

North Wales Newspapers Limited  
Annual report  
for the year ended 31 March 2001

Registered Number 00167825



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# North Wales Newspapers Limited

## Annual report

for the year ended 31 March 2001

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# **North Wales Newspapers Limited**

## **Directors and Advisors for the year ended 31 March 2001**

### **Executive Directors**

K McNulty

P S Hinchliffe

L Lommano

### **Non-Executive Directors**

R W G Whitehair (Chairman)

N P Woodward

E W Moss

H R Jones

### **Secretary**

P S Hinchliffe

### **Auditors**

PricewaterhouseCoopers

8 Princes Parade

St Nicholas Place

Liverpool

L3 1QJ

### **Bankers**

Allied Irish plc

31 Newport Road

Cardiff

CF24 0AB

### **Registered Office**

Mold Business Park

Wrexham Road

Mold

Flintshire

CH7 1XY

### **Registered Number**

00167825

# **North Wales Newspapers Limited**

## **Directors' report for the year ended 31 March 2001**

The directors present their report and the audited financial statements of the group for the year ended 31 March 2001.

### **Principal activities**

The principal activity of the group during the year continued to be the printing and publishing of newspapers with developing interest in other media.

### **Review of business and future developments**

The consolidated profit and loss account for the year is set out on page 6 and Note 7 shows the effect of income from investments on these results.

North Wales Newspapers Limited acquired 80% of the share capital of Radio Ceredigion 2000 Limited on 9 October 2000.

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.

### **Results and dividends**

The group's retained profit for the financial year was £108,365 (2000: £461,066) which has been transferred to reserves.

An interim dividend of £3.42 (2000: £2.81) per ordinary share was paid on 25 October 2000, and a final dividend of £2.11 (2000: £1.92) per share was paid on 29 May 2001.

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

### **Directors and their interests**

The directors who held office during the year are given below:

Mr R W G Whitehair

Mrs N P Woodward

Mrs E W Moss

Mr H R Jones

Mr T R Morris (resigned 4 September 2001)

Mr P S Hinchliffe

Mr L Lommano

Mr K McNulty (appointed 25 September 2001)

# North Wales Newspapers Limited

## Directors and their interests (continued)

|                      | 3.5%<br>Cumulative<br>preference shares | 4.2%<br>Cumulative<br>preference shares | Ordinary shares<br>beneficial | Ordinary shares<br>non beneficial |
|----------------------|---|---|-------------------------------|-----------------------------------|
| <b>31 March 2000</b> |   |   |                               |                                   |
| Mr R W G Whitehair   | 2,400                                   |   |                               | 27,035                            |
| Mrs N P Woodward     | 5,225                                   | 168                                     | 11,840                        | 5,650                             |
| Mrs E W Moss         | 252                                     |   | 6,744                         | 3,049                             |
| Mr P S Hinchliffe    | 100                                     |   |                               |                                   |
| Mr T R Morris        | 100                                     |   |                               |                                   |
| Mr L Lommano         | 100                                     |   |                               |                                   |
| Mr H R Jones         | 5,698                                   | 174                                     | 5,503                         |                                   |
| <b>31 March 2001</b> |   |   |                               |                                   |
| Mr R W G Whitehair   | 2,400                                   |   |                               | 27,035                            |
| Mrs N P Woodward     | 5,225                                   | 168                                     | 11,840                        | 5,650                             |
| Mrs E W Moss         | 252                                     |   | 6,744                         | 3,049                             |
| Mr P S Hinchliffe    | 100                                     |   |                               |                                   |
| Mr T R Morris        | 100                                     |   |                               |                                   |
| Mr L Lommano         | 100                                     |   |                               |                                   |
| Mr H R Jones         | 5,698                                   | 174                                     | 5,503                         |                                   |

### Changes in fixed assets

The movements in fixed assets during the year are set out in Notes 12 to 14 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 at 31 March 2001.

### Charitable donations

During the year donations of £1,412 (2000: £7,689) were made to registered charities.

### Employee involvement

Within the limitations of commercial confidentiality and security, it is the policy of the group 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 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 for disabled persons.

