Grant Thornton

Financial statements
NWN Media Limited

For the year ended 31 March 2009

Company No 00167825

Company information

Company registration number	00167825
Registered office	Mold Business Park Wrexham Road Mold Flintshire CH7 1XY
Executive directors	D Faulkner P S Hinchliffe
Non-Executive directors	R W G Whitehair (Chairman) Mrs N P Woodward H R Jones A J Moss G Hughes
Secretary	P S Hinchliffe
Bankers	Allied Irish Bank (GB) 1 St Paul's Square Old Hall Street Liverpool L3 9PP
Solicitors	Walker Smith & Way 26 Nicholas Street Chester CH1 2PQ DTM Legal LLP Archway House Station Road Chester CH1 3DR
Auditor	Grant Thornton UK LLP Registered Auditors Chartered Accountants Royal Liver Building Liverpool L3 1PS

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Report of the directors

The directors present their report together with the financial statements for the year ended 31 March 2009.

Principal activity

The company's principal activity continues to be the printing and publishing of newspapers with developing interest in other media.

Review of business and future developments

The profit and loss account for the year is set out on page 12. 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. The directors believe they have built into the company's future profit and cash flow plans the financial flexibility to meet the market conditions.

NWN Media has worked inside its agreed bank covenants for the year. The new press continues to provide opportunities for new revenue after a successful entry into the Contract Print market.

The market remains fragile, with revenues off by 5.8%in the year and a very creditable performance within the industry. Focussed selling, continued cost reductions and interest rate swap agreements continue as the basis for strengthening the company.

NWN Media Limited's titles continue to perform in the top quartile of regional newspapers as measured by the Audit Bureau of Circulation.

Results and dividends

There was a profit for the financial year amounting to £153,983(2008: £730,067) which has been transferred to reserves.

Dividends totalling £310,567 (2008: £380,288) were paid during the year as detailed in the notes to the financial statements.

Directors

The present membership of the Board is set out below. Other than as stated, all served on the Board throughout the year.

- R W G Whitehair
- Mrs N P Woodward
- H R Jones
- A J Moss
- P S Hinchliffe
- D Faulkner (appointed 29 April 2008)
- G Hughes

Report of the directors

Fixed assets

The movements in fixed assets during the year are set out in the notes to the financial statements. In conjunction with a professional valuation, the directors value the company's freehold land and buildings at £2,055,000. A calculation of the corporation tax payable should the property be disposed of has not been performed as no disposal is contemplated.

Financial risk management objectives and policies

The company uses various financial instruments; these include loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

The main risks arising from the company's financial instruments are interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Interest rate risk

The company finances its operations through a mixture of retained profits and bank borrowings. The company exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities. At the year-end £6,524,000 of the borrowings were at fixed rates.

The company's directors are responsible for implementing its treasury policy by ensuring the availability of funds to meet the ongoing activities of the company and managing interest rate and liquidity risk. In that regard the company has entered into an interest rate hedge in respect of part of the company's long term borrowings of £6,524,000.

Credit risk

The company's principal financial assets are cash and trade debtors. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit control manager and financial controller on a regular basis in conjunction with debt ageing and collection history.

The company's financial instruments comprise borrowings, cash and liquid resources which arise directly from operations. The main purpose of these financial instruments is to finance the cost of the company's operations.

Report of the directors

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law in the United Kingdom 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 of the profit or loss of the company 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, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Employee involvement

Within the limitations of commercial confidentiality and security, it is the policy of the company to take employees' views into account when 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 company performance.

It is the policy of the company 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 for disabled persons.

Charitable donations

During the year donations of £790 (2008: £2,790) were made to registered charities.

Report of the directors

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

P S Hinchliffe
Secretary

25th August 2009

Grant Thornton

Report of the independent auditors to the members of NWN Media Limited

We have audited the financial statements of NWN Media Limited for the year ended 31 March 2009 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement, and notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985, and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Report of the independent auditors to the members of NWN Media Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended; and

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements for the year ended 31 March 2009.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LIVERPOOL
7th September 2009

Principal accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Consolidation

The directors consider that the subsidiary undertakings of the company taken together are not material and therefore consolidated financial statements are not required.

Turnover

Turnover represents the invoiced value for sale of advertising space, newspapers, contract printing and promotional activities provided during the year exclusive of Value Added Tax, less retail, wholesale and direct debit discounts. Turnover is recognised on product or service delivery.

