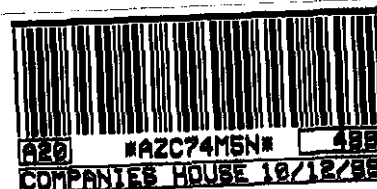


North Wales Newspapers Limited

Annual report

for the year ended 31 March 1999

Register no: 00167825



North Wales Newspapers Limited

Annual report for the year ended 31 March 1999

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North Wales Newspapers Limited

Directors and advisors

Executive directors

**TR Morris
PS Hinchliffe
L Lommano**

Registered Auditors

**PricewaterhouseCoopers
8 Princes Parade
St. Nicholas Place
Liverpool
L3 1QL**

Non - Executive Directors

**RWG Whitehair (Chairman)
NP Woodward
EW Moss
HR Jones**

Bankers

**Allied Irish plc
31 Newport Road
Cardiff
CF24 0AB**

Secretary and registered office

**P S Hinchliffe
Mold Business Park
Wrexham Road
Mold
Flintshire
CH7 1XY**

North Wales Newspapers Limited

Directors' Report for the year ended 31 March 1999

The directors present their report and the audited group financial statements for the year ended 31 March 1999.

Principal activities

The principal activity of the company during the year continued to be the printing and publishing of newspapers.

Review of the business

The consolidated profit and loss account for the year is set out on page 7 with note 7 to the accounts dealing with the effect of investments on the results.

North Wales Newspapers Limited acquired 100% of the share capital of the Chester and District Standard Limited on the 31 March 1999,

Both the level of business and the year end financial position were satisfactory. The directors expect that the present level of trading activity will be sustained for the foreseeable future.

Dividends and transfers to reserves

The first interim dividend of £2.29 per ordinary share with associated tax credit of £0.57 was paid on 27th October 1998. The final dividend of £2.03 per ordinary share with associated tax credit of £0.23 was paid on 25th May 1999.

The 3.5% cumulative preference and 5.6% cumulative preference dividends were paid during the year.

Directors

The directors of the company at 31 March 1999 and for the whole of the year ended on that date were Mr RWG Whitehair, Mrs NP Woodward, Mrs E. Moss, Mr HR Jones, Mr TR Morris, Mr PS Hinchliffe and Mr. L Lommano

Directors' Interests in Share Capital

	3.5% Cumulative Preference Shares	4.2% Cumulative Preference Shares	Ordinary Beneficial	Shares Non Beneficial
31st March 1998				
Mr RWG Whitehair	2400			27035
Mrs.NP Woodward	5225	168	11840	5650
Mrs.E Moss	252		6744	3049
Mr PS Hinchliffe	100			
MrTR Morris	100			
Mr L Lommano	100			
Mr HR Jones	5698	174	4660	
31st March 1999				
Mr RWG Whitehair	2400			27035
Mrs NP Woodward	5225	168	11840	5650
Mrs E Moss	252		6744	3049
Mr PS Hinchliffe	100			
Mr TR Morris	100			
Mr L Lommano	100			
Mr HR Jones	5698	174	5503	

Changes in fixed assets

The movement in fixed assets during the year are as set out in note 12 to the financial statements. The directors are of the opinion that the market value of the group's freehold property is not significantly different from the book value as at 31 March 1999.

Employee involvement

Within the limitations of commercial confidentiality and security, it is the policy of the group to take the employees views into account in making decisions.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group performance.

It is the policy of the group that, within the limitations of the trading activities, disabled persons are employed on equal terms. When employees become disabled every effort is made to continue employment with retraining for alternative work, if necessary. Opportunities for career development are available to disabled persons.

Taxation Status

The Company is a close company within the provisions of the Income and Corporation Taxes Act 1999.