# North Wales Newspapers Limited

## **Taxation**

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

## **Introduction of the euro**

The company has assessed the likely impact of the Euro. No major changes to systems or arrangements with customers are envisaged.

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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.

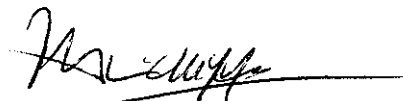
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2001 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Auditors**

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

## **By order of the Board**



P S Hinchliffe

Secretary

11 October 2001

# North Wales Newspapers Limited

## Auditors' report to the members of North Wales Newspapers Limited

We have audited the financial statements on pages 6 to 27 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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

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

### Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 March 2001 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  
11 October 2001

# North Wales Newspapers Limited

## Consolidated profit and loss account for the year ended 31 March 2001

|  | Note | 2001<br>£      | 2000<br>£        |
|--|------|----------------|------------------|
| Turnover – (continuing operations)                   | 2    | 13,117,311     | 12,242,170       |
| Cost of sales  |      | (3,489,345)    | (3,363,101)      |
| Gross profit   |      | 9,627,966      | 8,879,069        |
| Net operating expenses                               | 3    | (8,865,290)    | (8,243,453)      |
| <b>Operating profit before goodwill amortisation</b> |      | <b>942,676</b> | <b>812,589</b>   |
| Goodwill amortisation                                |      | (180,000)      | (176,973)        |
| <b>Operating profit</b>                              |      | <b>762,676</b> | <b>635,616</b>   |
| Exceptional item                                     | 6    | -              | (153,115)        |
| Investment income/realised gains                     | 7    | 15,750         | 726,387          |
| Interest payable and similar charges                 | 8    | (207,961)      | (205,058)        |
| <b>Profit on ordinary activities before taxation</b> | 9    | <b>570,465</b> | <b>1,003,830</b> |
| Tax on profit on ordinary activities                 | 10   | (251,975)      | (356,505)        |
| <b>Profit on ordinary activities after taxation</b>  |      | <b>318,490</b> | <b>647,325</b>   |
| Equity minority interests                            |      | 7,390          | -                |
| <b>Profit for the financial year</b>                 |      | <b>325,880</b> | <b>647,325</b>   |
| Dividends - including non-equity                     | 11   | (217,515)      | (186,259)        |
| <b>Retained profit for the financial year</b>        | 24   | <b>108,365</b> | <b>461,066</b>   |

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.



