

Registered no: 1377454

UNITED ADVERTISING PUBLICATIONS PLC

FINANCIAL STATEMENTS

31 December 1996



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	<u>Page Number</u>
Report of the directors	3
Statement of directors' responsibilities	6
Report of the auditors	7
Profit and loss account	8
Balance sheet	9
Notes to the financial statements	10

UNITED ADVERTISING PUBLICATIONS PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1996

The directors present their report and audited financial statements of the Company for the year ended 31 December 1996.

PRINCIPAL ACTIVITIES

The principal activity throughout the year and was that of a holding company for various subsidiary undertakings publishing advertising periodicals.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Despite the increasingly competitive market, the directors consider the trading results to be satisfactory. On 28 February 1996 the company acquired the entire share capital of Pick-Up Newspapers Limited, a company publishing advertising periodicals. On 16 September 1996 the company changed its name from Link House Publications PLC to United Advertising Publications plc. On 31 December 1996 all of the trading activity and the assets and liabilities of the following subsidiary companies were transferred to the company:

Link House Advertising Periodicals Limited
Trade-It Limited
Pick-Up Newspapers Limited
Brittain Publications Limited

DIVIDENDS

The directors do not recommend payment of a dividend (1995: £3,390,640).

DIRECTORS AND DIRECTORS' INTERESTS

The following directors held office during the year:

G M Toulmin	(Chairman, resigned 31 December 1996)
G J Ramsey	(Resigned 31 December 1996)
A Thomas	(Appointed 20 February 1996)
P Sandall	
E Simpson	

In accordance with the Articles of Association Mr P Sandall will retire at the Annual General Meeting and, being eligible, offers himself for re-election.

UNITED ADVERTISING PUBLICATIONS PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1996

None of the directors had any interest in the shares of the Company during the year. The interests of the directors in the shares of United News & Media plc (United), the ultimate parent company, are shown in note 4 to the financial statements.

CREDITOR PAYMENT POLICY

The Company's policy with regard to the payment of its suppliers is to:

- agree the terms of payment at the start of business with that supplier;
- ensure that the suppliers are made aware of the terms of payment;
- pay in accordance with its contractual and legal obligations.

UNITED ADVERTISING PUBLICATIONS PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1996

AUDITORS

Binder Hamlyn tendered their resignation as Auditors of the Company with effect from 28 June 1996 and the directors appointed Coopers & Lybrand as Auditors in accordance with section 384 of the Companies Act 1985. The Company has passed an elective resolution dispensing with the requirements to re-appoint auditors annually and therefore Coopers & Lybrand will continue in office.

BY ORDER OF THE BOARD



Secretary

17 April 1997

UNITED ADVERTISING PUBLICATIONS PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1996

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial year that 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 and loss for the year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records, 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 handwritten signature in black ink, appearing to be 'M. Edwards', written over a horizontal line.

Secretary

17 April 1997

**REPORT OF THE AUDITORS TO THE MEMBERS OF
UNITED ADVERTISING PUBLICATIONS PLC**

We have audited the financial statements on pages 8 to 20.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 6 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.

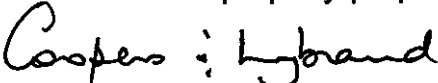
BASIS OF OPINION

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 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Coopers & Lybrand
Chartered Accountants and Registered Auditors
London

.....
Date 22 April 1997

UNITED ADVERTISING PUBLICATIONS PLC
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996

	Notes	1996 £	1995 £
Turnover - continuing operations	1	4,079	3,837
Administrative expenses	2	144,210	(493)
		<hr/>	<hr/>
Operating (loss)/profit - continuing operations		(140,131)	4,330
Income from shares in group undertakings		115,587,401	6,094,825
Net interest (payable)/receivable	4	(37,946)	436
		<hr/>	<hr/>
Profit on ordinary activities before taxation		115,409,324	6,099,591
Tax on profit on ordinary activities	5	(11,187)	1,449
		<hr/>	<hr/>
Profit for the financial year		115,420,511	6,098,142
Dividend		-	3,390,640
		<hr/>	<hr/>
Retained profit for the year	13	115,420,511 =====	2,707,502 =====

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

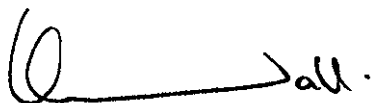
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year above, and their historical equivalents.