Year 2000

The risks and uncertainties associated with the year 2000 problem have been assessed and the group has a programme aimed at attaining full compliance for all systems and equipment. The majority of remedial work on business critical hardware and software systems have been completed. Remedial work on other systems and testing will, however, continue into 1999 with the aim of completing this task by 30 November 1999. The group is also in dialogue with major suppliers and customers with the aim of achieving a problem free transition. Expenditure on equipment is being capitalised under the group's normal accounting policy.

Euro

During 1999 the group assessed the likely impact of the Euro. No major changes to systems or arrangements with the customers are envisaged.

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 and the group as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently with reasonable and prudent judgements and estimates having been made in the preparation of the financial statements for the year ended 31 March 1999. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The company's auditors, Coopers & Lybrand, merged with Price Waterhouse on 1st July 1998 following which Coopers & Lybrand resigned and the directors appointed the new firm PricewaterhouseCoopers, as auditors. A resolution to re-appoint the new firm, PricewaterhouseCoopers as auditors to the company will be proposed at the Annual General Meeting.

By order of the board



P S Hinchliffe
Company Secretary

Date: 19 October 1999

Report of the auditors to the members of North Wales Newspapers Limited

We have audited the financial statements on pages 7 to 22 .

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report including, as described on page 4 of the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our professional 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 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 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 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 at 31 March 1999 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

**Chartered Accountants and Registered Auditors
Liverpool**

2 November 1999

North Wales Newspapers Limited

Consolidated profit and loss account for the year ended 31 March 1999

		Group	
	Notes	1999 £	1998 £
Turnover	3	10,872,759	10,413,836
Cost of sales		(3,053,878)	(2,785,478)
Gross profit		7,818,881	7,628,358
Other operating income and expenses	4	(7,249,928)	(7,030,870)
Operating profit		568,953	597,488
Investment income/realised gains	7	669,810	133,867
Interest payable and similar charges	8	(26,935)	(31,665)
Profit on ordinary activities before taxation	9	1,211,828	699,690
Tax on profit on ordinary activities	10	(389,564)	(248,160)
Profit on ordinary activities after taxation		822,264	451,530
Dividends (Including amounts in respect of non-equity shares)	11	(170,247)	(322,615)
Retained Profit for year	22	652,017	128,915

All activities are continuing operations

The group 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 .

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

North Wales Newspapers Limited

Balance sheet at 31 March 1999

	Notes	Group		Company	
		1999 £	1998 £	1999 £	1998 £
Fixed assets					
Intangible Assets	12a	3,549,131	-	-	-
Tangible assets	12b	2,876,661	2,578,967	2,793,020	2,578,967
Investments	13	249,889	303,959	3,857,868	303,959
		<u>6,675,681</u>	<u>2,882,926</u>	<u>6,650,888</u>	<u>2,882,926</u>
Current assets					
Stocks	14	83,906	63,524	83,906	63,524
Debtors	15	2,038,959	1,594,198	1,677,080	1,594,198
Cash at bank and in hand		40,993	89,099	40,268	89,099
		<u>2,163,858</u>	<u>1,746,821</u>	<u>1,801,254</u>	<u>1,746,821</u>
Creditors : amounts falling due within one year	16	<u>(2,510,429)</u>	<u>(1,609,782)</u>	<u>(2,138,843)</u>	<u>(1,609,782)</u>
Net current/(liabilities) assets		<u>(346,571)</u>	<u>137,039</u>	<u>(337,589)</u>	<u>137,039</u>
Total assets less current liabilities		<u>6,329,110</u>	<u>3,019,965</u>	<u>6,313,299</u>	<u>3,019,965</u>
Creditors : amounts falling due after more than one year	17	2,663,811	37,500	2,648,000	37,500
Provisions for liabilities and charges	18	70,346	39,529	70,346	39,529
		<u>2,734,157</u>	<u>77,029</u>	<u>2,718,346</u>	<u>77,029</u>
Net assets		<u>3,594,953</u>	<u>2,942,936</u>	<u>3,594,953</u>	<u>2,942,936</u>
Capital and reserves					
Called up share capital	20	77,353	77,353	77,353	77,353
Share premium account	22	6,264	6,264	6,264	6,264
Capital reserve	22	68,779	68,779	68,779	68,779
Profit and loss account	22	3,442,557	2,790,540	3,442,557	2,790,540
Total shareholders' funds		<u>3,594,953</u>	<u>2,942,936</u>	<u>3,594,953</u>	<u>2,942,936</u>
Non equity shareholders' funds		<u>38,288</u>	<u>38,288</u>	<u>38,288</u>	<u>38,288</u>
Equity shareholders' funds		<u>3,556,665</u>	<u>2,904,648</u>	<u>3,556,665</u>	<u>2,904,648</u>
Total shareholders' funds		<u>3,594,953</u>	<u>2,942,936</u>	<u>3,594,953</u>	<u>2,942,936</u>

