

Annual Return Copy

CUMBRIAN NEWSPAPERS LIMITED
DIRECTORS' REPORT AND ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2000



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COMPANIES HOUSE 13/09/01

Company No. 2729 (England and Wales)

CUMBRIAN NEWSPAPERS LIMITED

COMPANY INFORMATION

Directors

Mr R.L.F. Burgess
Mr T.R. Kirton
Mr J.D. Morton
Mr K.J. McNulty
Mr K.O. Sutton
Mr D. Bowden
Mrs H.J. Scott
Mr I.G. Crystal
Mr T. Hall
Mr G. Beattie
Mr A. Sempers

Secretary

Mr J.D. Morton

Company number

2729

Registered office

P.O.Box 7
Newspaper House
Dalston Road
Carlisle
CA2 5UA

Auditors

Saint & Company
Sterling House
Wavell Drive
Rosehill
Carlisle
CA1 2SA

Bankers

HSBC Plc
English Street
Carlisle

CUMBRIAN NEWSPAPERS LIMITED

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CUMBRIAN NEWSPAPERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2000

The directors present their report and the audited accounts for the company for the year ended 31st December 2000.

Principal activities and review of business

The principal activity of the Company is that of newspaper publishers and printers

The company's results were improved during the year due to a modest increase in publishing revenue along with a much improved contract printing performance. Trade previously undertaken in fellow subsidiary AGT Limited was carried on by this company in 2000.

During the year dividends amounting to £805,791 (1999 £463,000) were proposed and the retained profit of £387,837 will be added to reserves.

Future developments

The company will be trying to build revenues through Customer Orientation and Brand Development in the coming year.

Fixed assets

Details of movements in fixed assets are set out in the notes to the accounts.

Directors and their interests

The directors who held office during the year and their beneficial interests in the company's issued share capital are given below:

Name of director	Ordinary Shares	At 31st December 2000	At 1st January 2000
Mr R.L.F. Burgess		1	1
Mr T.R. Kirton		-	-
Mr J.D. Morton		-	-
Mr K.J. McNulty (Resigned 31.3.00)		-	-
Mr K.O. Sutton		-	-
Mr D. Bowden		-	-
Mrs H.J. Scott		-	-
Mr I.G. Crystal		-	-
Mr T. Hall		-	-
Mr G. Beattie (Appointed 12.5.00)		-	-
Mr A. Sempers (Appointed 26.5.00)		-	-

Mr R.L.F.Burgess jointly holds one share as nominee for CN Group Limited the ultimate holding company. The directors' interest in the share capital of the parent company are shown in the accounts of that company.

Employees

The Company maintains a system of briefing and consultation to inform all employees of the Company's performance. Disabled persons are employed by the Company when they appear to be suited to a particular vacancy. It is the Company's policy to continue where possible, to employ persons who become disabled during their employment.

CUMBRIAN NEWSPAPERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2000

Statement of directors' responsibilities

Company law requires the directors to prepare accounts 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 for that year. In preparing those accounts the directors are required to:

Select suitable accounting policies and then apply them consistently;

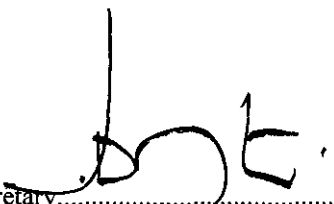
Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

Prepare the accounts 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 enable them to ensure that the accounts 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



Mr J.D. Morton, Secretary.....

P.O.Box 7
Newspaper House
Dalston Road
Carlisle
CA2 5UA
30th March 2001

AUDITORS' REPORT TO CUMBRIAN NEWSPAPERS LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 12 together with the accounts of Cumbrian Newspapers Limited for the year ended 31st December 2000 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

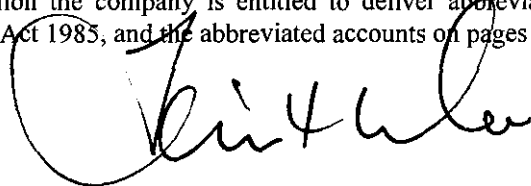
The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 5 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

Basis of opinion

We have carried out procedures we considered necessary to confirm, by reference to the accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full accounts.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 12 are properly prepared in accordance with that provision.



Saint & Company
Chartered Accountants and Registered Auditors
Sterling House
Wavell Drive
Rosehill
Carlisle
CA1 2SA
Date: 30th March 2001

CUMBRIAN NEWSPAPERS LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2000

	Notes	2000 £	1999 £
Gross profit		9,242,617	7,434,577
Staff costs			
Wages and salaries		(5,803,915)	(4,707,670)
Social security costs		(429,976)	(337,725)
Other pension costs		(265,678)	(223,344)
Depreciation and other amounts written off tangible fixed assets		(939,530)	(1,032,802)
Operating profit	3	1,803,518	1,133,036
Income from other fixed asset investments		16,640	22,011
		1,820,158	1,155,047
Exceptional Items			
Reorganisation costs	6	(65,477)	(141,291)
Profit for the year before interest		1,754,681	1,013,756
Other interest receivable and similar income		18,786	-
Profit on ordinary activities before tax		1,773,467	1,013,756
Taxation	7	(579,839)	(281,074)
Profit on ordinary activities after tax		1,193,628	732,682
Dividends	8	(805,791)	(463,000)
Retained profit for the year		387,837	269,682
Retained profit brought forward		3,702,560	3,432,879
Retained profit carried forward		4,090,397	3,702,561

All amounts relate to continuing activities.

