Registered no: 120013

South West Wales Publications Limited

Annual report

for the year ended 3 October 1999

South West Wales Publications Limited

Annual report
for the year ended 3 October 1999

Directors and Advisers

Directors

D J S Currall
A L Davidson (Chairman)
G H Edwards
E P Glynn
M P Pelosi
C H Rees
W K Richardson
S G Thomas

Auditors

PricewaterhouseCoopers
Victoria House
76 Milton Street
Nottingham
NG1 3QY

Solicitors

Foot & Bowden
The Foot & Bowden Building
21 Derry's Cross
Plymouth
Devon
PL1 2SW

Bankers

National Westminster Bank plc
PO Box 34
15 Bishopsgate
London
EC2P 2AP

Secretary and Registered Office

P S Collins
31-32 John Street
London
WC1N 2QB

Directors' report for the year ended 3 October 1999

The directors present their annual report and the audited financial statements for the year ended 3 October 1999.

Principal activities

The principal activities of the company are the printing and publishing of newspapers and have remained unchanged since last year.

Review of business and future developments

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future. On 3 October 1999, the company acquired the trade of its subsidiary undertakings, The Journal Company Limited and Llanelli Star Limited.

Dividends

The profit and loss account for the year is set out on page 7.

The directors have recommended the payment of an ordinary dividend of £1,796,374 in respect of the year ended 3 October 1999.

Property values

In the opinion of the directors there were no significant differences between market and book values of property at 3 October 1999.

Payments to suppliers

The company has no formal code or standard which deals specifically with the payment of suppliers. However, the company's policy on the payment of all creditors is to ensure that the terms of payment as specified by, and agreed with, the supplier are not exceeded.

The average number of days credit taken by South West Wales Publications Limited at 3 October 1999 is 25 days (1998: 27 days).

Directors' report
for the year ended 3 October 1999 (continued)

Directors

The directors of the company who served during the year ended 3 October 1999, all of whom have been directors for the whole of the year ended on that date except where noted, are listed below.

D J S Currall	
A L Davidson	(Chairman)
G H Edwards	
E P Glynn	
I D Pedley	(resigned 14 June 1999)
M P Pelosi	
C H Rees	
W K Richardson	(appointed 19 July 1999)
S G Thomas	

Directors' interests

Of the directors at 3 October 1999, whose interests in shares and debentures of group companies require to be notified to the company, none had such interests at that date or at 28 September 1998 or at a later date of appointment.

Employee involvement

The company has maintained its established lines of communication through departmental supervisors so that employees are kept informed about company developments and other matters of concern to them as employees.

Disabled employees

The company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a handicapped or disabled person.

With regard to existing disabled employees and those who have become disabled during the period, 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.

Directors' report
for the year ended 3 October 1999 (continued)

Year 2000

The company has recognised that Year 2000 is a major issue and is part of a group-wide programme structure to co-ordinate the activities of the business and to facilitate the exchange of best practice. Regular reports are made to the board of directors on the status of the programme. The directors believe that all vulnerable systems have been identified and have been rectified in advance of critical dates, without disruption to the underlying businesses. However, given the complexity of the problem, it is not possible for any organisation to be certain that no Year 2000 problems will occur even if its own systems are fully compliant.

Compliance has been achieved through conversion or replacement of existing systems. A comprehensive series of procedures has been undertaken to test thoroughly all systems to minimise any risk of failure. The cost of the work required specifically to correct this problem is not considered to be material to the profitability or liquidity of the company and has been charged against profits as incurred. However, an element of the cost of Year 2000 compliance is not separately identifiable, as millennium modifications are often embodied in software purchased and developed in the normal course of business.

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the Board

P S Collins
Company Secretary
3 December 1999

Statement of directors' responsibilities for preparing the financial statements

The directors are required by UK company law to prepare financial statements for each financial year which 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 or loss and total recognised gains or losses of the company for that year.

The directors confirm that appropriate 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 3 October 1999. The directors also confirm that applicable accounting standards have been followed and that the going concern basis is appropriate.

