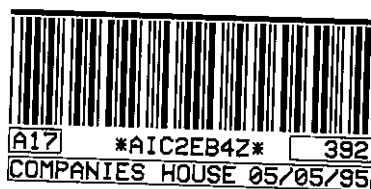


CHAMPION PUBLICATIONS (HARROGATE) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended
31 DECEMBER 1994

Company registration number: 1157888



CHAMPION PUBLICATIONS (HARROGATE) LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 DECEMBER 1994

The directors present their report and audited financial statements for the year ended 31 December 1994.

ACTIVITIES

The principal activity remained unchanged throughout the year and continues to be the publishing of free weekly advertising newspapers.

REVIEW OF THE YEAR AND FUTURE PROSPECTS

Despite the increasingly competitive market, the directors consider the trading results to be satisfactory. The directors view the future with confidence.

RESULTS FOR THE YEAR

The financial results of the company for the year, set out in the profit and loss account on page 6, show a profit on ordinary activities before taxation of £510,352.

After taking account of taxation and dividends, the balance transferred to reserves is £Nil.

DIVIDENDS

No interim dividend was paid during the year. The Directors recommend the payment of a final dividend on the ordinary shares of £341,936 for the year ended 31 December 1994.

FIXED ASSETS

Movements in tangible fixed assets are set out in note 8 to the financial statements on page 12.

DIRECTORS

The following persons were directors of the company during the year:

G. M. Toulmin	(Chairman)
J. A. Barrett	(Managing Director)
T. P. Lawler	

CHAMPION PUBLICATIONS (HARROGATE) LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 DECEMBER 1994

(continued)

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

- (1) select suitable accounting policies and apply them consistently;
- (2) make judgements and estimates that are reasonable and prudent;
- (3) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (4) 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.

DIRECTORS' SHARE INTERESTS

The company's ultimate holding company is United Newspapers plc. The interests, including share option entitlements, of those directors who were not also directors of the ultimate holding company, together with the interests of their families, in the shares of the ultimate holding company, were:

	25p Ordinary shares	Share Options (including SAYE)	25p Ordinary shares	Share Options (including SAYE)
	<u>At 31 December 1994</u>		<u>At 1 January 1994 or date of appointment if later</u>	
J. A. Barrett	268	6,373	268	6,373
T. P. Lawler	0	16,316	0	16,316

All share interests are beneficial. No director had any interest in the shares of the company, nor in any fellow subsidiary undertaking.

CHAMPION PUBLICATIONS (HARROGATE) LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 DECEMBER 1994

(continued)

DIRECTORS' INSURANCE

The company maintains insurance policies on behalf of all the directors against liability arising from neglect, breach of duty and breach of trust in relation to the company.

AUDITORS

On 1 October 1994 our auditors BDO Binder Hamlyn joined the Authur Andersen worldwide organisation and now practice in the name Binder Hamlyn. They have signed their audit report in their new name. In accordance with section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 21 March 1995.

PO Box 168
Wellington Street
Leeds
LS1 1RF


J. A. Barrett
Director

AUDITORS' REPORT TO THE MEMBERS OF
CHAMPION PUBLICATIONS (HARROGATE) LIMITED

For the year ended 31 DECEMBER 1994

We have audited the financial statements on page 6 to 14 which have been prepared on the basis of the accounting policies set out on pages 8 to 9.

Respective responsibilities of directors and auditors

As described on page 3 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 company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BINDER HAMLYN
Number Twenty-One Queen Street
Leeds LS1 2TW

Chartered Accountants
Registered Auditors
21 March 1995

CHAMPION PUBLICATIONS (HARROGATE) LIMITEDPROFIT AND LOSS ACCOUNTFor the year ended 31 DECEMBER 1994

	<u>Notes</u>	<u>1994</u> £000	<u>1993</u> £000
TURNOVER	2	1,197	1,228
Other external charges		568	600
Staff costs	4	105	117
Other operating charges		13	46
		686	763
OPERATING PROFIT	3	511	465
Interest payable and similar charges	5	1	1
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	510	464
Tax on profit on ordinary activities	6	168	153
PROFIT FOR THE FINANCIAL YEAR		342	311
Dividends	7	342	311
TRANSFERRED TO RESERVES		-	-

All of the above results derive from continuing activities and there are no acquisitions in the period.

The company has no recognised gains or losses for the years ended 1994 and 1993 other than the profit for the financial year.