There were no other gains and losses for 2000 or 1999 other than those included in the profit and loss account.

CUMBRIAN NEWSPAPERS LIMITED

ABBREVIATED BALANCE SHEET


AS AT 31ST DECEMBER 2000

	Notes	£	2000 £	£	1999 £
Fixed assets					
Tangible assets	9		7,634,029		7,028,562
Investments	10		5,429		5,429
			<u>7,639,458</u>		<u>7,033,991</u>
Current assets					
Stocks	11	470,447		348,056	
Debtors	12	2,687,085		2,040,834	
Cash at bank and in hand		810,049		11,161	
		<u>3,967,581</u>		<u>2,400,051</u>	
Creditors: amounts falling due within one year	13	<u>(2,616,969)</u>		<u>(4,644,062)</u>	
Net Current Assets/(Liabilities)			<u>1,350,612</u>		<u>(2,244,011)</u>
Total assets less current liabilities			<u>8,990,070</u>		<u>4,789,980</u>
Creditors: amounts falling due after more than one year	14		(3,657,000)		-
Provisions for liabilities and charges					
Deferred taxation	17		(1,030,594)		(875,340)
			<u>4,302,476</u>		<u>3,914,640</u>
Capital and reserves					
Share capital	16		212,079		212,079
Profit and loss account			4,090,397		3,702,561
Shareholders' funds	18		<u>4,302,476</u>		<u>3,914,640</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

These accounts were approved by the board on 30th March 2001 and signed on its behalf by:

Mr R.L.F. Burgess.....


Mr J.D. Morton.....

Directors

CUMBRIAN NEWSPAPERS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

1 Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards

Cash flow statement

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that the company is a wholly owned subsidiary of CN Group Limited and consolidated accounts and cash flow statement have been prepared by that company

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT .

Investments

Investments are stated at cost.

Tangible fixed assets and depreciation

Depreciation is provided on all fixed tangible assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows :-

Plant and machinery	7-33.33% per annum on cost
Motor vehicles	20% per annum on cost

No depreciation is provided on assets in the course of construction until projects are completed and successfully commissioned

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Full provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes.

Pension Funding

Contributions are charged to the profit and loss account spreading the cost of pensions over employees' working lives within the Company

Leased assets

Operating lease rentals are charged to the profit and loss account in the year to which they relate.

CUMBRIAN NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

2 Turnover

The turnover and operating profit for the year were derived from the company's principal activity which was carried out wholly in the UK.

3 Operating profit

The operating profit is stated after charging :

	2000 £	1999 £
Depreciation of tangible fixed assets:		
-owned assets	1,014,847	1,041,978
Profit on disposal of fixed assets	(75,317)	(9,176)
Operating leases:		
Operating Lease rentals - land and buildings	275,436	226,364
Auditors' remuneration	7,500	7,000

4 Directors and Employee Information.

Staff costs, including directors' remuneration, were as follows:

	2000 £	1999 £
Wages and salaries	5,803,915	4,707,670
Social security costs	429,976	337,725
Other pension costs	265,678	223,344
	6,499,569	5,268,739

The average weekly number of employees, including directors, during the year was as follows:

	2000 Number	1999 Number
Administrative	17	18
Productive	296	255
	313	273

Directors' emoluments

	2000 £	1999 £
Aggregate emoluments	486,573	415,210

CUMBRIAN NEWSPAPERS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

Highest paid director

	2000	1999
	£	£
Aggregate emoluments	82,438	91,400

The Chairman and one other Director receive their remuneration from other Group Companies for services within those Companies.

The amount of accrued pension in respect of the highest paid director was £Nil (1999: £25,741). The highest paid director this year is not currently a member of the group pension scheme.

5	Interest receivable	2000	1999
		£	£
	Bank interest receivable	18,786	-

6	Exceptional items	2000	1999
		£	£
	Reorganisation and restructuring costs of operations	(65,477)	(141,291)

7	Taxation	2000	1999
		£	£
	Based on the profit for the year:		
	U.K. Corporation tax at 30.25 % (1999 31 %)	419,381	143,187
	Group relief	-	72,269
	Deferred tax charge	155,254	78,483
	Tax attributable to franked investment income	-	2,201
		574,635	296,140
	Prior periods		
	UK corporation tax	5,204	(15,066)
		579,839	281,074

8	Dividends	2000	1999
		£	£
	Equity dividends		
	Ordinary dividends - paid	805,791	-
	Ordinary dividends - proposed	-	463,000