UNITED ADVERTISING PUBLICATIONS PLC

BALANCE SHEET AT 31 DECEMBER 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible fixed assets	6	4,641,062	-
Investments	7	211,218	211,094
		<u>4,852,280</u>	<u>211,094</u>
CURRENT ASSETS			
Stocks	8	177,032	-
Debtors: amounts falling due within one year	9	19,873,252	8,761,456
Cash at bank and in hand		84,886	-
		<u>20,135,170</u>	<u>8,761,456</u>
CREDITORS			
Amounts falling due within one year	10	(16,516,377)	(6,389,031)
NET CURRENT ASSETS		<u>3,618,793</u>	<u>2,372,425</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,471,073	2,583,519
PROVISIONS FOR LIABILITIES AND CHARGES	11	(167,066)	-
NET ASSETS		<u>8,304,007</u> =====	<u>2,583,519</u> =====
CAPITAL AND RESERVES			
Called up share capital	12	2,421,854	2,421,854
Share premium		161,665	161,665
Profit and loss account	13	5,720,488	-
Equity Shareholders' Funds		<u>8,304,007</u> =====	<u>2,583,519</u> =====

The financial statements on pages 8 to 20 were approved by the Board of Directors and were signed on its behalf by

all.

Director

17 April 1997

UNITED ADVERTISING PUBLICATIONS PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared on a consistent basis in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

(b) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

The consolidated financial statements of United, the ultimate parent company, include a cashflow statement, but no such statement is included in these accounts, as permitted by Financial Reporting Standard Number 1 (FRS1).

(c) Turnover

Turnover comprises income arising from royalties on videos.

(d) Goodwill

Goodwill representing the excess of acquisition cost of businesses over the fair value of net assets acquired is charged to reserves.

(e) Tangible fixed assets and depreciation

Tangible fixed assets are written off by equal annual instalments over the following estimated useful lives:

Plant and machinery	Between 5 - 10 years
Motor vehicles	5 years
Fixtures and fittings	Between 10 - 20 years

UNITED ADVERTISING PUBLICATIONS PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

(f) Finance and operating leases

Leasing arrangements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset was purchased outright. These assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against the profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets. Operating lease rentals are charged to the profit and loss account as they arise.

(g) Stocks and work in progress

Stocks and work in progress are valued on the first in first out basis at the lower of cost and net realisable value. In the case of work in progress and finished goods, cost comprises materials, direct labour and a proportion of attributable production and other overheads.

(h) 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. No provision is made for taxation which might arise on the disposal of fixed assets at the amount of the valuations incorporated in the financial statements.

(i) Pension costs

Contributions to the company's pension scheme are assessed by a qualified actuary and are charged to the profit and loss account in the period in respect of which they become payable.

UNITED ADVERTISING PUBLICATIONS PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

1	TURNOVER	1996	1995
		£	£
	Turnover consists entirely of sales made in the United Kingdom	4,079	3,837
2	ADMINISTRATIVE EXPENSES	1996	1995
		£	£
	Continuing operations:		
	Other operating income	(260,977)	(168,083)
	Other external income	(151)	(493)
	Employment costs	260,977	168,083
	Provision for permanent diminution of asset value	144,361	-
		<u>144,210</u>	<u>(493)</u>
		=====	=====

3 EMPLOYEES AND DIRECTORS

(a) Employee Information

The average monthly number of persons (including Executive Directors) employed by the Company during the year was:

	1996	1995
	Number	Number
Administration	7	6
Employment costs for the above persons were:	1996	1995
	£	£
Wages and salaries	260,977	168,083
	<u>260,977</u>	<u>168,083</u>
	=====	=====

UNITED ADVERTISING PUBLICATIONS PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

(b) Pensions

For defined contribution schemes:

The Company participates in defined contribution pension schemes operated by United. The assets of the scheme are held separately from those of the company. Details of the pension scheme are disclosed in the accounts of United.