The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

By order of the Board

P S Collins
Company Secretary
3 December 1999

Report of the auditors to the members of South West Wales Publications Limited

We have audited the financial statements on pages 7 to 23.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including, as described on page 5, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 3 October 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Nottingham
3 December 1999

Profit and loss account for the year ended 3 October 1999

	Note	Continuing operations 1999 £	1998 £
Turnover	2	**15,480,320**	14,691,843
Net operating expenses	3	**11,823,751**	11,280,686
Operating profit		**3,656,569**	3,411,157
Investment income	4	**432,043**	338,085
Profit on ordinary activities before interest		**4,134,047**	3,749,242
Interest payable	5	**61,558**	60,428
Profit on ordinary activities before taxation		**4,027,054**	3,688,814
Taxation on profit on ordinary activities	8	**1,117,057**	1,235,058
Profit on ordinary activities after taxation		**2,909,997**	2,453,756
Dividend	9	**1,796,374**	1,728,390
Retained profit for the year	19	**1,113,623**	725,366

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

Note of historical cost profits and losses for the year ended 3 October 1999

	1999 £	1998 £
Reported profit on ordinary activities before taxation	**4,027,054**	3,688,814
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on revalued amounts	**8,736**	14,803
Historical cost profit on ordinary activities before taxation	**4,035,790**	3,703,617
Historical cost profit for the year retained after taxation and dividends	**1,122,359**	740,169

Reconciliation of movements in equity shareholders' funds for the year ended 3 October 1999

	1999 £	1998 £
Profit on ordinary activities after taxation	**2,909,997**	2,453,756
Dividend	**1,796,374**	1,728,390
Retained profit for the financial year	**1,113,623**	725,366
Opening equity shareholders' funds	**2,772,470**	2,047,104
Closing equity shareholders' funds	**3,886,093**	2,772,470

Balance sheet
at 3 October 1999

	Notes	1999 £	1998 £
Fixed assets			
Tangible assets	10	**5,536,580**	5,633,572
Investments	11	**260,619**	260,619
		5,797,199	5,894,191
Current assets			
Stocks	12	**69,037**	79,770
Debtors	13	**6,178,502**	3,995,248
Cash at bank and in hand		**346,595**	529,652
		6,594,134	4,604,670
Creditors: amounts falling due within one year	14	**7,619,367**	6,100,689
Net current liabilities		**(1,025,233)**	(1,496,019)
Total assets less current liabilities		**4,771,966**	4,398,172
Creditors: amounts falling due after more than one year	15	**612,559**	1,182,023
Provisions for liabilities and charges	16	**273,314**	443,679
		885,873	1,625,702
Net assets		**3,886,093**	2,772,470
Capital and reserves			
Called up share capital	18	**36,500**	36,500
Share premium account	19	**22,135**	22,135
Revaluation reserve	19	**366,897**	366,897
Profit and loss account	19	**3,460,561**	2,346,938
Equity shareholders' funds (see page 8)		**3,886,093**	2,772,470

The financial statements on pages 7 to 23 were approved by the board of directors on 3 December 1999 and were signed on its behalf by:

D J S Currall
Director

Notes to the financial statements for the year ended 3 October 1999

1 Principal accounting policies

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, modified to include the revaluation of certain fixed assets.

Changes in accounting policy

FRS 10 "Goodwill and Intangible Assets" has been adopted during the year. Accordingly, purchased goodwill arising in future periods will be capitalised and amortised through the profit and loss account over its useful economic life. Goodwill arising in prior periods that has previously been written off to reserves has not been reinstated.

FRS 12, "Provisions, Contingent Liabilities and Contingent Assets", has been adopted by the company during the year. No restatement of prior year information has been necessary.

FRS 15, "Tangible Fixed Assets", has been adopted early. The company does not propose to adopt a policy of future revaluations but has taken advantage of the provisions of FRS 15 to continue to recognise certain tangible fixed assets at their previously revalued amounts.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation.

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost, or valuation, of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%	
Plant, equipment and machinery	5-25	(12½% average)
Freehold buildings	2-9	
Leasehold land and buildings	2-5	

Freehold land is not depreciated.

Notes to the financial statements for the year ended 3 October 1999 (continued)

1 Principal accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Leased assets

Where assets are financed by leasing agreements, which give rights approximating to ownership, the assets are treated as if they had been purchased. The present value of minimum lease payments payable during the lease term is capitalised as a tangible asset and the corresponding leasing commitment is included in obligations under finance lease. Rentals payable are apportioned between interest, which is charged to the profit and loss account and capital, which reduces the outstanding commitment.

Rentals payable relating to all other leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Pension scheme arrangements

The cost of providing pensions is calculated using actuarial valuation methods which reflect the long-term cost of providing pensions.

The amount charged to the profit and loss account is calculated so as to produce a substantially level percentage of the current and future pensionable payroll. Variations from the regular cost so calculated are allocated to the profit and loss account over the average remaining service lives of employees.

The company provides no other post retirement benefits to its employees.

Cash flow statement

The company is a wholly owned subsidiary of Daily Mail and General Trust plc and the cash flows of the company are included in the consolidated cash flow statement of Daily Mail and General Trust plc. Consequently, the company is exempt under the terms of Financial Reporting Standard Number 1 from publishing a cash flow statement.

