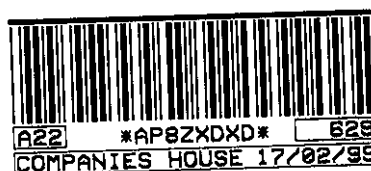


# **North Wales Newspapers Limited**

**Annual report**

**for the year ended 31 March 1998**

Registered no : 00167825



# **North Wales Newspapers Limited**

## **Annual report for the year ended 31 March 1998**

	<b>Pages</b>
<b>Directors and advisors</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Report of the auditors</b>	<b>6</b>
<b>Consolidated Profit and loss account</b>	<b>7</b>
<b>Balance sheets</b>	<b>8</b>
<b>Consolidated cash flow statement</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>11</b>

# **North Wales Newspapers Limited**

## **Directors and advisors**

### **Executive directors**

**TR Morris  
PS Hinchliffe  
L Lommano**

### **Registered Auditors**

**Coopers & Lybrand  
8 Princes Parade  
St Nicholas Place,  
Liverpool  
L3 1QJ**

### **Non - Executive Directors**

**RWG Whitehair (Chairman)  
NP Woodward  
EW Moss  
H.R. Jones**

### **Bankers**

**Midland Bank Plc  
North East Wales  
Corporate Banking Centre  
Clwydian House  
Archimedes Centre  
Wrexham Technology Park  
Wrexham  
LL13 7YP**

### **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 1998**

The directors present their report and the audited group financial statements for the year ended 31 March 1998.

### **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 investment on the results.

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 £3.12 per ordinary share with associated tax credit of £0.78 was paid on 4th November 1997. A second interim dividend of £2.56 per ordinary share with associated tax credit of £0.64 was paid on the 3rd December 1997. A third interim dividend of £1.71 per ordinary share with associated tax credit of £0.428 was paid on 20th March 1998. The final dividend of £0.832 per ordinary share with associated tax credit of £0.208 was paid on 29th April 1998.

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 1998 and for the whole of the year ended on that date were Mr RWG Whitehair, Mrs NPW Woodward, Mrs E. Moss; Mr TR Morris and Mr PS Hinchliffe. Mr H. Jones was appointed a director on the 25th November 1997 and Mr Lommano was appointed a director on the 20th January 1998. Mr ID McAulay resigned as a director on 25th March 1998.

### Directors' Interests in Share Capital

	3.5% Cumulative Preference Shares	4.2% Cumulative Preference Shares	Ordinary Shares	
			Beneficial	Non Beneficial
<b>31 March 1997</b>				
Mr R W G Whitehair	2400			27815
Mrs N W P Woodward	5225	168	11833	5650
Mrs E Moss	252		6757	3829
Mr P Hinchliffe	100			
Mr T R Morris	100			
Mr H R Jones	5698	174	4660	
( at appointment on 25/11/97)				
<b>31 March 1998</b>				
Mr RW G Whitehair	2400			27035
Mrs N W P Woodward	5225	168	11840	5650
Mrs E Moss	252		6744	3049
Mr P S Hinchliffe	100			
Mr T R Morris	100			
Mr L Lommano	100			
Mr H R Jones	5698	174	4660	

### Directors' insurance

The company has purchased insurance for its officers in relation to the liabilities incurred in the performance of their duties.

### 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 company's freehold property is not significantly different from the book value as at 31 March 1998.

**Employee involvement**

Within the limitations of commercial confidentiality and security, it is the policy of the company 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 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 to disabled persons.

**Taxation Status**

The Company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

**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.

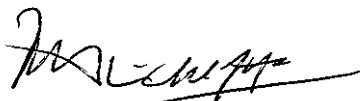
The directors confirm that suitable accounting policies have been used and applied consistently with reasonable and prudent judgements and estimates having been made in the preparation of the financial statements for the year ended 31 March 1998. The directors also confirm that applicable accounting 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**

A resolution to reappoint the auditors Coopers & Lybrand, will be proposed at the next annual general meeting.

**By order of the board**

A handwritten signature in dark ink, appearing to read 'P. S. Hinchliffe', written over a horizontal line.

**P. S. Hinchliffe**  
**Company Secretary**

**Date:** 17/6/98

# 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

As described on page 5 the company's directors are responsible for the preparation of financial statements . It is our responsibility to form an independent opinion , based on our audit , on those statements and to report our opinion to you .

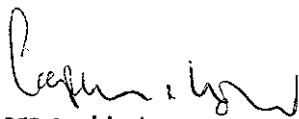
## Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board . An audit includes examination , on a test basis , of evidence relevant to the amounts and disclosures in the financial statements . It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements , and of whether the accounting policies are appropriate to the 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 1998 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.



