



FLETCHER NEWSPAPERS LIMITED

Report and Financial Statements

31 December 1995



**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**

REPORT AND FINANCIAL STATEMENTS 1995

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1995.

ACTIVITIES

Fletcher Newspapers Limited is engaged in the publishing and distribution of regional and national newspapers and promotional material. The principal trading activity of a subsidiary company is contract newspaper printing.

GROUP STRUCTURE

Acquisitions in the year are set out in note 2 to the accounts.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENT

The directors expect to continue the group's present business activities and are pleased with the performance in 1995. It is hoped to build upon this performance over the future years.

DIVIDENDS AND TRANSFERS TO RESERVES

The results for the year are set out in detail on page 5.

The directors do not recommend payment of a dividend (1994 - nil) and the retained profit of £137,601 (1994 - £214,110) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The following were directors of the company during the year:

I D Fletcher
 A M G Fletcher
 J Finlayson
 S M Donald
 A G Herron
 K Clements
 J Welch (appointed 9 November 1995)

The directors' interests in the shares of the company as at 1 January 1995 and 31 December 1995 were:

	£1 ordinary shares Number	£1 redeemable shares Number
I D Fletcher	79,800	718,200

No other director held any interests in the shares of the company during the year.

FIXED ASSETS

The movements in fixed assets are set out in notes 11, 12 and 13 to the accounts.

**DIRECTORS' REPORT****EMPLOYEE INVOLVEMENT**

The Group encourages the participation of staff in the generation of fresh business ideas. The Group actively promotes from within and solicits contributions from all staff for improvements. Regular meetings are held between staff and management to encourage the interchange of ideas.

EMPLOYMENT OF DISABLED PERSONS

Sympathetic consideration is given to applications for employment from disabled persons having regard to their particular aptitudes and abilities.

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

J Finlayson
Secretary

3 October 1996

**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 group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS OF

FLETCHER NEWSPAPERS LIMITED

We have audited the financial statements on pages 5 to 25 which have been prepared under the accounting policies set out on pages 12 and 13.

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 circumstances of the company and the group, 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 and the group as at 31 December 1995 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and
Registered Auditors

3 October 1996


CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 1995

	Note	Year ended 31 December 1995 £	Year ended 31 December 1995 £	13 months ended 31 December 1994 £
TURNOVER				
Continuing operations		16,144,903		
Acquisitions	3	<u>887,973</u>		
TOTAL TURNOVER	3		17,032,876	9,123,746
Cost of sales	3		<u>(12,036,503)</u>	<u>(5,547,515)</u>
Gross profit			4,996,373	3,576,231
Distribution costs	3		<u>(1,041,102)</u>	<u>(1,086,568)</u>
Administrative expenses	3		<u>(3,580,337)</u>	<u>(2,105,391)</u>
OPERATING PROFIT/(LOSS)				
Continuing operations		630,661		
Acquisitions	3	<u>(255,727)</u>		
TOTAL OPERATING PROFIT	8		374,934	384,272
Income from interests in associated companies			128,795	27,548
Interest receivable and similar income	6		155	28,004
Interest payable and similar charges	7		<u>(195,976)</u>	<u>(72,853)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			307,908	366,971
Tax on profit on ordinary activities	9		<u>(109,943)</u>	<u>(150,922)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			197,965	216,049
Equity minority interests			<u>(60,364)</u>	<u>(1,939)</u>
PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES	21		<u>137,601</u>	<u>214,110</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

NOTE OF HISTORICAL COST PROFITS

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


CONSOLIDATED BALANCE SHEET
31 December 1995

	Note	1995 £	1994 £
FIXED ASSETS			
Intangible assets	11	528,012	246,271
Tangible assets	12	3,450,810	3,183,399
Investments	13	258,536	137,963
		<u>4,237,358</u>	<u>3,567,633</u>
CURRENT ASSETS			
Stocks	14	951,120	753,396
Debtors	15	2,188,118	1,902,691
Cash at bank and in hand		18,885	50,225
		<u>3,158,123</u>	<u>2,706,312</u>
CREDITORS: amounts falling due within one year	16	<u>(5,286,877)</u>	<u>(4,347,384)</u>
NET CURRENT LIABILITIES		<u>(2,128,754)</u>	<u>(1,641,072)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,108,604	1,926,561
CREDITORS: amounts falling due after more than one year	17	(630,642)	(646,564)
PROVISIONS FOR LIABILITIES AND CHARGES	19	(39,600)	(39,600)
EQUITY MINORITY INTEREST		<u>(86,651)</u>	<u>(26,287)</u>
TOTAL NET ASSETS		<u>1,351,711</u>	<u>1,214,110</u>
CAPITAL AND RESERVES			
Called up share capital	20	1,000,000	1,000,000
Profit and loss account	21	351,711	214,110
Equity shareholders' funds		<u>1,351,711</u>	<u>1,214,110</u>