CHAMPION PUBLICATIONS (HARROGATE) LIMITEDBALANCE SHEET at 31 DECEMBER 1994

	Notes	<u>1994</u> £000	<u>1993</u> £000
FIXED ASSETS			
Tangible assets	8	0	18
CURRENT ASSETS			
Debtors	9	3,919	3,485
Cash at bank and in hand		21	10
		<u>3,940</u>	<u>3,495</u>
CREDITORS: amounts falling due within one year	10	(532)	(476)
NET CURRENT ASSETS		<u>3,408</u>	<u>3,019</u>
(Including debtors due after more than one year £3,147,000 1993: £2,688,000).			
TOTAL ASSETS LESS CURRENTS LIABILITIES		3,408	3,037
CREDITORS: amounts falling due after more than one year	11	(3,280)	(2,909)
NET ASSETS		<u>128</u>	<u>128</u>
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Profit and loss account		128	128
Shareholders' funds		<u>128</u>	<u>128</u>

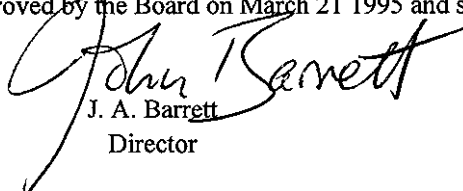
Analysis of Shareholders' Funds

Shareholders' funds

	<u>1994</u> £	<u>1993</u> £
Equity interests	127,900	127,900
Non-equity interests	100	100
	<u>128,000</u>	<u>128,000</u>

The non-equity interests in shareholders' funds all relate to the deferred ordinary shares.

The financial statements on pages 6 to 14 were approved by the Board on March 21 1995 and signed on its behalf by


J. A. Barrett
Director

CHAMPION PUBLICATIONS (HARROGATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1994

1. ACCOUNTING POLICIES

(a) Basis of accounting

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

(b) Restatement of comparative figures

The comparative figures for 1993 have been restated to reflect the requirements of Financial Reporting Standard No.3 - Reporting Financial Performance (FRS3) and the Urgent Issues Task Force - Abstract No.3 - Treatment of Goodwill on Disposal of a Business (UITF3).

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at original cost less capital grants. Provision is made for any permanent diminution in value.

Depreciation is provided on all tangible fixed assets, except freehold land.

Assets acquired under finance leases are capitalised and outstanding capital installments are included in creditors.

Depreciation rates are calculated so that assets are written down to residual value in equal annual installments over their anticipated useful lives, which are as follows:

General plant, machinery and equipment	7 years
Motor Vehicles	5 years

(d) Deferred taxation

Deferred taxation represents corporation tax, calculated on the liability basis, deferred by accelerated capital allowances and other timing differences, except to the extent that the liabilities are regarded as unlikely to crystallise in the foreseeable future. Full provision has been made in respect of pension costs accounted for in accordance with SSAP 24.

(e) Pension costs

The company is a member of a defined benefit pension scheme within the United Newspapers plc group. The costs of the company's defined benefit pension arrangements are charged on a systematic basis allowing for the expected pension costs over the service lives of the employees, taking all such group schemes as a whole.

CHAMPION PUBLICATIONS (HARROGATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 1994

(continued)

1. ACCOUNTING POLICIES (continued)

(f) Leasing costs

Rentals payable under operating leases and hire contracts are charged to the profit and loss account in the year in which they are incurred.

Assets acquired under finance leases and the related lease obligations are included in the balance sheet at the present value of the minimum rental payments, and the assets depreciated over their useful lives or the term of the lease, whichever is the shorter. The interest element of leasing payments is charged to the profit and loss account so as to produce a constant periodic rate of charge on the outstanding obligation at the year end.

(g) Cash flow statement

A cash flow statement has not been prepared as the company is a wholly owned subsidiary of a company which publishes consolidated financial statements including a consolidated cash flow statement.

2. BUSINESS ANALYSIS

Analysis of turnover and profit on ordinary activities before taxation by activity.

	Turnover		Profit	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£000	£000	£000	£000
Newspapers - regional	1,197	1,228	511	465
Net interest			(1)	(1)
Profit on ordinary activities before tax			<u>510</u>	<u>464</u>

All turnover arose in, and profit is attributable to, the United Kingdom.

CHAMPION PUBLICATIONS (HARROGATE) LIMITEDNOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 DECEMBER 1994(continued)

3. OPERATING PROFIT is stated after charging:

	<u>1994</u> £000	<u>1993</u> £000
Depreciation of tangible assets (see note 8)	1	8
Operating lease charges-		
Hire of plant and Machinery	2	2
Other	0	9
	<hr/>	<hr/>

4. STAFF COSTS AND PARTICULARS OF EMPLOYEES

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

	<u>1994</u> No.	<u>1993</u> No.
Category:		
Newspapers	2	12

Staff costs, including directors' emoluments (note 14), were:

	<u>1994</u> £000	<u>1993</u> £000
Wages and salaries	96	106
Social security costs	8	10
Other pension costs	1	1
	<hr/>	<hr/>
	105	117

The company is a member of defined benefit pension scheme within the United Newspapers plc group and the pension costs charged in these accounts are based on pension costs across the group as a whole, assessed by a qualified actuary.