Coopers and Lybrand

Chartered Accountants and Registered Auditors  
Liverpool

23 June

1998

# North Wales Newspapers Limited

## Consolidated profit and loss account for the year ended 31 March 1998

	Notes	1998 £	1997 £
Turnover			
Cost of sales	3	10,413,836 (2,785,478)	9,801,544 (2,680,972)
<b>Gross profit</b>			
Other operating income and expenses	4	7,628,358 (7,030,870)	7,120,572 (6,354,585)
<b>Operating profit</b>		597,488	765,987
Investment income/realised gains	7	133,867	66,559
Interest payable and similar charges	8	(31,665)	(36,252)
<b>Profit on ordinary activities before taxation</b>	9	699,690	796,294
Tax on profit on ordinary activities	10	(248,160)	(160,504)
<b>Profit on ordinary activities after taxation</b>	2	451,530	635,790
Dividends (Including amounts in respect of non-equity shares)	11	(322,615)	(287,442)
<b>Retained Profit for year</b>	22	128,915	348,348

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 sheets at 31 March 1998

	Notes	1998 £	Group 1997 £	1998 £	Company 1997 £
<b>Fixed assets</b>					
Tangible assets	12	2,578,967	2,484,322	2,578,967	2,484,322
Investments	13	303,959	293,414	303,959	293,414
		<u>2,882,926</u>	<u>2,777,736</u>	<u>2,882,926</u>	<u>2,777,736</u>
<b>Current assets</b>					
Stocks	14	63,524	71,087	63,524	71,087
Debtors	15	1,594,198	1,567,090	1,594,198	1,566,590
Cash at bank and in hand		89,099	26,632	89,099	26,632
		<u>1,746,821</u>	<u>1,664,809</u>	<u>1,746,821</u>	<u>1,664,309</u>
<b>Creditors</b> : amounts falling due within one year	16	(1,609,782)	(1,313,930)	(1,609,782)	(1,313,430)
<b>Net current assets</b>		<u>137,039</u>	<u>350,879</u>	<u>137,039</u>	<u>350,879</u>
<b>Total assets less current liabilities</b>		<u>3,019,965</u>	<u>3,128,615</u>	<u>3,019,965</u>	<u>3,128,615</u>
<b>Creditors</b> : amounts falling due after more than one year	17	37,500	62,500	37,500	62,500
Provisions for liabilities and charges	18	39,529	48,979	39,529	48,979
		<u>77,029</u>	<u>111,479</u>	<u>77,029</u>	<u>111,479</u>
<b>Net assets</b>		<u>2,942,936</u>	<u>3,017,136</u>	<u>2,942,936</u>	<u>3,017,136</u>
<b>Capital and reserves</b>					
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	2,790,540	2,864,740	2,790,540	2,864,740
<b>Total shareholders' funds</b>		<u>2,942,936</u>	<u>3,017,136</u>	<u>2,942,936</u>	<u>3,017,136</u>
<b>Non equity shareholders' funds</b>					
Equity shareholders' funds		38,288	38,288	38,288	38,288
		<u>2,904,648</u>	<u>2,978,848</u>	<u>2,904,648</u>	<u>2,978,848</u>
<b>Total shareholders' funds</b>		<u>2,942,936</u>	<u>3,017,136</u>	<u>2,942,936</u>	<u>3,017,136</u>

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

T R Morris

DIRECTOR

*[Signature]*

DIRECTOR & SECRETARY

# North Wales Newspapers Limited

## Consolidated cash flow statement for the year ended 31 March 1998

	1998 £	1997 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit		
Depreciation on tangible fixed assets	597,488	765,987
Loss/(Profit) on sale of tangible fixed assets	519,797	538,288
Decrease in stocks	22,359	(21,061)
(Increase)/decrease in debtors	7,563	55,708
Increase/(decrease) in creditors	(16,828)	15,224
	652	(12,051)
<b>Net cash inflow from operating activities</b>	<b>1,131,031</b>	<b>1,342,095</b>
<b>Net cash inflow from operating activities</b>	<b>1,131,031</b>	<b>1,342,095</b>
Net cash outflow from Returns on investments and servicing of finance		
Corporation Tax paid (Note 1)	(416)	(9,020)
Capital expenditure and financial investment (Note 1)	(206,921)	(161,587)
Acquisitions & Disposals (Note 1)	(544,516)	(668,389)
	(240,352)	-
<b>Equity dividends paid</b>	<b>138,826</b>	<b>503,099</b>
<b>Net cash outflow from Financing</b>	<b>(288,635)</b>	<b>(382,447)</b>
	(160,361)	(46,856)
<b>(Decrease)/Increase in cash in period</b>	<b>(310,170)</b>	<b>73,796</b>
<b>Reconciliation of net cash flow to movement in net debt (Note 2)</b>		
<b>(Decrease)/Increase in cash in period</b>	<b>(310,170)</b>	<b>73,796</b>
Cash outflow from financing	160,361	46,856
<b>Change in net debt resulting from cashflows</b>	<b>(149,809)</b>	<b>120,652</b>
Net debt at 1 April 1997	(384,295)	(504,947)
<b>Net Debt at 31 March 1998</b>	<b>(534,104)</b>	<b>(384,295)</b>