These financial statements were approved by the Board of Directors on 3 October 1996

Signed on behalf of the Board of Directors


 I D Fletcher
 Director


RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 31 December 1995

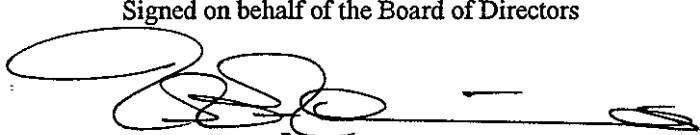
	Year ended 31 December 1995 £	13 months ended 31 December 1994 £
Profit for the financial year/period	137,601	214,110
Issue of shares	-	1,000,000
Net addition to equity shareholders' funds	137,601	1,214,110
Opening equity shareholders' funds	1,214,110	-
Closing equity shareholders' funds	1,351,711	1,214,110


COMPANY BALANCE SHEET
31 December 1995

	Note	1995 £	1994 £
FIXED ASSETS			
Intangible assets	11	1	1
Tangible assets	12	842,840	897,421
Investments	13	962,883	811,333
		<u>1,805,724</u>	<u>1,708,755</u>
CURRENT ASSETS			
Stocks	14	70,497	372,924
Debtors	15	1,239,586	1,048,089
Cash at bank and in hand		4,526	-
		<u>1,314,609</u>	<u>1,421,013</u>
CREDITORS: amounts falling due within one year	16	<u>(1,595,545)</u>	<u>(1,716,754)</u>
NET CURRENT LIABILITIES		<u>(280,936)</u>	<u>(295,741)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,524,788	1,413,014
CREDITORS: amounts falling due after more than one year	17	(138,237)	(167,454)
PROVISIONS FOR LIABILITIES AND CHARGES	19	<u>(39,600)</u>	<u>(39,600)</u>
TOTAL NET ASSETS		<u>1,346,951</u>	<u>1,205,960</u>
CAPITAL AND RESERVES			
Called up share capital	20	1,000,000	1,000,000
Profit and loss account	21	346,951	205,960
Equity shareholders' funds		<u>1,346,951</u>	<u>1,205,960</u>

These financial statements were approved by the Board of Directors on 3 October 1996

Signed on behalf of the Board of Directors


 I D Fletcher
 Director


CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 1995

	Note	Year ended 31 December 1995 £	13 months ended 31 December 1994 £
Net cash (outflow)/inflow from operating activities	1	<u>(142,405)</u>	<u>223,552</u>
Returns on investments and servicing of finance			
Interest received		155	28,004
Interest paid		(91,116)	(4,695)
Interest element of finance lease rentals		<u>(104,860)</u>	<u>(68,158)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(195,821)</u>	<u>(44,849)</u>
Taxation		<u>-</u>	<u>-</u>
Investing activities			
Purchase of tangible fixed assets		(199,134)	(921,293)
Purchase of subsidiary undertaking (net of cash and cash equivalents)	5	(35,781)	(83,626)
Purchase of investments		(50)	(96,414)
Purchase of publishing rights and titles		(53,000)	-
Sale of tangible fixed assets		-	7,154
Net cash outflow from investing activities		<u>(287,965)</u>	<u>(1,094,179)</u>
Net cash outflow before financing		<u>(626,191)</u>	<u>(915,476)</u>
Financing			
Repayment of loans	3	(24,681)	-
Acquired finance lease obligations		-	(45,493)
Capital element of finance lease rentals	3	(421,521)	(271,797)
Shares issued	3	-	1,000,000
Net cash inflow from financing		<u>(446,202)</u>	<u>682,710</u>
Decrease in cash and cash equivalents	2	<u><u>(1,072,393)</u></u>	<u><u>(232,766)</u></u>


NOTES TO THE CASH FLOW STATEMENT
Year ended 31 December 1995
**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/
INFLOW FROM CONTINUING OPERATING ACTIVITIES**