Capitalisation of finance costs and interest

Finance costs, including interest, incurred in relation to the acquisition of tangible fixed assets are capitalised and depreciated over the useful economic life of the asset in question. Such costs are only capitalised when they specifically relate to the purchase of an asset, and cease to be capitalised when the asset has been made available for use. The capitalised rate used to determine the amount of finance costs and interest capitalised is based on the funding mechanism used to purchase the asset.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation of freehold property has been charged at 2.5% and freehold property improvements at between 10% and 25% of original cost on a straight line basis. No depreciation is charged on land. Plant, equipment and motor vehicles are depreciated at the following rates on a straight line basis:

Plant and machinery	-	between 5% and 33%
Fixtures and fittings	-	between 20% and 25%
Motor cars	-	between 25% and 33%
Motor vans	-	between 25% and 50%

Investments

Investments are stated at cost less any provision for permanent diminution in value.

Operating leases

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

Stocks

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

Principal accounting policies

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date. Deferred tax is not subject to discounting.

Pension plan

The company operates a New Generation Group 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 had 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 established. The fund available, to provide a minimum defined level of pension to certain current and former employees, is valued on a regular basis by a professionally qualified independent actuary. The directors consider the need for any additional accruals to be made to cover deficits identified within this fund, on the basis of these actuarial valuations.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets. Other grants are credited to the profit and loss account when received.

Financial instruments

Classification as equity or financial liability

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Derivative instruments

The company uses derivative financial instruments, primarily to manage exposures to fluctuations in interest rates. Gains and losses arising on interest rate hedges in respect of borrowings are disclosed in the notes to the financial statements.

Profit and loss account

	Note	2009 £	2009 £	2008 £	2008 £
Turnover	1		15,792,085		16,766,887
Cost of sales			4,307,810		4,365,114
Gross profit			11,484,275		12,401,773
Administrative expenses		10,834,700		11,029,389	
Other operating income		(12,766)		(24,597)	
			10,821,934		11,004,792
Operating profit	1		662,341		1,396,981
Exceptional item					
Loss on sale of press			-		(165,947)
Net interest	2		(437,345)		(288,590)
Profit on ordinary activities before taxation	1		224,996		942,444
Tax on profit on ordinary activities	4		(71,013)		(212,377)
Profit for the financial year	18		153,983		730,067

All of the activities of the company are classed as continuing.

There were no recognised gains or losses other than the result for the financial year.

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet - COMPANY NO 00167825

	Note	2009	2009	2008	2008
		£	£	£	£
Fixed assets					
Tangible assets	6		**15,490,828**		16,484,517
Investments	7		**10,020**		10,020
			15,500,848		16,494,537
Current assets					
Stocks	8	**262,114**		254,456	
Debtors	9	**1,912,028**		2,655,236	
Cash at bank and in hand		**1,612,788**		1,040,251	
		3,786,930		3,949,943	
Creditors: amounts falling due within one year	10	**(2,732,526)**		(2,815,952)	
Net current assets			**1,054,404**		1,133,991
Total assets less current liabilities			**16,555,252**		17,628,528
Creditors: amounts falling due after more than one year	11		**(6,535,029)**		(7,522,734)
Provisions for liabilities and charges	14		**(1,454,281)**		(1,383,268)
Net assets			**8,565,942**		8,722,526
Capital and reserves					
Called up share capital	16		**39,065**		39,065
Share premium account	17		**6,264**		6,264
Capital reserve	17		**68,779**		68,779
Capital redemption reserve	17		**38,288**		38,288
Profit and loss account	17		**8,413,546**		8,570,130
Shareholders' funds	18		**8,565,942**		8,722,526

The financial statements were approved by the Board of Directors on 25th August 2009 and signed on its behalf by:

P S Hinchliffe Director

D Faulkner Director

The accompanying accounting policies and notes form part of these financial statements.

Cash flow statement

	Note	2009 £	2009 £	2008 £	2008 £
Net cash inflow from operating activities	19		2,619,119		2,789,513
Net interest			(437,345)		(288,590)
Net cash inflow from returns on investments and servicing of finance			2,181,774		2,500,923
Taxation			-		565,642
Capital expenditure and financial investments					
Purchase of tangible fixed assets		(381,200)		(2,213,599)	
Sale of tangible fixed assets		19,325		166,453	
Grant received		80,000		-	
			(281,875)		(2,047,146)
Equity dividends paid			(310,567)		(380,288)
Net cash inflow before financing			1,589,332		639,131
Financing					
Repayment of loans		(1,016,795)		(297,289)	
Net cash outflow from financing			(1,016,795)		(297,289)
Increase in cash in year	20		572,537		341,842

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover and operating profit

The analysis of turnover and profit before taxation are attributable to the principal activities of the company and relate to the United Kingdom.