Notes to the financial statements for the year ended 3 October 1999 (continued)

2 Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied and is stated after the deduction of trade discounts.

Turnover consists entirely of sales made in the United Kingdom.

3 Net operating expenses

The profit on ordinary activities before taxation is stated after charging/(crediting):

	1999 £	1998 £
Continuing operations		
Raw materials and consumables	**2,159,134**	1,969,509
Other external charges	**543,579**	467,735
Staff costs (see note 7)	**5,964,524**	5,230,227
Depreciation:		
Tangible fixed assets owned by the company	**1,103,686**	1,104,993
Tangible fixed assets held under finance lease	**51,900**	51,900
Other operating charges	**1,962,549**	2,434,404
Auditors' remuneration		
Audit fees	**13,400**	21,808
Fees for non audit services	**3,596**	5,848
Reorganisation and redundancy costs	**-**	18,494
Rent payable in respect of operating leases		
Hire of plant and machinery	**36,958**	10,745
Profit on disposal of tangible fixed assets	**(15,575)**	(34,977)
	11,823,751	11,280,686

Notes to the financial statements for the year ended 3 October 1999 (continued)

4 Investment income

	1999 £	1998 £
Dividend income from subsidiary undertakings	**477,478**	277,657
Interest (not recovered)/receivable from a group undertaking	**(45,435)**	60,428
	432,043	338,085

5 Interest payable

	1999 £	1998 £
On finance leases	**61,558**	60,428

6 Directors' remuneration

In respect of all directors:

	1999 £	1998 £
Aggregate emoluments (including benefits)	**370,490**	377,002
Compensation for loss of office	**-**	37,379
Pensions to former directors	**716**	691
	371,206	415,072

In respect of the highest paid director:

	1999 £	1998 £
Aggregate emoluments (including benefits)	**119,962**	129,894
Defined benefit pension schemes:		
- Accrued pension benefit	**8,494**	5,906

Included within the aggregate emoluments figures above are performance related bonuses payable to certain directors by Northcliffe Newspapers Group Limited, the parent company.

Of the directors at 3 October 1999 who received emoluments during the year, retirement benefits are accruing to five directors at 3 October 1999 (1998: five directors) under defined benefit pension schemes.

Notes to the financial statements for the year ended 3 October 1999 (continued)

7 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was:

	1999 number	1998 number
By activity		
Editorial	95	85
Advertising	130	117
Production	41	41
Administration	92	75
	358	318
	£	£
Staff costs (for the above persons)		
Wages and salaries	5,315,727	4,665,377
Social security costs	359,116	333,508
Other pensions costs (see note 17)	289,681	231,342
	5,964,524	5,230,227

8 Taxation on profit on ordinary activities

	1999 £	1998 £
United Kingdom corporation tax at 30.5% (1998: 31%)		
Current	1,123,559	1,086,672
Deferred	(21,886)	178,330
Under/(over) provision in respect of prior years	15,384	(29,944)
	1,117,057	1,235,058

9 Dividend

	1999 £	1998 £
Dividend on equity shares		
Ordinary proposed of £49.22 per share (1998: £47.35 per share)	1,796,374	1,728,390

Notes to the financial statements for the year ended 3 October 1999 (continued)

10 Tangible fixed assets

	Leasehold & freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 28 September 1998	1,206,869	8,007,614	608,076	456,682	10,279,241
Additions	84,857	794,936	106,136	54,356	1,040,285
Disposals	-	(1,299,369)	(63,104)	(102,724)	(1465,197)
Group transfers	-	-	39,292	83,977	123,269
At 3 October 1999	**1,291,726**	**7,503,181**	**690,400**	**492,291**	**9,977,598**
Depreciation					
At 28 September 1998	172,836	3,916,173	329,652	227,008	4,645,669
Charge for year	53,457	926,726	118,472	56,931	1,155,586
Disposals	-	(1,299,369)	(63,104)	(102,724)	(1,465,197)
Group transfers	-	-	55,127	49,833	104,960
At 3 October 1999	**226,293**	**3,543,530**	**440,147**	**231,048**	**4,441,018**
Net book value					
At 3 October 1999	**1,065,433**	**3,959,651**	**250,253**	**261,243**	**5,536,580**
At 27 September 1998	1,034,033	4,091,441	278,424	229,674	5,633,572

Cost or valuation at 3 October 1999 is represented by:

	£	£	£	£	£
Valuation	1,095,000	-	-	-	1,095,000
Cost	196,726	7,503,181	690,400	492,291	8,882,598
	1,291,726	7,503,181	690,400	492,291	9,977,598

The net book value of tangible fixed assets includes an amount of £415,200 (1998: £467,100) in respect of assets held under finance leases.