	Year ended 31 December 1995 £	13 months ended 31 December 1994 £
Operating profit	374,934	384,272
Depreciation charges	392,703	308,507
Amortisation of goodwill	50,060	20,078
Revaluation of Loan Notes debtor	-	(113,733)
Increase in stocks	(197,724)	(443,076)
Increase in debtors	(121,312)	(1,193,513)
(Decrease)/increase in creditors	(641,066)	1,221,417
Increase in provisions	-	39,600
Net cash (outflow)/inflow from operating activities	(142,405)	223,552

**2. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS
AS SHOWN IN THE CONSOLIDATED BALANCE SHEET**

	31 December 1995 £	Change in the year £	31 December 1994 £
Cash at bank and in hand	18,885	(31,340)	50,225
Bank overdrafts	(1,324,044)	(1,041,053)	(282,991)
	(1,305,159)	(1,072,393)	(232,766)

3. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Year ended 31 December 1995 £		13 months ended 31 December 1994 £	
	Share capital £	Loans and finance lease obligations £	Share capital £	Loans and finance lease obligations £
Balance at beginning of period	1,000,000	1,017,271	-	-
Cash (outflow)/inflow from financing	-	(446,202)	1,000,000	(226,304)
Subsidiaries acquired	-	125,243	-	988,907
Inception of finance lease contracts	-	414,772	-	254,668
Balance at 31 December	1,000,000	1,111,084	1,000,000	1,017,271


NOTES TO THE CASH FLOW STATEMENT
Year ended 31 December 1995
4. PURCHASE OF SUBSIDIARY UNDERTAKINGS

	Year ended 31 December 1995 £	13 months ended 31 December 1994 £
Net assets acquired:		
Tangible fixed assets	46,208	2,323,099
Stocks	-	310,320
Debtors	164,115	709,178
Cash at bank and in hand	115,719	31,374
Creditors and accruals	(328,100)	(1,846,611)
Hire purchase and finance lease obligations	(18,719)	(988,907)
Bank loans	(38,332)	-
Other loans	(68,192)	-
Convertible Loan Notes 1993/95	-	(460,000)
Minority interest	-	(23,480)
	<u>(127,301)</u>	<u>54,973</u>
Goodwill	278,801	160,127
	<u>151,500</u>	<u>215,100</u>
Satisfied by:		
Shares allotted	-	100
Cash	151,500	115,000
Conversion of Convertible Loan Notes 1993/95	-	100,000
	<u>151,500</u>	<u>215,100</u>

The subsidiary undertakings acquired during the year contributed £21,026 to the group's net operating cash flows, paid £31,624 in respect of net returns on investment and servicing of finance, paid £nil in respect of taxation and utilised £56,618 for investing activities.

**5. ANALYSIS OF THE NET OUTFLOWS OF CASH AND CASH EQUIVALENTS
IN RESPECT OF THE PURCHASE OF SUBSIDIARY UNDERTAKINGS**

	Year ended 31 December 1995 £	13 months ended 31 December 1994 £
Cash consideration	151,500	115,000
Cash at bank and in hand acquired	<u>(115,719)</u>	<u>(31,374)</u>
Net outflow of cash and cash equivalents in respect of the purchase of subsidiary undertakings	<u>35,781</u>	<u>83,626</u>

**NOTES TO THE ACCOUNTS**
Year ended 31 December 1995**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and all subsidiaries together with the group's share of the results of associated undertakings.

The company, as permitted by Section 230 of the Companies Act 1985, does not present its own profit and loss account.

Intangible fixed assets

Publishing rights and titles are stated at cost less provisions.

Goodwill arising on consolidation is capitalised and written off over 10 years on a straight line basis.

Tangible fixed assets

Depreciation is not provided on freehold land. On other assets it is provided on cost in equal instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Freehold property	- 2% per annum
Leasehold property	- Over the term of the lease
Plant and machinery, fixtures, fittings, tools and equipment	- 7½%, 15% and 25% per annum

Investments

Investments made by the parent company are stated at cost less provisions for diminution in value. Investments in the associated companies are dealt with in the consolidated financial statements under the equity method of accounting.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises purchase price of raw materials and consumables.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
1. ACCOUNTING POLICIES (continued)
Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Pension commitments

The expected cost of providing pensions, as calculated periodically by professional qualified actuaries, is charged to the profit and loss account so as to spread the cost of pensions over employees' working lives.