For defined benefit schemes:

The Company participates in a funded defined benefit scheme for eligible employees, the United Magazines Final Salary Scheme. The cost of the Scheme has been assessed by a qualified actuary using the Attained Age method as at 1 April 1996. The principal assumptions adopted were investment return 9½%, salary increases 7%, pension increases 4½% and dividend growth 5%.

The market value of the Scheme's assets at 1 April 1996 was £61.9 millions. The actuarial value of the assets exceeds the actuarial value of the Scheme's liabilities by 18%.

(c) Directors' Emoluments

	1996 £	1995 £
Other emoluments (including pension contributions and benefits in kind)	260,977	168,083
The directors emoluments (excluding pension contributions) include amounts paid to:		
	1996 £	1995 £
The Chairman	-	-
The highest paid director	<u>152,619</u>	<u>93,690</u>

UNITED ADVERTISING PUBLICATIONS PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

(c) Directors' Emoluments (continued)

The number of directors (including the chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) within the following ranges was:

	1996 £	1995 £
£0 to £5,000	3	2
£70,001 to £75,000	-	1
£90,001 to £95,000	-	1
£105,001 to £110,000	1	-
£150,001 to £155,000	1	-

(d) Directors' interests

The interests of the other directors in the share capital of United are as follows:

Ordinary shares of 25p
at 31 December 1996

P Sandall 1,850

Options over ordinary shares of 25p:

	At 1 January 1996	Exercised during year	Granted	At 31 December 1996
A Thomas	40,841	30,841	-	10,000
E Simpson	31,390	550	-	30,840
P Sandall	19,470	-	-	19,470

Options were exercised in the year at prices between 245.1p and 530.1p. The options are exercisable at prices between 334.6p and 530.1p until 2005.

UNITED ADVERTISING PUBLICATIONS PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

4 NET INTEREST (PAYABLE)/RECEIVABLE

	1996 £	1995 £
Interest receivable: from third parties	-	436
Interest payable: on bank loans and overdrafts	(37,946)	-
	<u>(37,946)</u> =====	<u>436</u> =====

5 TAX ON PROFIT OF ORDINARY ACTIVITIES

	1996 £	1995 £
UK corporation tax at 33% (1995: 33%)		
Current	(11,126)	1,634
Deferred	-	-
Over provision in respect of prior years:		
Current	(61)	(185)
	<u>(11,187)</u> =====	<u>1,449</u> =====

UNITED ADVERTISING PUBLICATIONS PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

6 TANGIBLE FIXED ASSETS

	Plant Machinery & vehicles £	Total £
Cost		
At 1 January 1996	-	-
Transfers from group companies	10,664,461	10,664,461
At 31 December 1996	<u>10,664,461</u>	<u>10,664,461</u>
Depreciation		
At 1 January 1996	-	-
Transfers from group companies	6,023,399	6,023,399
At 31 December 1996	<u>6,023,399</u>	<u>6,023,399</u>
Net book value		
At 31 December 1996	4,641,062	4,641,062
At 31 December 1995	-	-
	=====	=====

7 INVESTMENTS

	£
Share in group undertakings	
Balance at 1 January 1996	211,094
Transfer of ownership	24
Acquisition of subsidiary	144,461
Provision for diminution in value	(144,361)
At 31 December 1996	<u>211,218</u>
	=====

UNITED ADVERTISING PUBLICATIONS PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

7 INVESTMENTS cont'd

At 31 December 1996 the company owned the following subsidiary undertakings:

<u>Subsidiary</u>	<u>Country of Incorporation</u>	<u>Type of Shares and Proportion owned</u>	<u>Business</u>
Link House Advertising Periodicals Ltd	Great Britain	Ordinary Shares 100%	Advert Periodicals
Daltons Weekly plc	Great Britain	Ordinary Shares 100%	Advert Periodicals
Trade-It Ltd	Great Britain	Ordinary Shares 100%	Advert Periodicals
Brittain Publications Ltd	Great Britain	Ordinary Shares 100%	Dormant
The Yeller Publications Ltd	Great Britain	Ordinary Shares 100%	Advert Periodicals
Pick-Up Newspapers Ltd	Great Britain	Ordinary Shares 100%	Advert Periodicals
Kingsway Collections Ltd	Great Britain	Ordinary Shares 100%	Dormant

In the opinion of the directors the aggregate value of the Company's interest in its subsidiary undertakings is not less than the amount stated in the balance sheet.