# Notes to the Cash Flow Statement

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

	1998 £	1997 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	(29,966)	(36,252)
Dividends received	31,036	28,718
Non - equity dividends paid	(1,486)	(1,486)
	<u>(416)</u>	<u>(9,020)</u>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(649,366)	(897,945)
Payments to acquire fixed asset investments	(27,349)	(22,517)
Receipts from sales of tangible fixed assets	12,564	65,501
Receipts from sales of fixed asset investments	119,635	186,572
	<u>(544,516)</u>	<u>(668,389)</u>
<b>Acquisitions &amp; Disposals</b>		
Payments to acquire a business	<u>(240,352)</u>	-
<b>Financing</b>		
Repayment of loans	(160,361)	(133,856)
Trustees loan acquired	-	87,000
	<u>(160,361)</u>	<u>(46,856)</u>

## Note 2 - Analysis of changes in net debt

	At 1 April 1997	Cash Flows	Other non - cash changes	At 31 March 1998
Cash in hand , at bank	26,632	62,467		89,099
Overdrafts	(188,066)	(372,637)		(560,703)
	<u>(161,434)</u>	<u>(310,170)</u>		<u>(471,604)</u>
Debt due within 1 year	(160,361)	160,361	(25,000)	(25,000)
Debt due after 1 year	(62,500)	-	25,000	(37,500)
	<u>(222,861)</u>	<u>160,361</u>	<u>-</u>	<u>(62,500)</u>
	<u>(384,295)</u>	<u>(149,809)</u>	<u>-</u>	<u>(534,104)</u>

# **North Wales Newspapers Limited**

## **Notes to the financial statements for the year ended 31 March 1998**

### **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 28 March 1998 (29 March 1997).

#### **Basis of consolidation**

The consolidated financial statements include the company and its subsidiary undertakings.

#### **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.

#### **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 1998**

### **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 the purchase of businesses has been charged directly to reserves.

## **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 Ltd (the parent company) is a profit of £128,915 (1997 £348,348).

## **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

	1998 £	1997 £
Net operating expenses		
Distribution costs	612,662	462,289
Administrative expenses	6,447,505	5,930,269
	<u>7,060,167</u>	<u>6,392,558</u>
Other operating income	(29,297)	(37,973)
	<u>7,030,870</u>	<u>6,354,585</u>

## 5 Directors' emoluments

Aggregate emoluments	176,862	190,600
Company pension contributions to money purchase schemes	15,043	12,521
Compensation for loss of office	54,685	-
Sums paid to third parties	11,333	10,000
	<u>257,923</u>	<u>213,121</u>
Pension paid to former director	1,917	3,454

# North Wales Newspapers Limited

## 6 Employee information

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

	1998 Number	1997 Number
<b>By product group</b>		
Production staff	56	53
Distribution and sales staff	117	115
Administrative staff	124	124
	<hr/>	<hr/>
	297	292

	1998 £	1997 £
<b>Staff costs</b>		
Wages and salaries	3,784,209	3,564,480
Social security costs	317,943	293,981
Other pension costs	63,131	57,981
	<hr/>	<hr/>
	4,165,283	3,916,442

## 7 Investment income

	1998 £	1997 £
Profit on sale of fixed asset investments	102,831	37,841
Dividends receivable from listed investments	31,036	28,718
	<hr/>	<hr/>
	133,867	66,559

## 8 Interest payable and similar charges

	1998 £	1997 £
On bank loans , overdrafts and other loans	31,471	33,161
On finance leases	-	2,508
On hire purchase agreements	194	583
	<hr/>	<hr/>
	31,665	36,252