2. ACQUISITIONS AND GOODWILL
Maturetimes Limited

	Net tangible liabilities acquired £
Fixed Assets	46,208
Debtors	164,115
Cash at bank and in hand	115,719
Creditors due within one year	(353,485)
Creditors due after one year	(99,858)
	<hr/> (127,301) <hr/>
Fair value to the Group of 65% acquisition	(82,745)
Goodwill	234,245
	<hr/>
Satisfied by cash	151,500
	<hr/>


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
3. TURNOVER AND PROFITS

Analyses by class of business of turnover and profit on ordinary activities before taxation are stated below:

Class of business	Year ended 31 December 1995 £	Profit on ordinary activities Year ended 31 December 1995 £	Turnover 13 months ended 31 December 1994 £	Profit/(loss) on ordinary activities 13 months ended 31 December 1994 £
Publishing and distribution	9,517,175	88,058	7,280,389	374,727
Newspaper printing	7,515,701	219,850	1,843,357	(7,756)
	<u>17,032,876</u>	<u>307,908</u>	<u>9,123,746</u>	<u>366,971</u>

Analysis of results of acquisition during the year

Turnover	887,973
Cost of sales	(606,478)
Gross profit	281,495
Distribution costs	(29,940)
Administrative expenses	(507,282)
Operating loss	<u>(255,727)</u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1995 £	1994 £
Directors' emoluments:		
Remuneration	278,489	197,651
Pensions	47,759	33,701
	<u>326,248</u>	<u>231,352</u>
Remuneration of the Chairman	80,287	72,571
Remuneration of the highest paid director	81,832	* -

£38,000 of the emoluments paid to the highest paid director were recharged in the year to Highbury House Communications PLC.

* Note: In 1994 the Chairman was also the highest paid director.


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	1995 No.	1994 No.
Scale of other directors' remuneration:		
£ 0 - £ 5,000	-	2
£ 5,001 - £10,000	2	1
£35,001 - £40,000	-	1
£50,001 - £55,000	2	-
£55,001 - £60,000	1	-
£70,001 - £75,000	-	1
	<hr/>	<hr/>
	1995 £	1994 £
Employee costs during the year (including directors):		
Wages and salaries	3,560,332	2,177,879
Social security costs	326,923	199,954
Other pension costs	97,896	86,273
	<hr/>	<hr/>
	3,985,151	2,464,106
	<hr/>	<hr/>
Average number of full time persons employed:	No.	No.
Newspaper publishing and distribution	147	200
Newspaper printing	63	63
	<hr/>	<hr/>
Total	210	263
	<hr/>	<hr/>

5. EMPLOYEES' PENSION SCHEME

The group operate a defined benefit pension scheme providing benefits based on final pensionable pay and a defined contribution scheme. The assets of the defined benefit scheme are invested in a with profits deferred annuity policy with an insurance company.

The defined benefit scheme is subject to triennial valuation by independent actuaries, the last valuation being carried out as at 1 July 1991 using the projected unit method in which the actuarial liability makes allowances for projected earnings. The following actuarial assumptions were applied:

Investment returns	- 9% per annum
Salary growth	- 8% per annum

At the last actuarial valuation date, the market value of the assets of the scheme was £1,334,000 which was sufficient to secure the members' entitlements based upon salaries at that date.

The directors consider that any difference between the actuarial valuation of the scheme and the actual charges to the profit and loss account would not be material.

The charge to the profit and loss in respect of pensions for the year was £97,896.

The latest actuarial valuation has been carried out as at 1 July 1994 but the actuaries have not yet reported their results.


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
6. INTEREST RECEIVABLE AND SIMILAR INCOME

	1995 £	1994 £
Interest on deposits	<u>155</u>	<u>28,004</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1995 £	1994 £
Bank loans, overdrafts and other loans repayable within five years	91,116	4,695
Finance charges and hire purchase contracts	<u>104,860</u>	<u>68,158</u>
	<u>195,976</u>	<u>72,853</u>

8. OPERATING PROFIT

	1995 £	1994 £
Operating profit is stated after charging		
Depreciation:		
Own assets	179,937	126,908
Assets held under finance leases and hire purchase contracts	212,766	181,599
Amortisation of goodwill	50,060	20,078
Auditors' remuneration	31,683	24,700
Other fees paid to auditors	45,760	31,895
Rentals under operating leases:		
Hire of plant and machinery and motor vehicles	165,347	119,685
Other operating leases: land and buildings	<u>9,324</u>	<u>23,397</u>

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995 £	1994 £
United Kingdom corporation tax at 33% (1994 - 33%) on profit for the year/period	101,672	130,457
Tax attributable to associated undertakings	<u>8,271</u>	<u>20,465</u>
	<u>109,943</u>	<u>150,922</u>


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
10. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year after tax amounted to £140,991 (1994 - £205,960).

