POST BALANCE SHEET EVENT

On the 25th October the company reached a agreement to dispose of its goodwill and certain fixed assets, on 3rd December 2001.

21 ULTIMATE HOLDING COMPANY

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