# North Wales Newspapers Limited

## 9 Profit on ordinary activities before taxation

	1998 £	1997 £
Profit on ordinary activities before taxation is stated after crediting :		
Profit on disposal of tangible fixed assets	22,359	21,061
And after charging :		
Depreciation charge for the year :		
Tangible owned fixed assets	519,797	510,981
Tangible fixed assets held under finance leases	-	27,307
Auditors' remuneration	11,000	11,025
Parent		
Subsidiary	-	500
Fees payable to auditors in respect of other services	21,870	10,838
Hire of plant and machinery - operating leases	212,820	205,200

## 10 Tax on profit on ordinary activities

	1998 £	1997 £
United Kingdom corporation tax at 31%(1997 33%)	245,848	253,449
Deferred tax	(9,450)	(2,136)
Double taxation relief	-	(12)
Tax credits on franked investment income	5,223	5,106
(Over)/under provision in respect of prior years	6,544	1,907
ACT written off/(reclaimed)	(5)	(97,810)
	248,160	160,504

## 11 Dividends

	1998 £	1997 £
Preference		
3.5%	1,096	1,096
5.6% (See note 20)	390	390
	1,486	1,486
Ordinary :		
Interim paid - 1st	121,829	105,085
Interim paid - 2nd	100,005	101,178
Interim paid - 3rd	66,801	79,693
Final proposed	32,494	-
	322,615	287,442

# North Wales Newspapers Limited

## 12 Tangible fixed assets

	Freehold Land and Buildings £	Plant and machinery £	Total £
<b>Group and Company</b>			
Cost			
At 1st April 1997	1,123,932	5,189,292	6,313,224
Additions	25,524	623,842	649,366
Disposals	-	(67,839)	(67,839)
<b>At 31 March 1998</b>	<b>1,149,456</b>	<b>5,745,295</b>	<b>6,894,751</b>
Depreciation			
At 1st April 1997	170,450	3,658,452	3,828,902
Charge for year	31,454	488,343	519,797
Eliminated on disposals	-	(32,915)	(32,915)
<b>At 31 March 1998</b>	<b>201,904</b>	<b>4,113,880</b>	<b>4,315,784</b>
<b>Net book value</b>			
<b>At 31 March 1998</b>	<b>947,552</b>	<b>1,631,415</b>	<b>2,578,967</b>
At 31 March 1997	953,482	1,530,840	2,484,322

## 13 Fixed asset investments

	Subsidiary undertakings £	Other investments £	Total £
<b>Group and Company</b>			
Cost			
At 1 April 1997	4	293,410	293,414
Additions	-	27,348	27,348
Disposals	-	(16,803)	(16,803)
<b>At 31 March 1998</b>	<b>4</b>	<b>303,955</b>	<b>303,959</b>

Other investments with a cost of £303,959 (1997 £293,394) include a holding of ordinary shares with a market value of £1,021,103 (1997 £1,027,185). These securities are listed on the International Stock Exchange.

# North Wales Newspapers Limited

## 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
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.

## 14 Stocks

	Group		Company	
	1998 £	1997 £	1998 £	1997 £
Raw materials and consumables	63,524	71,087	63,524	71,087

## 15 Debtors

	Group		Company	
	1998 £	1997 £	1998 £	1997 £
Amounts falling due within one year				
Trade debtors	1,439,699	1,425,180	1,439,699	1,424,680
ACT recoverable	8,124	35,081	8,124	35,081
Other debtors	44,516	14,492	44,516	14,492
Prepayments and accrued income	101,859	92,337	101,859	92,337
	<b>1,594,198</b>	<b>1,567,090</b>	<b>1,594,198</b>	<b>1,566,590</b>

# North Wales Newspapers Limited

## 16 Creditors : amounts falling due within one year

	Group		Company	
	1998 £	1997 £	1998 £	1997 £
Bank loans and overdrafts (note 17)	560,703	235,187	560,703	235,187
Trustees' loan (note 17)	25,000	112,000	25,000	112,000
Obligations under hire purchase agreements (note 17)	-	1,240	-	1,240
Trade creditors	245,199	348,404	245,199	347,904
Corporation tax	160,408	99,838	160,408	99,838
Other taxation and social security	204,401	208,625	204,401	208,625
Other creditors	97,587	20,801	97,587	20,801
Accruals	275,866	242,871	275,866	242,871
Proposed dividend (ordinary shares)	32,494	-	32,494	-
ACT payable	8,124	44,964	8,124	44,964
	<u>1,609,782</u>	<u>1,313,930</u>	<u>1,609,782</u>	<u>1,313,430</u>

## 17 Creditors : amounts falling due after more than one year

### Group and Company

	1998 £	1997 £
Trustees' loan	37,500	62,500

### Trustees' loan / Bank loans and overdrafts

#### Group and Company

	1998 £	1997 £
Bank loans and overdrafts are repayable as follows :		
In one year or less	560,703	363,197
Between one and two years	37,500	25,000
Between two and five years	-	37,500
	<u>598,203</u>	<u>425,697</u>

The bank loans and overdrafts are secured by a first legal charge over certain freehold land and buildings dated 6 December 1990 . In addition there is a legal charge dated 15 January 1991 on part of the Investment Portfolio (note 13).