11. INTANGIBLE FIXED ASSETS

	The Group Publishing rights and titles £	The Group Goodwill arising on consolidation £	The Group Total £	The Company Publishing rights and titles £
Cost				
At 1 January 1995	1	266,348	266,349	1
Additions	53,000	278,801	331,801	-
	<u>53,001</u>	<u>545,149</u>	<u>598,150</u>	<u>1</u>
At 31 December 1995				
Accumulated amortisation				
At 1 January 1995	-	20,078	20,078	-
Charge for the year	-	50,060	50,060	-
	<u>-</u>	<u>70,138</u>	<u>70,138</u>	<u>-</u>
At 31 December 1995				
Net book value				
At 31 December 1995	<u>53,001</u>	<u>475,011</u>	<u>528,012</u>	<u>1</u>
At 31 December 1994	<u>1</u>	<u>246,270</u>	<u>246,271</u>	<u>1</u>

Publishing rights and titles represent the cost of titles acquired. On the acquisition of subsidiaries the cost of the investment is allocated between underlying net tangible and intangible assets on a fair value basis. Any goodwill arising is capitalised and written off on a straight line basis over 10 years.


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
12. TANGIBLE FIXED ASSETS

	Freehold property £	Short leasehold property £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
THE GROUP					
Cost					
At 1 January 1995	461,061	10,000	3,047,623	367,662	3,886,346
Subsidiaries acquired	-	-	-	60,844	60,844
Additions	5,769	-	496,582	111,555	613,906
Disposals	-	-	-	(56,299)	(56,299)
At 31 December 1995	<u>466,830</u>	<u>10,000</u>	<u>3,544,205</u>	<u>483,762</u>	<u>4,504,797</u>
Accumulated depreciation					
At 1 January 1995	12,609	2,448	680,873	7,017	702,947
Subsidiaries acquired	-	-	-	14,636	14,636
Charge for the year	13,485	500	222,973	155,745	392,703
Disposals	-	-	-	(56,299)	(56,299)
At 31 December 1995	<u>26,094</u>	<u>2,948</u>	<u>903,846</u>	<u>121,099</u>	<u>1,053,987</u>
Net book value					
At 31 December 1995	<u>440,736</u>	<u>7,052</u>	<u>2,640,359</u>	<u>362,663</u>	<u>3,450,810</u>
At 31 December 1994	<u>448,452</u>	<u>7,552</u>	<u>2,366,750</u>	<u>360,645</u>	<u>3,183,399</u>

The net book value of the group's plant and machinery and fixtures, fittings, tools and equipment includes £1,943,629 (1994 - £2,004,853) in respect of assets held under finance lease contracts. Freehold property includes land at a cost of £170,330 (1994 - £170,330) which is not depreciated.


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
12. TANGIBLE FIXED ASSETS (continued)

	Freehold property £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
THE COMPANY				
Cost				
At 1 January 1995	461,061	208,949	264,384	934,394
Additions	5,769	88,950	48,776	143,495
Disposals	-	-	(37,549)	(37,549)
At 31 December 1995	<u>466,830</u>	<u>297,899</u>	<u>275,611</u>	<u>1,040,340</u>
Accumulated depreciation				
At 1 January 1995	12,609	71,847	(47,483)	36,973
Charge for the year	13,485	71,718	112,873	198,076
Disposals	-	-	(37,549)	(37,549)
At 31 December 1995	<u>26,094</u>	<u>143,565</u>	<u>27,841</u>	<u>197,500</u>
Net book value				
At 31 December 1995	<u>440,736</u>	<u>154,334</u>	<u>247,770</u>	<u>842,840</u>
At 31 December 1994	<u>448,452</u>	<u>137,102</u>	<u>311,867</u>	<u>897,421</u>

The net book value of the company's plant and machinery and fixtures, fittings, tools and equipment includes £243,868 (1994 - £253,849) in respect of assets held under finance leases and hire purchase contracts. Freehold property includes land at a cost of £170,330 which is not depreciated.