The financial statements on pages 7 to 22 were approved by the board of directors on 19 October 1999 and were signed on its behalf by :

R. Morris

Malcolm

North Wales Newspapers Limited

Consolidated cash flow statement for the year ended 31 March 1999

	1999 £	1998 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	568,953	597,488
Depreciation on tangible fixed assets	519,293	519,797
Loss/(Profit) on sale of tangible fixed assets	(570)	22,359
(Increase)/Decrease in Stocks	(20,382)	7,563
(Increase) in debtors	(82,882)	(16,828)
Increase/(decrease) in creditors	258,131	652
Net cash inflow from operating activities	1,242,543	1,131,031
Net cash inflow from operating activities		
Net cash inflow from operating activities	1,242,543	1,131,031
Net cash outflow from Returns on Investments and servicing of finance	(18,298)	(416)
Corporation Tax paid	(136,675)	(206,921)
Capital expenditure and financial investment	(39,019)	(544,516)
Acquisitions & Disposals	(3,738,239)	(240,352)
	(2,689,688)	138,826
Equity dividends paid	(121,953)	(288,635)
Net cash inflow/(outflow) from Financing	2,787,500	(160,361)
(Decrease)/Increase in cash in period	(24,141)	(310,170)
Reconciliation of net cash flow to movement in net debt (Note 2)		
(Decrease)/Increase in cash in period	(24,141)	(310,170)
Cash (inflow)/outflow from financing	(2,787,500)	160,361
Change in net debt resulting from cashflows	(2,811,641)	(149,809)
Net debt at 1 April 1998	(534,104)	(384,295)
Net Debt at 31 March 1999	(3,345,745)	(534,104)

North Wales Newspapers Limited

Notes to the Consolidated Cash Flow Statement

Note 1 - Analysis of cash flows for headings netted in the cash flow statement

	1999 £	1998 £
Returns on investments and servicing of finance		
Interest paid	(26,935)	(29,966)
Issue Costs of Bank loan	(20,000)	-
Dividends received	30,123	31,036
Non - equity dividends paid	(1,486)	(1,486)
	<u>(18,298)</u>	<u>(416)</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(733,347)	(649,366)
Payments to acquire fixed asset investments	(78,424)	(27,349)
Receipts from sales of tangible fixed assets	571	12,564
Receipts from sales of fixed asset investments	772,181	119,635
	<u>(39,019)</u>	<u>(544,516)</u>
Acquisitions		
Purchase of subsidiary	(3,607,979)	(240,352)
Net Overdraft acquired	(130,260)	-
	<u>(3,738,239)</u>	<u>(240,352)</u>
Financing		
Repayment of loans	(62,500)	(160,361)
AIB Loan	2,850,000	-
	<u>2,787,500</u>	<u>(160,361)</u>