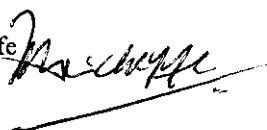
# North Wales Newspapers Limited

## Balance sheets as at 31 March 2001

|   |      | Group              |                    | Company            |                    |
|---|------|--------------------|--------------------|--------------------|--------------------|
|   | Note | 2001               | 2000               | 2001               | 2000               |
|   |      | £                  | £                  | £                  | £                  |
| <b>Fixed assets</b>   |      |                    |                    |                    |                    |
| Intangible assets   | 12   | 3,360,320          | 3,362,490          | -                  | -                  |
| Tangible assets   | 13   | 3,474,820          | 2,799,191          | 3,399,307          | 2,719,517          |
| Investments   | 14   | 356,392            | 357,422            | 3,954,703          | 3,955,733          |
|   |      | <b>7,191,532</b>   | <b>6,519,103</b>   | <b>7,354,010</b>   | <b>6,675,250</b>   |
| <b>Current assets</b>   |      |                    |                    |                    |                    |
| Stock   | 15   | 70,725             | 69,400             | 70,725             | 69,400             |
| Debtors   | 16   | 2,139,784          | 1,869,208          | 1,979,157          | 1,509,037          |
| Cash at bank and in hand  |      | 94,220             | 141,627            | 26,556             | 141,428            |
|   |      | <b>2,304,729</b>   | <b>2,080,235</b>   | <b>2,076,438</b>   | <b>1,719,865</b>   |
| <b>Creditors: amounts falling due within one year</b>           | 17   | <b>(2,884,706)</b> | <b>(1,872,288)</b> | <b>(2,674,096)</b> | <b>(1,567,436)</b> |
| <b>Net current (liabilities)/assets</b>                         |      | <b>(579,977)</b>   | <b>207,947</b>     | <b>(597,658)</b>   | <b>152,429</b>     |
| <b>Total assets less current liabilities</b>                    |      | <b>6,611,555</b>   | <b>6,727,050</b>   | <b>6,756,352</b>   | <b>6,827,679</b>   |
| <b>Creditors : amounts falling due after more than one year</b> | 18   | <b>(2,196,712)</b> | <b>(2,401,482)</b> | <b>(2,195,143)</b> | <b>(2,397,130)</b> |
| <b>Provisions for liabilities and charges</b>                   | 20   | <b>(49,166)</b>    | <b>(66,434)</b>    | <b>(60,389)</b>    | <b>(66,434)</b>    |
| <b>Net assets</b>   |      | <b>4,365,677</b>   | <b>4,259,134</b>   | <b>4,500,820</b>   | <b>4,364,115</b>   |
| <b>Capital and reserves</b>                                     |      |                    |                    |                    |                    |
| Called up share capital   | 22   | 77,353             | 77,353             | 77,353             | 77,353             |
| Share premium account   | 24   | 6,264              | 6,264              | 6,264              | 6,264              |
| Capital reserve   | 24   | 68,779             | 68,779             | 68,779             | 68,779             |
| Profit and loss account   | 24   | 4,215,103          | 4,106,738          | 4,348,424          | 4,211,719          |
| <b>Total shareholders' funds</b>                                |      | <b>4,367,499</b>   | <b>4,259,134</b>   | <b>4,500,820</b>   | <b>4,364,115</b>   |
| Equity minority interests                                       |      | <b>(1,822)</b>     | -                  | -                  | -                  |
| <b>Capital employed</b>   |      | <b>4,365,677</b>   | <b>4,259,134</b>   | <b>4,500,820</b>   | <b>4,364,115</b>   |

The financial statements on pages 6 to 27 were approved by the board of directors on 11 October 2001 and were signed on its behalf by:

P S Hinchliffe  
Director



K McNulty  
Director



# North Wales Newspapers Limited

## Consolidated cash flow statement for the year ended 31 March 2001

|   | Note | 2001<br>£   | 2000<br>£   |
|---|------|-------------|-------------|
| Net cash inflow from operating activities                             | 26   | 1,578,062   | 1,481,168   |
| Net cash outflow from returns on investments and servicing of finance | 27   | (228,125)   | (190,954)   |
| Taxation  |      | (327,831)   | (479,089)   |
| Capital expenditure and financial investment                          | 27   | (1,195,342) | 84,864      |
| Acquisitions and disposals  | 27   | (195,636)   | 5,156       |
|   |      | (368,872)   | 901,145     |
| Equity dividends paid   |      | (208,603)   | (189,075)   |
| Net cash outflow from financing                                       | 27   | (205,987)   | (215,870)   |
| (Decrease)/increase in cash in period                                 |      | (783,462)   | 496,200     |
| Reconciliation of net cash flow to movement in net debt               |      |             |             |
| (Decrease)/increase in cash in period                                 |      | (783,462)   | 496,200     |
| Cash outflow from financing   |      | 205,988     | 215,870     |
| Change in net debt resulting from cashflows                           |      | (577,474)   | 712,070     |
| Net debt at 1 April 2000  | 28   | (2,633,675) | (3,345,745) |
| Net debt at 31 March 2001   | 28   | (3,211,149) | (2,633,675) |

# North Wales Newspapers Limited

## 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 period the year end date for the preparation of accounts was 31 March 2001 (1 April 2000).

### **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 31 March. 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.

### **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.

### **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%                 |

### **Related party transactions**

The company has taken advantage of the exemption provided under FRS8 not to disclose inter company transactions with its wholly-owned subsidiaries.

### **Stocks**

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

# North Wales Newspapers Limited

## **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.

## **Goodwill**

Goodwill arising on consolidation represents the excess of the fair value of consideration 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 acquisitions will generally be amortised over the shorter of 20 years, or the anticipated life of the goodwill.

However, in exceptional circumstances, where the directors consider that the value of the underlying business acquired will indefinitely exceed the value of the underlying assets of the business, a policy of non-amortisation is adopted. In these circumstances an annual impairment review will be performed to support the carrying-value of the goodwill, and where necessary impairment charges will be recorded.