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
13. INVESTMENTS HELD AS FIXED ASSETS

THE GROUP	Associated undertakings		Total £
	DPS Typecraft Limited £	Bargain Publishing Limited £	
Cost			
At 1 January 1995	96,414	-	96,414
Additions	-	50	50
At 31 December 1995	96,414	50	96,464
Share of profits retained			
1 January 1995	41,549	-	41,549
Profits/(losses) retained for the year	120,573	(50)	120,523
At 31 December 1995	162,122	(50)	162,072
Net book value			
At 31 December 1995	258,536	-	258,536
At 31 December 1994	137,963	-	137,963

THE COMPANY	Shares in subsidiary undertakings £	Loans to subsidiary undertakings £	Shares in associated undertakings £	Loans to associated undertakings £	Total £
Cost					
At 1 January 1995	303,616	360,000	147,717	-	811,333
Additions	151,500	-	50	-	151,550
At 31 December 1995	455,116	360,000	147,767	-	962,883

14. STOCKS

	The Group 1995 £	The Company 1995 £	The Group 1994 £	The Company 1994 £
Raw materials and consumables	951,120	70,497	753,396	372,924


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
15. DEBTORS

	The Group 1995 £	The Company 1995 £	The Group 1994 £	The Company 1994 £
Amounts falling due within one year:				
Trade debtors	1,661,558	779,794	1,455,759	806,039
Amounts due from fellow subsidiary	-	244,802	-	-
Other debtors	205,694	-	154,230	34,145
Prepayments and accrued income	305,666	199,790	277,502	192,705
Quasi loan to director - I D Fletcher	15,200	15,200	15,200	15,200
	<u>2,188,118</u>	<u>1,239,586</u>	<u>1,902,691</u>	<u>1,048,089</u>

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN
ONE YEAR**

	The Group 1995 £	The Company 1995 £	The Group 1994 £	The Company 1994 £
Bank loans and overdrafts	1,324,044	501,774	282,991	237,340
Other loans (note 17)	22,222	-	-	-
Obligations under finance lease contracts	458,220	103,303	370,707	90,881
Trade creditors	2,482,667	205,466	2,609,996	131,353
Amounts due to fellow subsidiary	-	-	-	327,366
Corporation tax	232,129	230,556	130,457	129,381
Other taxation and social security	203,429	133,132	96,686	60,994
Accruals and deferred income	564,166	421,314	856,547	739,439
	<u>5,286,877</u>	<u>1,595,545</u>	<u>4,347,384</u>	<u>1,716,754</u>

The bank overdrafts are secured under first legal charges over the Group's properties at 38-46 Harmer Street, Gravesend, on land and buildings on the East Side of East Crescent Road, Gravesend and on 28 Lowfield Street, Dartford.

There is a composite accounting agreement between Fletcher Newspaper Limited and its subsidiary Waterside Web Offset plc and Barclays Bank PLC.


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
**17. CREDITORS: AMOUNTS FALLING DUE AFTER
MORE THAN ONE YEAR**

	The Group 1995 £	The Company 1995 £	The Group 1994 £	The Company 1994 £
Bank loans	19,167	-	-	-
Other loans	30,454	-	-	-
Obligations under finance leases contracts	581,021	138,237	646,564	167,454
	<u>630,642</u>	<u>138,237</u>	<u>646,564</u>	<u>167,454</u>

Analysis of group loan repayments:

	Bank loans		Other loans	
	1995 £	1994 £	1995 £	1994 £
Between one and two years	10,000	-	24,112	-
Between two and five years	9,167	-	6,342	-
	<u>19,167</u>	<u>-</u>	<u>30,454</u>	<u>-</u>

The bank and other loans are held through Maturetimes Limited. The other loan is provided by 3I Group plc a venture capital company. There is a first charge over the assets of Maturetimes Limited amounting to £85,000 by the bank and second charge of that company's assets is held by 3I Group plc.