Note 2 - Analysis of changes in net debt

	At 1 April 1998 £	Cash Flows £	Other non - cash changes £	At 31 March 1999 £
Cash in hand , at bank	89,099	(48,106)		40,993
Overdrafts	(560,703)	23,965		(536,738)
	<u>(471,604)</u>	<u>(24,141)</u>		<u>(495,745)</u>
Debt due within 1 year	(25,000)	(2,787,500)	2,610,500	(202,000)
Debt due after 1 year	(37,500)	-	(2,610,500)	(2,648,000)
	<u>(62,500)</u>	<u>(2,787,500)</u>	<u>-</u>	<u>(2,850,000)</u>
	<u>(534,104)</u>	<u>(2,811,641)</u>	<u>0</u>	<u>(3,345,745)</u>

North Wales Newspapers Limited

Notes to the financial statements for the year ended 31 March 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, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost accounting convention.

Accounting date

The company prepares trading accounts to the last Saturday of the month. In this financial year the year end date for the preparation of accounts was 3 April 1999 (28 March 1998).

Principles of consolidation

The consolidated profit and loss account and balance sheet, include the accounts of the company and its subsidiary undertakings made up to 31st March 1999. The results of the subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

Turnover

Turnover represents the invoiced value for sale of advertising space and newspapers, amounts received from direct delivery of newspapers, contract printing and promotional activities.

Fixed asset investments

Fixed asset investments are stated at cost, less any provision necessary for permanent diminution in value.

Tangible fixed assets

Depreciation of freehold property has been charged at 2.5 % of original cost on a straight line basis. No depreciation is charged on land.

Plant, equipment and motor cars are depreciated at the following rates on a straight line basis ;

Plant	between 10% and 20%
Equipment	between 20% and 25%
Motor cars	25%
Motor vans	40%

North Wales Newspapers Limited

Notes to the financial statements (continued) for the year ended 31 March 1999

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is calculated on a first in, first out basis.

Hire purchase and finance lease agreements

Assets acquired under hire purchase and finance lease agreements are capitalised and depreciated as "tangible fixed assets". Interest is charged to the profit and loss account over the period of the agreement on a straight line basis for hire purchase agreements and a sum of the digits basis for finance lease agreements.

Operating leases

Operating lease payments are charged to the profit and loss account as incurred.

Pension plan

The Company operates a Money Purchase Pension Plan with both the company and the employee contributing into a personal fund for each individual employee. Contributions paid in the year are charged to the profit and loss account.

The company also has a final salary scheme, the North Wales Newspapers Limited Pension and Life Assurance Scheme. All contributions have ceased and benefits were frozen when the money purchase plan was evolved.

Deferred taxation

Provision for deferred taxation is made on the liability method on all timing differences which are expected to reverse in the foreseeable future, calculated at the rate at which it is expected the tax will become payable.

Provision is made for advance corporation tax on dividends proposed but not paid until after the end of the accounting year. Advance corporation tax is carried forward to the extent that it is expected to be recovered against future profits in the next twelve months.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of consolidation given over the fair value of the identifiable net assets acquired. In accordance with the transitional arrangements for FRS10 "Goodwill and Intangible Assets", goodwill previously written off immediately against reserves is retained within the reserves. Goodwill arising on future acquisitions will be amortised over the shorter of 20 years, or the anticipated life of the goodwill.

2 Profit and Loss account

As permitted by Section 230 of the Companies Act 1985 the holding company's profit and loss account has not been included in these financial statements. The amount of group results attributable to North Wales Newspapers Limited (the parent company) is a profit of £652,017 (1998 £128,915).

3 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation are attributable to the principal activity of the Group and relate to the United Kingdom.