# North Wales Newspapers Limited

## Notes to the financial statements for the year ended 31 March 2001

### 1 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 £136,705 (2000: £566,047)

### 2 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.

### 3 Net operating expenses

|                         | Group     |           |
|-------------------------|-----------|-----------|
|                         | 2001      | 2000      |
|                         | £         | £         |
| Net operating expenses  |           |           |
| Distribution costs      | 355,630   | 374,510   |
| Administrative expenses | 8,573,143 | 7,929,385 |
|                         | 8,928,773 | 8,303,895 |
| Other operating income  | (63,483)  | (60,442)  |
|                         | 8,865,290 | 8,243,453 |

### 4 Directors' emoluments

|  | 2001    | 2000    |
|--|---------|---------|
|  | £       | £       |
| Aggregate emoluments   | 263,356 | 325,790 |
| Company pension contributions to money purchase schemes                                    | 24,280  | 19,263  |
| Sums paid to third parties   | -       | 31,000  |
|  | 287,636 | 376,053 |
| Emoluments paid to highest paid director   | 61,758  | 64,569  |
| Company pension contributions to money purchase scheme in respect of highest paid director | 17,736  | 14,052  |

The group has made contributions to a money purchase pension plan in respect of 4 directors (2000: 3) during the year. In addition, pension contributions to the defined benefit scheme of £102,000 were accrued in respect of the highest paid director.

# North Wales Newspapers Limited

## 5 Employee information

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

|                              | <b>Group</b>  |               |
|------------------------------|---------------|---------------|
|                              | <b>2001</b>   | <b>2000</b>   |
|                              | <b>Number</b> | <b>Number</b> |
| <b>By product group</b>      |               |               |
| Production staff             | 64            | 63            |
| Distribution and sales staff | 169           | 178           |
| Editorial staff              | 102           | 99            |
| Administrative staff         | 38            | 34            |
|                              | <b>373</b>    | <b>374</b>    |

|                       | <b>2001</b>      | <b>2000</b>      |
|-----------------------|------------------|------------------|
|                       | <b>£</b>         | <b>£</b>         |
| <b>Staff costs</b>    |                  |                  |
| Wages and salaries    | 4,787,859        | 4,551,500        |
| Social security costs | 388,069          | 357,635          |
| Other pension costs   | 283,633          | 222,778          |
|                       | <b>5,459,561</b> | <b>5,131,913</b> |

## 6 Exceptional item

### Group and company

|   | <b>2001</b> | <b>2000</b> |
|---|-------------|-------------|
|   | <b>£</b>    | <b>£</b>    |
| Net proceeds received for disposal of newspaper title | -           | 50,000      |
| Goodwill previously written off to reserves           | -           | (203,115)   |
|   | -           | (153,115)   |

In July 1999 a title was sold for net proceeds of £50,000. Upon acquisition of this title in 1997, goodwill of £203,115 was written off immediately to reserves. Thus, upon subsequent disposal of the title, this goodwill has been written back from reserves for inclusion in the loss on disposal calculation.

The loss on disposal was offset against other capital gains, and had the effect of reducing the taxation charge for the year ended 31 March 2000 by £45,935.

# North Wales Newspapers Limited

## 7 Investment income/realised gains

|  | Group  |         |
|--|--------|---------|
|  | 2001   | 2000    |
|  | £      | £       |
| Profit on sale of fixed asset investments    | 1,809  | 710,797 |
| Dividends receivable from listed investments | 13,941 | 15,590  |
|  | 15,750 | 726,387 |

## 8 Interest payable and similar charges

|  | Group    |         |
|--|----------|---------|
|  | 2001     | 2000    |
|  | £        | £       |
| On bank loans and overdrafts                     | 237,913  | 202,662 |
| On hire purchase agreements                      | 2,667    | 2,396   |
|  | 240,580  | 205,058 |
| Amounts capitalised within tangible fixed assets | (32,619) | -       |
|  | 207,961  | 205,058 |