The profit on ordinary activities before taxation is stated after charging:

	2009 £	2008 £
Auditors' remuneration	18,500	22,000
Fees payable to auditors in respect of other services	16,365	15,531
Depreciation - tangible fixed assets owned	1,365,412	1,035,147
Profit on disposal of tangible fixed assets	(9,708)	(6,000)
Operating lease rentals - other	272,498	282,683
- land and buildings	65,118	68,850

2 Net interest

	2009 £	2008 £
On bank loans	452,472	346,169
Other loan interest	56,288	14,972
Interest receivable	(71,415)	(72,551)
	437,345	288,590

3 Directors and employees

Staff costs in the year were as follows:

	2009 £	2008 £
Wages and salaries	6,573,105	6,876,696
Social security costs	535,811	522,433
Other pension costs	150,779	142,607
	7,259,695	7,541,736

Notes to the financial statements

3 Directors and employees (continued)

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

	2009 Number	2008 Number
Production staff	**44**	51
Distribution and sales staff including delivery agents	**260**	288
Editorial staff	**77**	78
Administrative staff	**23**	24
	404	441

Remuneration in respect of directors was as follows:

	2009 £	2008 £
Aggregate emoluments	**449,007**	405,827
Pension contributions to money purchase schemes	**25,014**	23,390
	474,021	429,217

During the year, five directors (2008: five) participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2009 £	2008 £
Emoluments	**140,404**	112,318
Pension contributions to money purchase pension schemes	**8,960**	7,907

Notes to the financial statements

4 Tax on profit on ordinary activities

(a) Analysis of charge in the year

	2009	2008
	£	£
Current taxation		
UK corporation tax payable @ 28% (2008: 30%)	-	-
Adjustments in respect of prior years	-	20
Total current tax	-	20
Deferred tax (see note 14)	**71,013**	212,357
	71,013	212,377

(b) Factors affecting the tax charge in the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28% (2008: 30%).

The differences are explained below:

	2009	2008
	£	£
Profit on ordinary activities before taxation	**224,996**	942,444
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 28% (2008: 30%)	**62,999**	282,733
Effects of:		
Income not taxable	**(1,519)**	(10,932)
Expenses not deductible for tax purposes	**29,278**	40,078
Capital allowances for the year higher than depreciation and other timing differences	**(71,013)**	(227,525)
Industrial building allowances falling out of charge	**(19,745)**	(84,354)
Adjustments in respect of prior years	-	20
Current tax charge for the year	-	20

Notes to the financial statements

5 Dividends

	2009	2008
	£	£
Equity dividends paid in the year:		
£1 Ordinary shares - 2009 interim dividend of £4.32 (2008: £2.58)	**168,761**	100,788
£1 Ordinary shares - 2008 final dividend of £3.63 (2008: £7.15)	**141,806**	279,500
	310,567	380,288
Equity dividends proposed after the year-end (not recognised as a liability):		
£1 Ordinary shares - 2009 final dividend of £2.68 (2008: £3.64)	**104,694**	142,197

The above rates of dividends have been paid/proposed on all classes of Ordinary shares.

6 Tangible fixed assets

	Freehold land and buildings	Plant, machinery, vehicles, fixtures and fittings	Total
	£	£	£
Cost			
At 1 April 2008	1,802,488	19,633,862	21,436,350
Additions	21,905	359,295	381,200
Disposals	-	(48,188)	(48,188)
At 31 March 2009	1,824,393	19,944,969	21,769,362
Depreciation			
At 1 April 2008	616,246	4,335,587	4,951,833
Charge for the year	64,307	1,300,965	1,365,272
Eliminated on disposals	-	(38,571)	(38,571)
At 31 March 2009	680,553	5,597,981	6,278,534
Net book amount at 31 March 2009	**1,143,840**	**14,346,988**	**15,490,828**
Net book amount at 31 March 2008	1,186,242	15,298,275	16,484,517

No interest (2008: £202,711) has been capitalised within additions in accordance with the company's accounting policy.