The Trustees' loan is 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 1997  
Profit and loss account

1998  
Deferred  
taxation  
£

48,979  
(9,450)

At 31 March 1998

39,529

## 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	
	1998 £	1997 £	1998 £	1997 £
Tax effect of timing differences due to:				
Excess of tax allowances over depreciation	73,021	69,611	73,021	65,393
Other differences	(33,492)	(20,632)	188,823	208,093
	<u>39,529</u>	<u>48,979</u>	<u>261,844</u>	<u>273,486</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 £ 63,131 (1997 £57,981).

In addition, the company operates a defined benefit pension scheme which was closed in June 1992 and since that date has provided only deferred pension benefits for a number of employees and former employees. 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

	1998 £	1997 £
<b>Authorised</b>		
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
<b>Allotted, called up and fully paid</b>		
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;

- (i) The issue of debentures or debenture stock or debenture bonds having a priority of capital and interest above the said preference shares;
- (ii) Any question directly affecting the rights of the holders of preference shares;
- (iii) 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;

- (i) Firstly in repaying the holders of the preference shares the amounts paid up or credited as paid up on such preference shares;
- (ii) 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 6 December 1997 the company acquired the goodwill of the Heart of Wales Chronicle. The details of the acquisition (which is not considered material to the results for the year), are noted below.

	Book Value £	Revaluation £	Fair Value £
Tangible Fixed Assets	7000	(7000)	-
Debtors	<u>37237</u>	<u>-</u>	<u>37237</u>
			<u>37237</u>
Goodwill written off to reserves (note 22)			<u>203115</u>
			<u>240352</u>
Satisfied by Cash			<u>240352</u>

## 22 Share premium account and reserves

Group	Share premium account £	Capital reserve £	Profit and loss account £
At 1 April 1997	6,264	68,779	2,864,740
Retained profit for year	-	-	128,915
Goodwill written off in the year (note 21).	-	-	(203,115)
	<u>6,264</u>	<u>68,779</u>	<u>2,790,540</u>
At 31 March 1998	<u>6,264</u>	<u>68,779</u>	<u>2,790,540</u>
Company			
At 1 April 1997	6,264	68,779	2,864,740
Retained profit for year	-	-	128,915
Goodwill written off in the year	-	-	(203,115)
	<u>6,264</u>	<u>68,779</u>	<u>2,790,540</u>
At 31 March 1998	<u>6,264</u>	<u>68,779</u>	<u>2,790,540</u>

## 23 Reconciliation of movements in shareholders funds

	1998 £	1997 £
Opening shareholders funds	3,017,136	2,668,788
Retained profit for year	128,915	348,348
Goodwill Acquired in the Year (note 21).	(203,115)	-
	<u>2,942,936</u>	<u>3,017,136</u>
Closing shareholders funds	<u>2,942,936</u>	<u>3,017,136</u>

## North Wales Newspapers Limited

### 24 Financial commitments

At 31 March 1998 the group had annual commitments under non-cancellable operating leases as follows :

	1998 Land and buildings £	1998 Other £	1997 Land and buildings £	1997 Other £
Expiring within one year	42,752	51,583	28,773	196,508
Expiring between two and five years inclusive	25,439	85,380	60,014	195,168
Expiring in over five years	4,600	-	10,120	-
	<u>72,791</u>	<u>136,963</u>	<u>98,907</u>	<u>391,676</u>

### 25 Contingent Liabilities

The directors are not aware of any contingent liabilities in relation to the company at 31 March 1998.

### 26 Related Party Transactions

The Chairman of North Wales Newspapers Limited, Mr R.W.G. 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 1998 on a commission basis. Mr R.W.G. Whitehair is also a trustee of the ELT1961 Trust which has outstanding loans with North Wales Newspapers Ltd (see notes 16 + 17).

During the year Mediaforce (London) Limited rendered services to North Wales Newspapers Limited amounting to £34,823 (1997 £40,273), of which £11,005 (1997 £10,300) was outstanding at the year end

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