## 9 Profit on ordinary activities before taxation

|   | Group   |         |
|---|---------|---------|
|   | 2001    | 2000    |
|   | £       | £       |
| Profit on ordinary activities before taxation is stated after charging/(crediting): |         |         |
| Loss on disposal of tangible fixed assets   | 982     | 378     |
| Depreciation charge for the year  |         |         |
| - tangible owned fixed assets   | 689,217 | 628,845 |
| - tangible fixed assets held under finance leases                                   | 15,611  | 16,648  |
| Auditors' remuneration (parent company: £13,200; 2000: £11,000),                    | 17,200  | 15,000  |
| Fees payable to auditors in respect of other services                               | 17,528  | 12,175  |
| Hire of plant and machinery – operating leases                                      | 238,916 | 205,431 |

# North Wales Newspapers Limited

## 10 Tax on profit on ordinary activities

|   | Group    |         |
|---|----------|---------|
|   | 2001     | 2000    |
|   | £        | £       |
| United Kingdom corporation tax at 30% (2000: 30%) | 277,994  | 355,647 |
| Deferred tax                                      | (17,268) | (3,386) |
| Tax credits on franked investment income          | -        | 1,168   |
| (Over)/under provision in respect of prior years  | (8,751)  | 3,076   |
|   | 251,975  | 356,505 |

## 11 Dividends

|  | 2001    | 2000    |
|--|---------|---------|
|  | £       | £       |
| <b>Preference:</b>                                 |         |         |
| - 3.5%   | 1,096   | 1,096   |
| - 5.6%   | 390     | 390     |
|  | 1,486   | 1,486   |
| <b>Ordinary:</b>                                   |         |         |
| - interim paid: £3.42 (2000: £2.81) per £1 share   | 133,602 | 109,773 |
| - final proposed: £2.11 (2000: £1.92) per £1 share | 82,427  | 75,000  |
|  | 217,515 | 186,259 |



# North Wales Newspapers Limited

## 12 Intangible fixed assets

| Group                                  | Goodwill<br>£    |
|--|------------------|
| <b>Cost</b>                            |                  |
| At 1 April 2000                        | 3,539,463        |
| Additions                              | 177,830          |
| <b>At 31 March 2001</b>                | <b>3,717,293</b> |
| <b>Aggregate amortisation</b>          |                  |
| At 1 April 2000                        | 176,973          |
| Charge for year                        | 180,000          |
| <b>At 31 March 2001</b>                | <b>356,973</b>   |
| <b>Net book value at 31 March 2001</b> | <b>3,360,320</b> |
| Net book value at 31 March 2000        | 3,362,490        |

The goodwill arising on the acquisition of Chester & District Standard Limited is being amortised on a straight line basis over 20 years, being the period over which the directors estimate that the value of the underlying business acquired is expected to exceed the value of the underlying assets.

The goodwill arising on the acquisition of Radio Ceredigion 2000 Cyfyngedig, included as additions above, is not subject to amortisation due to the high anticipated market value of the radio licence, based upon current market information available.

The group has not amortised this goodwill, a departure from the Companies Act 1985 paragraph 27 of Schedule 4, for the over-riding purpose of giving a true and fair view of the group's results, for the reason outlined above. If the goodwill arising on Radio Ceredigion 2000 Cyfyngedig had been amortised over a period of 20 years, operating profit and goodwill would have decreased by £4,239 in 2001.