At 2 October 1994 certain land and buildings were revalued at open market valuation for existing use.

Notes to the financial statements for the year ended 3 October 1999 (continued)

10 Tangible fixed assets (continued)

The net book value of freehold and long leasehold land and buildings comprise:

	1999 £	1998 £
Freeholds	**100,600**	104,480
Long leaseholds	**964,833**	929,553
	1,065,433	1,034,033

If the freehold and long leasehold land and buildings had not been revalued they would have been included at the following amounts:

	1999 £	1998 £
Historical cost	**1,218,950**	1,134,093
Depreciation based on cost	**474,058**	429,337
	744,892	704,756

11 Fixed asset investments

These represent shares held in various unlisted companies in the UK.

The company does not prepare group accounts as it is a wholly owned subsidiary of a company incorporated in Great Britain, which prepares consolidated financial statements drawn up to the same date. Details are included in note 21 to these financial statements.

Except where stated, all the subsidiaries listed below have ordinary shares of £1 each and are incorporated in Great Britain.

The company's investments in subsidiaries are stated at cost less provision for permanent diminution in value.

	***Shareholdings* in subsidiaries** £
Cost and net book value at 28 September 1998 and **3 October 1999**	**260,619**

Notes to the financial statements for the year ended 3 October 1999 (continued)

11 Fixed asset investments (continued)

Shares in subsidiary undertakings comprise the cost of investments in those companies. In the opinion of the directors, there has been no permanent diminution in the value of the investments.

Name of subsidiary undertaking	**Country of registration**	**Description and amount of shares held**	**Proportion of nominal value of issued shares held**
The Journal Company Limited	England	16,490 ordinary shares of £1 each	99.94%
Llanelli Star Limited	England	2,000 ordinary shares of £1 each	100.00%
Auto Garages (Northern) Limited	England	7,500 ordinary shares of £1 each	50.00%

The principal activity of both The Journal Company Limited and Llanelli Star Limited is the publishing of newspapers. The other company did not trade during the year.

12 Stocks

	1999	1998
	£	£
Raw materials and consumables	**69,037**	79,770

Notes to the financial statements for the year ended 3 October 1999 (continued)

13 Debtors

	1999 £	1998 £
Amounts falling due within one year		
Trade debtors	**1,215,629**	1,192,998
Amounts owed by group undertakings	**4,294,862**	2,331,290
Other debtors	**1,320**	48,036
Prepayments and accrued income	**81,176**	66,095
Dividends receivable	**477,478**	277,657
Pensions prepayment	**108,037**	79,172
	6,178,502	3,995,248

14 Creditors: amounts falling due within one year

	1999 £	1998 £
Trade creditors	**701,353**	584,748
Corporation tax	**2,210,231**	2,127,916
Other taxation and social security costs	**262,428**	357,927
Other creditors	**48,668**	-
Obligations under finance leases	**69,463**	62,513
Accruals and deferred income	**313,407**	326,366
Dividends payable	**1,796,374**	1,728,390
Fixed asset creditors	**23,156**	100,825
Amounts owed to group undertakings	**10,235**	8,119
Loan from group undertaking	**1,500,000**	-
Amounts owed to subsidiary undertakings	**684,052**	803,885
	7,619,367	6,100,689

The loan from a group undertaking represents a loan from Northcliffe Newspapers Group Limited, the parent company. The loan carried no interest and was repaid in full on 4 October 1999

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Notes to the financial statements for the year ended 3 October 1999 (continued)

15 Creditors: amounts falling due after more than one year

	1999 £	1998 £
Long term loan – from group undertaking	-	500,000
Obligations under finance lease	**612,559**	682,023
	612,559	1,182,023

Obligations under finance leases

The future minimum lease payments to which the company is committed in respect of obligations under finance lease are as follows:

	1999 £	1998 £
In one year or less	**69,463**	62,513
Between one and two years	**77,185**	69,463
Between two and five years	**286,960**	258,251
Over five years	**248,414**	354,309
	682,022	744,536

Notes to the financial statements for the year ended 3 October 1999 (continued)

16 Provisions for liabilities and charges

	Deferred taxation £	General £	Total £
At 28 September 1998	295,200	148,479	443,679
Transferred to group undertaking	-	(148,479)	(148,479)
Charged to profit and loss account	(21,886)	-	(21,886)
At 3 October 1999	**273,314**	**-**	**273,314**