18. FINANCE LEASE LIABILITIES

	The Group 1995 £	The Company 1995 £	The Group 1994 £	The Company 1994 £
Finance lease liabilities				
between one and two years	373,527	91,184	416,050	81,125
between two and five years	277,054	57,744	302,976	104,885
	<u>650,581</u>	<u>148,928</u>	<u>719,026</u>	<u>186,010</u>
Less finance charges allocated to future years	<u>(69,560)</u>	<u>(10,691)</u>	<u>(72,462)</u>	<u>(18,556)</u>
	<u>581,021</u>	<u>138,237</u>	<u>646,564</u>	<u>167,454</u>


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
19. PROVISIONS FOR LIABILITIES AND CHARGES
Deferred taxation

	Provided 1995 £	Provided 1994 £	Not provided 1995 £	Not provided 1994 £
The Group:				
Capital allowances in excess of depreciation	194,935	-	34,823	344,817
Unutilised losses	(360,955)	-	(173,338)	(376,722)
Other short term timing differences	166,020	-	(79,244)	(106,818)
Capital gains	39,600	39,600	-	-
	<u>39,600</u>	<u>39,600</u>	<u>(217,759)</u>	<u>(138,723)</u>

It is not anticipated that the deferred tax liability in respect of fixed assets will crystallise within the foreseeable future.

The Company:

Capital allowances in excess of depreciation	-	-	(45,661)	(34,842)
Other short term timing differences	-	-	(79,244)	(103,881)
Capital gains	39,600	39,600	-	-
	<u>39,600</u>	<u>39,600</u>	<u>(124,905)</u>	<u>(138,723)</u>

	The Group 1995 £	The Group 1994 £	The Company 1995 £	The Company 1994 £
Current year charge	-	-	-	-
Provision arising from adjustment of investment carrying values on acquisition	-	39,600	-	39,600
	<u>-</u>	<u>39,600</u>	<u>-</u>	<u>39,600</u>


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
20. CALLED UP SHARE CAPITAL

	1995 £	1994 £
Authorised:		
600,000 ordinary shares of £1 each	600,000	600,000
900,000 redeemable ordinary shares of £1 each	900,000	900,000
	<u>1,500,000</u>	<u>1,500,000</u>
Called up, allotted and fully paid:		
100,000 ordinary shares of £1 each	100,000	100,000
900,000 redeemable ordinary shares of £1 each	900,000	900,000
	<u>1,000,000</u>	<u>1,000,000</u>

The redeemable ordinary shares are redeemable at par by three consecutive equal annual instalments of 300,000 redeemable ordinary shares, such redemptions to be made on 31 December in each year commencing 31 December 2000 or on such earlier date or dates as all the members of the company may agree.

Except for these redemption rights, the redeemable ordinary shares rank *pari passu* in all respects with the ordinary shares.

21. PROFIT AND LOSS ACCOUNT

	Group £	Company £
Balance at 1 January 1995	214,110	205,960
Result for the year	<u>137,601</u>	<u>140,991</u>
Balance at 31 December 1995	<u>351,711</u>	<u>346,951</u>

22. OPERATING LEASE COMMITMENTS

At 31 December 1995 the group was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings £	Other £
Leases which expire:		
within one year	15,644	64,478
within two to five years	<u>17,500</u>	<u>92,639</u>

**NOTES TO THE ACCOUNTS**
Year ended 31 December 1995**23. ADDITIONAL INFORMATION ON SIGNIFICANT
SUBSIDIARIES AND ASSOCIATES****Subsidiaries**

Fletcher Web Offset Limited (100%) (formerly Yellow Advertiser Web Offset Limited) - Newsprint trading
Waterside Press Web Offset Ltd (75%) - Coldset contract newspaper printing.

Mature Times Limited (65%) - Publishing and distribution of magazines.

The subsidiaries are incorporated in Great Britain (registered in England and Wales) and are wholly owned at the balance sheet date except as noted above. Both companies operate in the country of incorporation. The company also has a number of non-trading subsidiaries.

Associated undertakings

DPS Typecraft Limited (39%) incorporated in Great Britain - computer based publishing for the newspaper industry.

24. EVENT OCCURRING AFTER THE YEAR END

In September 1996 Highbury House Communications PLC made a share exchange offer for DPS Typecraft Limited valuing the company at £2 million. The offer, which is expected to become unconditional on 9 October 1996, has been accepted by the company in respect of its 39% shareholding. Mr I Fletcher is a major shareholder in Fletcher Newspapers Limited and Highbury House Communications PLC and he together with Mr J Finlayson and Mr A Herron are directors of both companies.