# North Wales Newspapers Limited

## 13 Tangible fixed assets

|                         | Group                             |                        |                          |                  |
|-------------------------|-----------------------------------|------------------------|--------------------------|------------------|
|                         | Freehold<br>land and<br>buildings | Plant and<br>machinery | Fixtures<br>and fittings | Total            |
|                         | £                                 | £                      | £                        | £                |
| <b>Cost</b>             |                                   |                        |                          |                  |
| At 1 April 2000         | 1,158,846                         | 4,446,468              | 22,517                   | 5,627,831        |
| Additions               | 14,136                            | 1,382,384              | 3,069                    | 1,399,589        |
| Disposals               | -                                 | (65,620)               | -                        | (65,620)         |
| <b>At 31 March 2001</b> | <b>1,172,982</b>                  | <b>5,763,232</b>       | <b>25,586</b>            | <b>6,961,800</b> |
| <b>Depreciation</b>     |                                   |                        |                          |                  |
| At 1 April 2000         | 264,678                           | 2,544,302              | 19,660                   | 2,828,640        |
| Charge for year         | 78,542                            | 624,851                | 1,435                    | 704,828          |
| Eliminated on disposals | -                                 | (46,488)               | -                        | (46,488)         |
| <b>At 31 March 2001</b> | <b>343,220</b>                    | <b>3,122,665</b>       | <b>21,095</b>            | <b>3,486,980</b> |
| <b>Net book value</b>   |                                   |                        |                          |                  |
| <b>At 31 March 2001</b> | <b>829,762</b>                    | <b>2,640,567</b>       | <b>4,491</b>             | <b>3,474,820</b> |
| At 31 March 2000        | 894,168                           | 1,902,166              | 2,857                    | 2,799,191        |

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

|                        | 2001      | 2000     |
|------------------------|-----------|----------|
|                        | £         | £        |
| Cost                   | 129,569   | 129,569  |
| Aggregate depreciation | (111,516) | (95,905) |
|                        | 18,053    | 33,664   |

Interest capitalised on plant and machinery included within additions during the year, and cumulative to date, amounted to £32,619. The capitalisation rate used to determine the amount of interest capitalised within the period was 7.25%, reflecting the interest rate charged on the bank overdraft.

# North Wales Newspapers Limited

## 13 Tangible fixed assets (continued)

|                         | Company                        |                        |                  |
|-------------------------|--------------------------------|------------------------|------------------|
|                         | Freehold land<br>and buildings | Plant and<br>machinery | Total            |
|                         | £                              | £                      | £                |
| <b>Cost</b>             |                                |                        |                  |
| At 1 April 2000         | 1,158,846                      | 4,206,688              | 5,365,534        |
| Additions               | 14,136                         | 1,352,581              | 1,366,717        |
| Disposals               | -                              | (65,620)               | (65,620)         |
| <b>At 31 March 2001</b> | <b>1,172,982</b>               | <b>5,493,649</b>       | <b>6,666,631</b> |
| <b>Depreciation</b>     |                                |                        |                  |
| At 1 April 2000         | 264,678                        | 2,381,339              | 2,646,017        |
| Charge for year         | 78,542                         | 589,253                | 667,795          |
| Eliminated on disposals | -                              | (46,488)               | (46,488)         |
| <b>At 31 March 2001</b> | <b>343,220</b>                 | <b>2,924,104</b>       | <b>3,267,324</b> |
| <b>Net book value</b>   |                                |                        |                  |
| <b>At 31 March 2001</b> | <b>829,762</b>                 | <b>2,569,545</b>       | <b>3,399,307</b> |
| At 31 March 2000        | 894,168                        | 1,825,349              | 2,719,517        |

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

|                        | 2001     | 2000     |
|------------------------|----------|----------|
|                        | £        | £        |
| Cost                   | 65,620   | 65,620   |
| Aggregate depreciation | (50,054) | (36,930) |
|                        | 15,566   | 28,690   |

Interest capitalised on plant and machinery included within additions during the year, and cumulative to date amounted to £32,619. The capitalisation rate used to determine the amount of interest capitalised within the period was 7.25%, reflecting the interest rate charged on the bank overdraft.

# North Wales Newspapers Limited

## 14 Fixed asset investments

| Group                                    | Subsidiary<br>undertakings | Other<br>investments | Total          |
|--|----------------------------|----------------------|----------------|
|  | £                          | £                    | £              |
| <b>Cost</b>                              |                            |                      |                |
| At 1 April 2000 and 31 March 2001        | -                          | 357,422              | 357,422        |
| Additions                                | -                          | 108,320              | 108,320        |
| Disposals                                | -                          | (109,350)            | (109,350)      |
| <b>At 1 April 2000 and 31 March 2001</b> | <b>-</b>                   | <b>356,392</b>       | <b>356,392</b> |

| Company                 | Subsidiary<br>undertakings | Other<br>investments | Total            |
|-------------------------|----------------------------|----------------------|------------------|
|                         | £                          | £                    | £                |
| <b>Cost</b>             |                            |                      |                  |
| At 1 April 2000         | 3,598,315                  | 357,418              | 3,955,733        |
| Additions               | -                          | 108,320              | 108,320          |
| Disposals               | -                          | (109,350)            | (109,350)        |
| <b>At 31 March 2001</b> | <b>3,598,315</b>           | <b>356,388</b>       | <b>3,954,703</b> |

Other investments with a cost of £356,388 (2000: £357,418) include a holding of ordinary shares and cash deposits with a combined market value of £673,288 (2000: £812,526). These securities are listed on the International Stock Exchange.