Deferred taxation

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

	Amount provided		Amount unprovided	
	1999	1998	**1999**	1998
	£	£	**£**	£
Tax effect of timing differences because of:				
Excess of capital allowances over depreciation	**250,614**	295,200	**-**	103,508
Other	**22,700**	-	**-**	(30,385)
	273,314	295,200	**-**	73,123

No provision has been made for the contingent liability for taxation which might arise on the revaluation surplus if the land and buildings were disposed of for the amount at which they have been revalued. Most of the properties are occupied for trading purposes and in the event of sale would be eligible for "roll-over" relief. The directors are therefore of the opinion that the likelihood of any material liability to taxation arising is remote and therefore a potential liability has not been quantified.

Notes to the financial statements for the year ended 3 October 1999 (continued)

17 Pension arrangements

The company is part of the Daily Mail and General Trust plc group pension schemes under which contributions are paid by the employer and employees.

The schemes are defined benefit pension arrangements providing service-related benefits based on final pensionable salary. The assets of the schemes are held independently from the group's finances and are administered by Trustee Companies. Pension costs are assessed on the advice of an independent qualified actuary following triennial valuations using the projected unit method.

The most recent valuation of the principal scheme was at 31 March 1998. The assumptions having the most significant effect on the results of the valuation are shown in the following table:

Price Inflation	3%	p.a.
Salary Increases	4.75%	p.a.
Pension Increases	3%	p.a.
Investment Return	7.25%	p.a.
Dividend Growth	3.5%	p.a.

On the advice of the actuary the 1998 valuation was carried out using a market related approach. This change is prompted by the Minimum Funding Requirement (MFR) valuation basis introduced by the Pensions Act 1995 and the change in the pattern of UK shareholder returns. The new method does not, by itself, alter the funding level materially.

Following a review of the revaluation results, the group agreed a package of benefit improvements with the Trustees costing around £10 million in aggregate. The contribution rate paid by employees in the principal scheme was reduced as part of this package from 5.5% to 5% of pensionable salaries. The company's contribution to these schemes was altered to 12% of pensionable salaries. Both changes were introduced from 1 April 1999.

The pension charge for the company for the year ended 3 October 1999 was £289,681 (1998: £231,342). A prepayment of £108,037 (1998: £79,172) is included under debtors, representing the excess of accumulated contributions paid over the equivalent pension charge.

The surplus identified from the valuation of the principal scheme is amortised over a period of 11 years using the straight line method. The pension cost to the company of its principal scheme over the estimated average service life of employees was altered to 10% of pensionable salaries with effect from 28 September 1998. This comprises a regular cost of around 15% less a variation of approximately 5%.

The market value of the principal scheme's assets as at 31 March 1999 was around £306 million (1998: £287 million).

Notes to the financial statements for the year ended 3 October 1999 (continued)

18 Called up share capital

	1999 £	1998 £
Authorised		
40,000 ordinary shares of £1 each	**40,000**	40,000
Allotted, called up and fully paid		
36,500 ordinary shares of £1 each	**36,500**	36,500

19 Share premium account and reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £
At 28 September 1998	22,135	366,897	2,346,938
Retained profit for the year	-	-	1,113,623
At 3 October 1999	**22,135**	**366,897**	**3,460,561**

20 Contingent liabilities

South West Wales Publications Limited, as part of an interest set-off arrangement, has guaranteed the overdraft facilities of a number of fellow subsidiaries of the Daily Mail and General Trust plc group.

The maximum liability under the guarantee is limited to the credit balances in those bank accounts which are part of the interest set-off arrangement together with the proceeds of any items in the course of collection for the credit of such bank accounts. At 3 October 1999 the potential liability was £516,004 (1998: £573,551).

Notes to the financial statements for the year ended 3 October 1999 (continued)

21 Ultimate parent company and controlling party

The company is a wholly owned subsidiary of Northcliffe Newspapers Group Limited.

The directors regard the ultimate parent company as Rothermere Continuation Limited, a company incorporated in Bermuda. The ultimate controlling party is The Viscount Rothermere, the Chairman of Daily Mail and General Trust plc.

The largest and smallest group of which the company is a member and for which Group Accounts are drawn up is that of Daily Mail and General Trust plc, registered in England and Wales. Copies of the Report and Accounts are available from:

The Company Secretary
Daily Mail and General Trust plc
Northcliffe House
2 Derry Street
Kensington
London W8 5TT

22 Related party transactions

The Company has taken advantage of the exemption under FRS 8 Related Party Disclosures not to disclose related party transactions between companies which are 90% owned by the ultimate parent company.