North Wales Newspapers Limited

4 Other operating income and expenses

	Group	
	1999 £	1998 £
Net operating expenses		
Distribution costs	728,880	612,662
Administrative expenses	6,530,075	6,447,505
	<u>7,258,955</u>	<u>7,060,167</u>
Other operating income	(9,027)	(29,297)
	<u>7,249,928</u>	<u>7,030,870</u>

5 Directors' emoluments

	1999 £	1998 £
Aggregate emoluments	201,952	176,862
Company pension contributions to money purchase schemes	12,172	15,043
Compensation for loss of office	-	54,685
Sums paid to third parties	20,000	11,333
	<u>234,124</u>	<u>257,923</u>
Pension paid to former director	-	1,917

The group has made contributions to a money purchase pension plan in respect of 3 directors (1998 4) during the year

North Wales Newspapers Limited

6 Employee information

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

	Group	
	1999 Number	1998 Number
By product group		
Production staff	56	56
Distribution and sales staff	120	117
Editorial Staff	105	98
Administrative staff	27	26
	<hr/>	<hr/>
	308	297
	<hr/>	<hr/>
	1999	1998
	£	£
Staff costs		
Wages and salaries	4,099,824	3,784,209
Social security costs	348,003	317,943
Other pension costs	87,948	63,131
	<hr/>	<hr/>
	4,535,775	4,165,283
	<hr/>	<hr/>

7 Investment income

	1999 £	1998 £
Profit on sale of fixed asset investments	639,687	102,831
Dividends receivable from listed investments	30,123	31,036
	<hr/>	<hr/>
	669,810	133,867
	<hr/>	<hr/>

8 Interest payable and similar charges

	1999 £	1998 £
On bank loans , overdrafts and other loans :	26,935	31,471
On hire purchase agreements	-	194
	<hr/>	<hr/>
	26,935	31,665
	<hr/>	<hr/>

North Wales Newspapers Group

9 Profit on ordinary activities before taxation

	Group 1999 £	1998 £
Profit on ordinary activities before taxation is stated after crediting :		
(Loss)/Profit on disposal of tangible fixed assets	(170)	22,359
And after charging :		
Depreciation charge for the year :		
Tangible owned fixed assets	519,293	519,797
Auditors' remuneration Parent	12,000	11,000
Fees payable to auditors in respect of other services	18,400	21,870
Hire of plant and machinery - operating leases	196,233	212,820

10 Tax on profit on ordinary activities

	1999 £	1998 £
United Kingdom corporation tax at 30%(1998 31%)	349,095	245,848
Deferred tax	30,817	(9,450)
Tax credits on franked investment income	4,781	5,223
Under provision in respect of prior years	4,871	6,544
ACT written off/(reclaimed)	-	(5)
	389,564	248,160

11 Dividends

	1999 £	1998 £
Preference 3.5%	1,096	1,096
5.6% (See note 20)	390	390
	1,486	1,486
Ordinary :		
Interim paid - 1st (£2.29 per share)	89,459	121,829
Interim paid - 2nd	-	100,005
Interim paid - 3rd	-	66,801
Final proposed (£2.03 per share)	79,302	32,494
	170,247	322,615

North Wales Newspapers Limited

12a Intangible fixed Assets

Group	Goodwill £
Cost	
At 1st April 1998	-
Additions note 21	3,549,131
At 31 March 1999	<u>3,549,131</u>
Aggregate Amortisation	
At 1st April 1998	-
Additions	-
At 31 March 1999	<u>-</u>
Net Book value at 31 March 1999	<u>3,549,131</u>
Net Book value at 1 April 1998	<u>-</u>

12b Tangible fixed assets

	Freehold Land and Buildings £	Group Plant and machinery £	Fixtures & Fittings £	Total £
Cost				
At 1st April 1998	1,149,456	5,745,295	-	6,894,751
Additions	3,362	729,985	-	733,347
Acquisitions	-	199,452	19,853	219,305
Disposals	-	(13,820)	-	(13,820)
At 31 March 1999	<u>1,152,818</u>	<u>6,660,912</u>	<u>19,853</u>	<u>7,833,583</u>
Depreciation				
At 1st April 1998	201,904	4,113,880	-	4,315,784
Charge for year	31,336	487,957	-	519,293
Acquisitions	-	121,392	14,272	135,664
Eliminated on disposals	-	(13,819)	-	(13,819)
At 31 March 1999	<u>233,240</u>	<u>4,709,410</u>	<u>14,272</u>	<u>4,956,922</u>
Net book value				
At 31 March 1999	<u>919,578</u>	<u>1,951,502</u>	<u>5,581</u>	<u>2,876,661</u>
At 1st April 1998	<u>947,552</u>	<u>1,631,415</u>	<u>0</u>	<u>2,578,967</u>