CUMBRIAN NEWSPAPERS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

9 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1st January 2000	11,766,046	599,270	12,365,316
Additions	1,713,400	-	1,713,400
Disposals	(287,008)	(714,192)	(1,001,200)
Intra group transfers	401,415	134,638	536,053
At 31st December 2000	13,593,853	19,716	13,613,569
Depreciation			
At 1st January 2000	4,926,094	410,660	5,336,754
Charge for the year	1,014,505	342	1,014,847
Disposals	(281,878)	(500,460)	(782,338)
Intra group transfers	301,789	108,488	410,277
At 31st December 2000	5,960,510	19,030	5,979,540
Net book value			
At 31st December 2000	7,633,343	686	7,634,029
<i>At 31st December 1999</i>	<i>6,839,952</i>	<i>188,610</i>	<i>7,028,562</i>

10 Fixed asset investments

	Total £
Cost	
At 1st January 2000	5,429
At 31st December 2000	5,429
Net book value	
At 31st December 2000	5,429
<i>At 31st December 1999</i>	<i>5,429</i>

11 Stocks

	2000 £	1999 £
Raw materials and consumables	470,447	348,056

CUMBRIAN NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

12	Debtors and Prepayments	2000	1999
		£	£
	Trade debtors	2,386,790	1,846,333
	Amounts owed by parent undertaking	63,034	-
	Amounts owed by fellow subsidiaries	81,681	85,474
	Other debtors	78,513	40,220
	Prepayments and accrued income	77,067	68,807
		<u>2,687,085</u>	<u>2,040,834</u>
13	Creditors: amounts falling due within one year	2000	1999
		£	£
	Bank Loan (Note 15)	737,375	24,116
	Bank overdraft	-	1,324,499
	Trade creditors	621,969	312,541
	Amounts owed to parent undertaking	347,106	1,648,027
	Amounts owed to fellow subsidiaries	54,549	164,257
	Corporation tax	263,821	98,888
	Other taxes and social security	156,641	211,782
	Other creditors	14,350	8,966
	Accruals and deferred income	421,158	387,986
	Proposed dividend	-	463,000
		<u>2,616,969</u>	<u>4,644,062</u>
The bank overdraft is secured by a charge over book debts.			
14	Creditors: amounts falling due after more than one year	2000	1999
		£	£
	Other loans (Note 15)	3,657,000	-
15	Loans and borrowings	2000	1999
		£	£
	Analysis of loans		
	Other loans	4,394,375	24,116
	Bank loans and overdraft	-	1,324,499
		<u>4,394,375</u>	<u>1,348,615</u>
	Maturity of debt		
	In one year or less, or on demand	737,375	1,348,615
	In more than five years	3,657,000	-
		<u>4,394,375</u>	<u>1,348,615</u>

The bank loan is secured by a charge over plant and machinery and is repayable in instalments over seven years with interest at 0.65% over bank base rate. The amount of instalments due in more than five years is £800,000.

CUMBRIAN NEWSPAPERS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

16	Share capital	2000 £	1999 £
	Authorised Equity shares		
	Ordinary shares of £1 each	253,000	253,000
	Allotted Equity shares		
	Allotted, called up and fully paid ordinary shares of £1 each	212,079	212,079

The Company is a wholly owned subsidiary of CN Group Limited incorporated in England and Wales.

17 Deferred taxation

Deferred taxation provided for in the financial statements is set out below.

	2000 £	1999 £
At 1st January 2000	875,340	796,857
Movement in the year	155,254	78,483
At 31st December 2000	1,030,594	875,340

The amount provided is calculated using a tax rate of 30 % (1999 31%) and represents the following.

	2000 £	1999 £
Accelerated capital allowances	1,030,594	875,340

18 Reconciliation of movement in shareholders' funds

	2000 £	1999 £
Profit for the financial year	1,193,628	732,682
Dividends	(805,791)	(463,000)
Increase in the shareholders' funds	387,837	269,682
Opening shareholders' funds	3,914,639	3,644,958
Closing shareholders' funds	4,302,476	3,914,640

CUMBRIAN NEWSPAPERS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

19 Pension Arrangements

The Company is a member of the Group pension scheme providing benefits based on final pensionable pay. The assets are held separately from those of the Group in trustee administered funds.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method and are based on pension costs across the group as a whole. The most recent valuations were at 1 January 1999.

The assumptions which have the most significant effect on the results of the valuations are those relating to the rate of return on investments and to the rates of increase in pay and pensions. It was assumed that investment returns would be between 1.25% and 1.5% per annum higher than the growth in pensionable salaries.

The pension charge for the year amounted to £265,678 (1999 £223,344). This included the amortisation of experience surpluses that are being recognised over 15 years, the average remaining service lives of employees.

Particulars of the actuarial valuations of the schemes are contained in the financial statements of the Parent Company CN Group Ltd.

20 Operating lease commitments

At 31st December 2000 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	2000	1999	2000	1999
	£	£	£	£
Operating leases which expire:				
Within one year	-	750	40,712	3,451
Between two and five years	198,000	154,000	207,029	55,903
After five years	24,500	24,500	-	-
	<u>222,500</u>	<u>179,250</u>	<u>247,741</u>	<u>59,354</u>

21 Capital commitments

The Company had the following capital commitments:

	2000	1999
	£	£
Contracted for but not provided in the financial statements	<u>929,000</u>	<u>-</u>