Notes to the financial statements

7 Fixed asset investments

	Subsidiary undertakings £	Other investments £	Total £
Cost			
At 1 April 2008 and at 31 March 2009	10,000	20	10,020

Interests in group undertakings

The following information relates to the principal subsidiary undertakings.

Name of undertaking	Country of incorporation or registration	Class of share capital held	Proportion held	Profit for financial year £	Capital and reserves £
Chester & District Standard Limited	England and Wales	Ordinary	100%	-	10,000
Radio NGAC Limited	England and Wales	Ordinary	100%	-	2
Radio WFM Limited	England and Wales	Ordinary	100%	-	2
Radio Pendragon Limited	England and Wales	Ordinary	100%	-	2
Leader News Shops Limited	England and Wales	Ordinary	100%	-	(163,203)

All of the above subsidiaries are non-trading.

8 Stocks

	2009 £	2008 £
Spares	169,786	169,786
Raw materials and consumables	92,328	84,670
	262,114	254,456

9 Debtors

	2009 £	2008 £
Trade debtors	1,725,289	2,370,530
Other debtors	50,829	83,483
Prepayments and accrued income	135,910	201,223
	1,912,028	2,655,236

Notes to the financial statements

10 Creditors: amounts falling due within one year

	2009	2008
	£	£
Bank loans (see note 12)	**630,448**	652,142
Trade creditors	**760,484**	511,141
Social security and other taxes	**386,210**	532,983
Amount owed to group undertaking	**10,000**	10,000
Other creditors	**304,106**	286,885
Accruals and deferred income	**577,091**	763,522
Deferred income - government grants	**64,187**	59,279
	2,732,526	2,815,952

11 Creditors: amounts falling due after more than one year

	2009	2008
	£	£
Shareholder loan	**-**	150,000
Bank loans (see note 12)	**5,716,899**	6,562,000
Deferred income - government grants	**818,130**	810,734
	6,535,029	7,522,734

12 Borrowings

The bank loans are repayable as follows:

	2009	2008
	£	£
Within one year	**630,448**	652,142
After one and within two years	**678,594**	657,000
After two and within five years	**2,362,854**	2,234,000
After more than five years	**2,675,451**	3,671,000
	6,347,347	7,214,142

The loan with Allied Irish Bank is for 10 years at 2% over LIBOR. Both loans were secured by a legal mortgage over all the fixed and current assets of the group excluding certain properties of the company.

The company has entered into an interest rate hedge in respect of £7,150,000 (2008: £7,150,000) of its long term borrowing. At 31 March 2009 there was an unrecognised ongoing loss on this hedge of £125,644 (2008: £30,469), which sum is taken account of in the repayment table above.

Notes to the financial statements

13 Deferred income - government grants

Deferred income will be credited to the profit and loss account as follows:

	2009	2008
	£	£
Within one year	**64,187**	59,279
After one and within two years	**64,187**	59,279
After two and within five years	**181,976**	172,542
After five years	**571,967**	578,913
	882,317	870,013

14 Provisions for liabilities and charges

Deferred taxation (see note 15)

	2009	2008
	£	£
At 1 April 2008	**1,383,268**	1,170,911
Provided in the year	**71,013**	212,357
At 31 March 2009	**1,454,281**	1,383,268

15 Deferred taxation

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

	2009	2008
	£	£
Accelerated capital allowances	**1,640,664**	1,570,409
Other timing differences	**(186,383)**	(187,141)
	1,454,281	1,383,268

Notes to the financial statements

16 Share capital

	2009	2008
	£	£
Authorised		
Undesignated Ordinary shares of £1 each	**63,435**	63,435
Ordinary A shares of £1 each	**37,490**	37,490
Ordinary B shares of £1 each	**1,524**	1,524
Ordinary C shares of £1 each	**51**	51
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
	147,000	147,000

	2009	2008
Allotted, called up and fully paid		
Ordinary A shares of £1 each	**37,490**	37,490
Ordinary B shares of £1 each	**1,524**	1,524
Ordinary C shares of £1 each	**51**	51
	39,065	39,065

All ordinary shares rank pari passu in all respects save as otherwise set out in the company's articles of association. The rights attaching to shares are the same with a distinction drawn to assist in the governing of transfers and allotment of shares.