Assets held under finance leases, capitalised and included in plant and machinery :

	1999 £	1998 £
Cost	60,449	-
Aggregate Depreciation	(27,687)	-
	<u>32,762</u>	<u>-</u>

North Wales Newspapers Limited

13 Fixed asset investments

Group	Subsidiary undertakings £	Other investments £	Total £
Cost			
At 1 April 1998	-	303,959	303,959
Additions	-	78,424	78,424
Disposals	-	(132,494)	(132,494)
At 31 March 1999	<u>0</u>	<u>249,889</u>	<u>249,889</u>

Company	Subsidiary undertakings £	Other investments £	Total £
Cost			
At 1 April 1998	4	303,955	303,959
Additions	3,607,979	78,424	3,686,403
Disposals	-	(132,494)	(132,494)
At 31 March 1999	<u>3,607,983</u>	<u>249,885</u>	<u>3,857,868</u>

Other investments with a cost of £249,889 (1998 £303,959) include a holding of ordinary shares with a market value of £656,320 (1998 £1,021,103). These securities are listed on the International Stock Exchange.

Interest in group undertakings

The following information relates to the principal subsidiary undertakings.

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held
Chester and District Standard Ltd	England and Wales	Ordinary	100%
Radio NAGC Limited	England and Wales	Ordinary	100%
Celtic Sportsman Limited	England and Wales	Ordinary	100%
Leader News Shops Limited	England and Wales	Ordinary	87%
Radio WFM Limited	England and Wales	Ordinary	100%

All of the above subsidiaries are non trading except Chester and District Standard Limited, which publishes and distributes free weekly newspapers.

14 Stocks

	Group		Company	
	1999 £	1998 £	1999 £	1998 £
Raw materials and consumables	<u>83,906</u>	<u>63,524</u>	<u>83,906</u>	<u>63,524</u>

15 Debtors

	Group		Company	
	1999 £	1998 £	1999 £	1998 £
Amounts falling due within one year:				
Trade debtors	1,839,080	1,439,699	1,490,495	1,439,699
ACT recoverable	930	8,124	930	8,124
Other debtors	118,323	44,516	115,571	44,516
Prepayments and accrued income	80,826	101,859	70,084	101,859
	<u>2,038,959</u>	<u>1,594,198</u>	<u>1,677,080</u>	<u>1,594,198</u>

North Wales Newspapers Limited

16 Creditors : amounts falling due within one year

	Group		Company	
	1999 £	1998 £	1999 £	1998 £
Bank loans and overdrafts (note 17)	718,738	560,703	587,753	560,703
Trustees' loan (note 17)	-	25,000	-	25,000
Trade creditors	629,317	245,199	381,527	245,199
Amounts owed to group undertakings	-	-	39,000	-
Corporation tax	396,458	160,408	383,420	160,408
Other taxation and social security	228,235	204,401	209,102	204,401
Other creditors	120,558	97,587	152,329	97,587
Accruals	325,149	275,866	306,410	275,866
HP Creditors	12,672	-	-	-
Proposed dividend (ordinary shares)	79,302	32,494	79,302	32,494
ACT payable	-	8,124	-	8,124
	<u>2,510,429</u>	<u>1,609,782</u>	<u>2,138,843</u>	<u>1,609,782</u>

17 Creditors : amounts falling due after more than one year

	Group		Company	
	1999 £	1998 £	1999 £	1998 £
Bank loans	2,648,000	-	2,648,000	-
Trustees' loan	-	37,500	-	37,500
HP Creditors	15,811	-	-	-
	<u>2,663,811</u>	<u>37,500</u>	<u>2,648,000</u>	<u>37,500</u>