The Company has exercised its entitlement under s228 of the Companies Act 1985 (as amended) to dispense with the requirement to prepare group accounts.

8 STOCK

	1996	1995
	£	£

Raw materials and consumables - paper stocks	<u>177,032</u>	<u>-</u>
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9 DEBTORS

	1996	1995
	£	£

Amounts falling due within one year

Trade debtors	6,420,516	-
Amounts owed by subsidiary undertakings	58,702	8,548,776
Amounts owed by other group undertakings	12,543,551	2,220
Other debtors	88,535	209,015
Prepayments and accrued income	761,948	-
Other taxes and Social Security	-	1,445
	<u>19,873,252</u>	<u>8,761,456</u>
	=====	=====

UNITED ADVERTISING PUBLICATIONS PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Unsecured bank overdrafts	548,765	3,382
Trade creditors	1,038,822	-
Lease obligations	2,236	-
Amounts owed to subsidiary undertakings	-	1,580,026
Amounts owed to group undertakings	8,207,058	232,704
Other creditors	23,813	34,406
Corporation tax	3,309,515	1,634
Other taxes and social security	815,033	248,387
Accruals and deferred income	1,763,666	897,852
Proposed dividend	-	3,390,640
Pension creditor	807,469	-
	<u>16,516,377</u>	<u>6,389,031</u>
	=====	=====

11 PROVISION FOR LIABILITIES AND CHARGES

The movement on the provision for deferred taxation is as follows:

	Deferred taxation (see below) £	Total £
At 1 January 1996	-	-
Transferred from group companies	167,066	167,066
At 31 December 1996	<u>167,066</u>	<u>167,066</u>
	=====	=====

UNITED ADVERTISING PUBLICATIONS PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER

11 PROVISION FOR LIABILITIES AND CHARGES (continued)

Deferred taxation provided in the financial statements and the amount unprovided of the total potential liability are as follows:

	Amount provided		Amount unprovided	
	1996	1995	1996	1995
	£	£	£	£
Tax effect of timing differences due to:				
Excess of capital allowances over depreciation	433,532	-	-	-
Other	(266,466)	-	-	-
	<u>167,066</u>	<u>-</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====

12 CALLED UP SHARE CAPITAL

	1996	1995
	£	£
Authorised 15,000,000 ordinary shares of 20p each	3,000,000	3,000,000
Allotted, called up and fully paid 12,109,268 ordinary shares of 20p each	2,421,854	2,421,854

13 PROFIT AND LOSS ACCOUNT

	£
At 1 January 1996	-
Retained profit for the year	115,420,511
Goodwill written off on transfer of trade and business of subsidiaries	(109,700,023)
At 31 December 1996	<u>5,720,488</u>

UNITED ADVERTISING PUBLICATIONS PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	115,564,872	6,098,142
Dividend	-	(3,390,640)
	<u>115,564,872</u>	<u>2,707,502</u>
Net goodwill written off	(109,700,023)	-
	<u>5,720,488</u>	<u>2,707,502</u>
Net increase in shareholders' funds	2,583,519	(123,983)
Opening shareholders' funds	<u>8,304,007</u>	<u>2,583,519</u>
Closing shareholders' funds	=====	=====

Opening shareholders funds for 1995 have been restated for the write back of £715,562 of provisions against the cost of investments in 1994 which were no longer required.

15 COMMITMENTS AND CONTINGENT LIABILITIES

	1996 £	1995 £
Capital Expenditure		
Contracted for but not provided in the financial statements	—	—

Operating Lease Rentals

At 31 December 1996 the Company had no annual commitments under non-cancellable operating leases.

16 ULTIMATE PARENT COMPANY

The ultimate parent company is United which is registered in England. Copies of the accounts of United may be obtained from the Secretary at Ludgate House, 245 Blackfriars Road, London SE1 9UY.