17 Share premium account and reserves

	Share premium account	Capital reserve	Profit and loss account	Capital redemption reserve
	£	£	£	£
At 1 April 2008	6,264	68,779	8,570,130	38,288
Profit for the financial year	-	-	153,983	-
Equity dividends paid	-	-	(310,567)	-
At 31 March 2009	**6,264**	**68,779**	**8,413,546**	**38,288**

18 Reconciliation of movements in shareholders' funds

	2009	2008
	£	£
Retained profit for the financial year	**153,983**	730,067
Equity dividends paid	**(310,567)**	(380,288)
Net addition to shareholders funds	**(156,584)**	349,779
Shareholders' funds at 1 April 2008	**8,722,526**	8,372,747
Shareholders' funds at 31 March 2009	**8,565,942**	8,722,526

Notes to the financial statements

19 Net cash inflow from operating activities

	2009	2008
	£	£
Operating profit	**662,341**	1,396,981
Depreciation on tangible fixed assets	**1,365,272**	1,035,147
Profit on sale of tangible fixed assets	**(9,708)**	(6,000)
Increase in stocks	**(7,658)**	(211,423)
Decrease in debtors	**743,208**	523,925
(Decrease)/increase in creditors	**(134,336)**	50,883
	2,619,119	2,789,513

20 Reconciliation of net cash flow to movement in net debt

	2009	2008
	£	£
Increase in cash in the year	**572,537**	341,842
Cash outflow from financing	**1,016,795**	297,289
Change in net debt resulting from cash flows	**1,589,332**	639,131
Net debt at 1 April 2008	**(6,323,891)**	(6,963,022)
Net debt at 31 March 2009	**(4,734,559)**	(6,323,891)

21 Analysis of changes in net debt

	At 1 April 2008	Cash flows	At 31 March 2009
	£	£	£
Cash at bank and in hand	1,040,251	572,537	**1,612,788**
Debt due within one year	(652,142)	21,694	**(630,448)**
Debt due after more than one year	(6,712,000)	995,101	**(5,716,899)**
	(6,323,891)	1,589,332	**(4,734,559)**

22 Capital commitments

The company had capital commitments at 31 March 2009 of £64,116 (2008: £132,500).

23 Contingent liabilities

The company had no contingent liabilities at 31 March 2009 or 31 March 2008.

The grant received from the Welsh Assembly Government under Regional Selective Assistance has met all the conditions required. One condition is due to be tested within five years and provided it is met there will be no repayment. Details of the amounts included are shown in note 13.

Notes to the financial statements

24 Pension and similar obligations

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The assets of the fund are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £128,399 (2008: £121,090). At 31 March 2009 pension contributions of £19,417 (2008: £20,574) were accrued.

Defined benefit pension scheme

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 independent 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. At 31 March 2009 pension contributions of £98,096 (2008: £117,755) were accrued in respect of this scheme.

FRS17 disclosures

As stated above, the company operates a money purchase pension scheme, the North Wales Newspapers Retirement & Life Assurance scheme. The company has funded special contributions in respect of a closed group of employees to provide a minimum defined level of pension (as described above). A full actuarial valuation of the cost of the minimum pension was carried out at as at 31 December 2008 by a qualified independent actuary.

The major assumptions used by the actuary were:

Pensionable salary growth	3% pa
Pension escalation in payment	Nil
Discount rate	5% pa
Inflation	2% pa

As discussed above, the company has made maximum accrual under adopted accounting standards of £98,096 (2008: £117,755) to cover for the anticipated deficit within the funding available for those employees with guarantees under the closed defined benefit scheme.

Notes to the financial statements

25 Leasing commitments

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as follows:

	2009 Land and buildings £	2009 Other £	2008 Land and buildings £	2008 Other £
In one year or less	-	55,318	-	45,540
Between one and five years	52,850	191,885	37,850	213,524
In five years or more	32,000	-	31,000	-
	84,850	247,203	68,850	259,064

26 Related party transactions

The chairman of NWN Media Limited, R W G Whitehair, was also deputy chairman of Mediaforce (London) Limited, which acted as NWN Media Limited's agents for national advertising business during the year on a commission basis.

During the year Mediaforce (London) Limited rendered services to NWN Media Limited, amounting to £123,314 (2008: £127,958) of which £1,422 (2008: £13,720) was accrued for at the year end.

Mediaforce (London) Limited is the parent undertaking of Choice Media Limited. NWN Media Limited made sales of £339,978 (2008: £453,000) to Choice Media Limited during the year and were owed £62,162 (2008: £91,068) at the balance sheet date.

All transactions were carried out on an arms length basis.

The company owed £10,000 to its subsidiary Chester & District Standard Limited at 31 March 2009 (2008: £10,000).