Trustees' loan / Bank loans and overdrafts

	Group		Company	
	1999 £	1998 £	1999 £	1998 £
Bank loans and overdrafts are repayable as follows :				
In one year or less	718,738	560,703	587,753	560,703
Between one and two years	217,000	37,500	217,000	37,500
Between two and five years	753,000	-	753,000	-
More than five years	1,678,000	-	1,678,000	-
	<u>3,366,738</u>	<u>598,203</u>	<u>3,235,753</u>	<u>598,203</u>

The Allied Irish Bank loan and overdraft are secured by a legal mortgage over all the fixed and current assets of the North Wales Newspapers Group. The bank loan is for a ten year term at a variable commercial interest rate of 1.5 % over base rate. The overdraft is repayable on demand.

The Trustees' loan was secured by a first legal charge over the freehold land and buildings at Oswestry and Welshpool dated 18 December 1995.

North Wales Newspapers Limited

18 Provision for liabilities and charges

Group and Company

At 1 April 1998
Profit and loss account

1999
Deferred
taxation
£

39,529
30,817

At 31 March 1999

70,346

Deferred taxation

Deferred taxation provided in the financial statements, and the total potential liability including the amounts for which provision has been made, is as follows:

Group and Company

	Amount provided		Total potential liability	
	1999 £	1998 £	1999 £	1998 £
Tax effect of timing differences due to:				
Excess of tax allowances over depreciation	93,159	73,021	93,159	73,021
Other differences	(22,813)	(33,492)	99,118	188,823
	<u>70,346</u>	<u>39,529</u>	<u>192,277</u>	<u>261,844</u>

North Wales Newspapers Limited

19 Pension and similar obligations

The company operates a defined contribution pension scheme. The assets of the fund are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £ 56,586 (1998 £63,131).

In addition, the company operated a defined benefit pension scheme which was closed in June 1992. These employees have a guarantee from the company that their total benefits from the defined contribution and defined benefit schemes will be at least equal to a certain individually defined benefit. From time to time an actuary assesses if the current rate of contributions to the defined contribution scheme, together with the accumulated funds held in the defined benefit scheme, is expected to be adequate to provide this benefit guarantee.

20 Called up share capital

	1999 £	1998 £
Authorised		
102,500 ordinary shares of £1 each	102,500	102,500
37,000 3.5% cumulative preference shares of £1 each	37,000	37,000
7,500 4.2% cumulative preference shares of £1 each	7,500	7,500
	<hr/>	<hr/>
	147,000	147,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
39,065 ordinary shares of £1 each	39,065	39,065
31,329 3.5% cumulative preference shares of £1 each	31,329	31,329
6,959 4.2% cumulative preference shares of £1 each	6,959	6,959
	<hr/>	<hr/>
	77,353	77,353
	<hr/>	<hr/>

The 4.2% preference shares become 5.6% when the ordinary dividend in the financial year exceeds 10% of the nominal value.

The net profits of the company, after due provision of all proper reserves, shall be applied first in paying the holders of the preference shares and the balance, if any, shall be distributed by way of a dividend determined by the company in general meeting.

All ordinary shares carry one vote per £1 of nominal value.

The preference shares carry voting rights only in the following circumstances:

- The issue of debentures or debenture stock or debenture bonds having a priority of capital and interest above the said preference shares;
- Any question directly affecting the rights of the holders of preference shares;
- The winding up of the Company or any question arising in such winding up.

If the company shall be wound up the assets available for distribution shall be applied:

- Firstly in repaying the holders of the preference shares the amounts paid up or credited as paid up on such preference shares;
- Secondly in repaying the holders of ordinary shares the amounts paid up or credited as paid up on such ordinary shares;

The balance shall be distributed amongst the holders of the ordinary shares in proportion to the number of shares held.