CHAMPION PUBLICATIONS (HARROGATE) LIMITEDNOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 DECEMBER 1994(continued)

5. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1994</u>	<u>1993</u>
	<u>£000</u>	<u>£000</u>
Repayable within 5 years		
Under finance leases	1	1

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1994</u>	<u>1993</u>
	<u>£000</u>	<u>£000</u>
UK Corporation tax at 33% (1993-33%)	182	153
Transfer (from) deferred tax	(14)	0
	<u>168</u>	<u>153</u>

7. DIVIDENDS

	<u>1994</u>	<u>1993</u>
	<u>£000</u>	<u>£000</u>
Equity		
Final proposed	<u>342</u>	<u>311</u>

CHAMPION PUBLICATIONS (HARROGATE) LIMITEDNOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 DECEMBER 1994(continued)

8. TANGIBLE FIXED ASSETS

	Plant machinery and vehicles £000
Cost:	
At 1 January 1994	49
Disposals	(49)
at 31 December 1994	<u>0</u>
Depreciation:	
At 1 January 1994	31
Provision for the year	(1)
Disposals	(30)
At 31 December 1994	<u>0</u>
Net book amount:	
At 31 December 1994	<u>0</u>
At 31 December 1993	<u>18</u>

Plant and machinery includes assets with a net book amount of £Nil (1993 - 1,000) which have been acquired under finance leases. Depreciation provided on those assets in 1994 was £1,000 (1993 - £1,000).

Assets costing £Nil (1993 - £6,892) have been fully depreciated and are still in use.

Capital commitments:

At 31 December 1994, expenditure contracted for and expenditure authorised but not contracted for amounted to £Nil (1993 - £Nil) and £Nil (1993 - £9,000), respectively.

CHAMPION PUBLICATIONS (HARROGATE) LIMITEDNOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 DECEMBER 1994(continued)

9. DEBTORS

	<u>1994</u> £000	<u>1993</u> £000
Trade debtors	113	144
Amounts owed by other group undertakings	3,790	3,332
Other debtors	0	6
Deferred Tax	14	0
Prepayments and accrued income	2	3
	<u>3,919</u>	<u>3,485</u>

Amounts falling due after more than one year and included in the debtors above are:

Amounts owed by other group undertakings	<u>3,147</u>	<u>2,688</u>
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10. CREDITORS: amounts falling due within one year

	<u>1994</u> £000	<u>1993</u> £000
Trade creditors	5	4
Corporation tax	182	153
Accruals and deferred income	3	6
Lease obligations (note 13)	0	2
Proposed dividend	342	311
	<u>532</u>	<u>476</u>

11. CREDITORS: amounts falling due after more than one year

	<u>1994</u> £000	<u>1993</u> £000
Amounts owed to group undertakings	<u>3,280</u>	<u>2,909</u>

12. CALLED UP SHARE CAPITAL

	<u>1994</u> £	<u>1993</u> £
Authorised, allotted and full paid		
100 ordinary share of £1 each	100	100
100 deferred ordinary share of £1 each	100	100
	<u>200</u>	<u>200</u>

CHAMPION PUBLICATIONS (HARROGATE) LIMITEDNOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 DECEMBER 1994(continued)

13. LEASE OBLIGATIONS

The company is committed to the following payments, net of interest charges allocated to future periods, under finance lease agreements:

	<u>1994</u> £000	<u>1993</u> £000
Within one year	0	2
Between one and two years	0	0
Between two and five years	0	0
	<u>0</u>	<u>2</u>

At 31 December 1994 finance lease agreements entered into, and which commenced after 31 December 1994, amounted to £Nil (1993 - £ Nil).

14. DIRECTORS' EMOLUMENTS

No director received, nor was due, any emoluments during the year, nor during the previous year.

15. ULTIMATE HOLDING COMPANY

The directors consider United Newspapers plc, a company registered in England and Wales, to be the company's ultimate holding company. Copies of the group accounts of United Newspapers plc can be obtained from the company secretary at Ludgate House, 245 Blackfriars Road, London SE1 9UY.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>1994</u>	<u>1993</u>
Profit for the financial year	341,936	311,002
Dividends	(341,936)	(311,002)
Net increase in shareholders funds	<u>0</u>	<u>0</u>
Opening shareholders funds	128,000	128,000
Closing shareholders funds	<u>128,000</u>	<u>128,000</u>