North Wales Newspapers Limited

21 Acquisitions

On 31 March 1999 the company acquired 100% of the ordinary share capital of Chester and District Standard Limited. The details of the acquisition are noted below :

	Net Assets £	Fair Value Adj £	Fair Value of acquisition £
Fixed Assets	83,641	-	83,641
Cash	725	-	725
Net Liabilities	(25,518)	-	(25,518)
	<u>58,848</u>	<u>0</u>	<u>58,848</u>
Goodwill			<u>3,549,131</u>
Value Acquired			<u>3,607,979</u>
Satisfied by:			
Cash			<u>3,607,979</u>

As Chester and District Standard Limited was acquired on 31 March 1999, no contribution was made by this company to the consolidated profit and loss account of the group for the year then ended.

In the seven months prior to the acquisition, being the period for which the last financial statements of the company have been made up to, Chester and District Standard Limited made a loss after tax of £21,328. For that period, the financial statements of Chester and District Standard Limited show :

Turnover	£ 1,199,455
Operating Profit	10,290
Loss on ordinary activities before tax	(22,581)
Tax	1,253
Loss on ordinary activities after tax	(21,328)

Net Assets acquired consist of the following :

	£
Tangible Fixed Assets	83,641
Debtors	400,879
Cash	725
Creditors	(295,412)
Bank Overdraft	(130,985)
Net Assets acquired	<u>58,848</u>

22 Share premium account and reserves

Group and company	Share premium account £	Capital reserve £	Profit and loss account £
At 1 April 1998	6,264	68,779	2,790,540
Retained profit for year	-	-	652,017
At 31 March 1999	<u>6,264</u>	<u>68,779</u>	<u>3,442,557</u>

Goodwill written off to reserves in previous years amounted to £203,115.

North Wales Newspapers Limited

23 Reconciliation of movements in shareholders funds

Group and Company	1999 £	1998 £
Opening shareholders funds	2,942,936	3,017,136
Retained profit for year	652,017	128,915
Goodwill written off in the Year	-	(203,115)
Closing shareholders funds	3,594,953	2,942,936
	1999 £	1998 £
Equity Shareholders Funds	3,556,665	2,904,648
Non-equity Shareholders Funds:		
3.5% preference shares	31,329	31,329
4.2% preference shares	6,959	6,959
Total shareholders funds	3,594,953	2,942,936

24 Financial commitments

At 31 March 1999 the group had annual commitments under non-cancellable operating leases as follows :

	1999 Land and buildings £	1999 Other £	1998 Land and buildings £	1998 Other £
Expiring within one year	5,250	13,020	42,752	51,583
Expiring between two and five years inclusive	43,406	163,532	25,439	85,380
Expiring in over five years	4,600	-	4,600	-
	53,256	176,552	72,791	136,963

In addition to the above there were £134,000 of capital commitments in non cancellable agreements which had been entered into at the year end.

25 Contingent Liabilities

The directors are not aware of any contingent liabilities in relation to the company at 31 March 1999.

26 Related Party Transactions

The Chairman of North Wales Newspapers Limited, Mr RWG Whitehair, was also Deputy Chairman of Mediaforce (London) Limited which acted as North Wales Newspapers' agents for national advertising business during the year to 31 March 1999 on a commission basis. Mr RWG Whitehair is also a trustee of the ELT1961 Trust which had outstanding loans with North Wales Newspapers Ltd (see notes 16 and 17).

During the year Mediaforce (London) Limited rendered services to North Wales Newspapers Limited amounting to £46,633 (1998 £34,823), of which £11,005 (1998 £11,005) was outstanding at the year end.

All the transactions were carried out on an arms length basis.

During the year North Wales Newspapers Ltd made sales to Chester and District Standard Limited of £451,824 and received purchases of £223,571. At the 31 March 1999, an amount of £39,000 was due to Chester and District Standard Limited.