### Interest in group undertakings

The following information relates to the principal subsidiary undertakings, all of which are consolidated within the group financial statements.

| Name of undertaking                 | Country of<br>incorporation or<br>registration | Description of<br>shares held | Proportion of<br>nominal value of<br>issued shares held |
|-------------------------------------|--|-------------------------------|---|
| Chester & District Standard Limited | England and Wales                              | Ordinary                      | 100%  |
| Radio NGAC Limited                  | England and Wales                              | Ordinary                      | 100%  |
| Celtic Sportsman Limited            | England and Wales                              | Ordinary                      | 100%  |
| Radio WFM Limited                   | England and Wales                              | Ordinary                      | 100%  |
| Radio Pendragon Limited             | England and Wales                              | Ordinary                      | 100%  |
| Leader News Shops Limited           | England and Wales                              | Ordinary                      | 87%   |
| Radio Ceredigion 2000 Cyfyngedig    | England and Wales                              | Ordinary                      | *80%  |

All of the above subsidiaries are non trading except Chester & District Standard Limited, which publishes and distributes free weekly newspapers, and Radio Ceredigion 2000 Cyfyngedig, which operates a community radio station.

\* Shares are held by Radio NGAC Limited.

# North Wales Newspapers Limited

## 15 Stocks

|                               | Group  |        | Company |        |
|-------------------------------|--------|--------|---------|--------|
|                               | 2001   | 2000   | 2001    | 2000   |
|                               | £      | £      | £       | £      |
| Raw materials and consumables | 70,725 | 69,400 | 70,725  | 69,400 |

## 16 Debtors

|   | Group     |           | Company   |           |
|---|-----------|-----------|-----------|-----------|
|   | 2001      | 2000      | 2001      | 2000      |
|   | £         | £         | £         | £         |
| <b>Amounts falling due within one year:</b> |           |           |           |           |
| Trade debtors                               | 1,917,768 | 1,745,105 | 1,531,194 | 1,394,487 |
| Amounts owed by group undertakings          | -         | -         | 217,842   | -         |
| Other debtors                               | 78,304    | 45,427    | 108,403   | 45,427    |
| Prepayments and accrued income              | 143,712   | 78,676    | 121,718   | 69,123    |
|   | 2,139,784 | 1,869,208 | 1,979,157 | 1,509,037 |

## 17 Creditors – Amounts falling due within one year

|                                     | Group     |           | Company   |           |
|-------------------------------------|-----------|-----------|-----------|-----------|
|                                     | 2001      | 2000      | 2001      | 2000      |
|                                     | £         | £         | £         | £         |
| Bank loans and overdrafts (note 19) | 1,110,226 | 358,171   | 1,107,345 | 217,000   |
| Trade creditors                     | 369,651   | 262,188   | 315,240   | 225,263   |
| Amounts owed to group undertakings  | -         | -         | 116,358   | 8,516     |
| Corporation tax                     | 216,438   | 275,022   | 130,741   | 248,766   |
| Other taxation and social security  | 386,423   | 372,557   | 264,070   | 305,455   |
| Other creditors                     | 128,651   | 189,538   | 103,055   | 176,374   |
| Accruals                            | 588,107   | 327,140   | 554,860   | 311,062   |
| Hire purchase creditors             | 2,783     | 12,672    | -         | -         |
| Proposed dividend (ordinary shares) | 82,427    | 75,000    | 82,427    | 75,000    |
|                                     | 2,884,706 | 1,872,288 | 2,674,096 | 1,567,436 |

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## 18 Creditors – Amounts falling due after more than one year

|                                 | Group     |           | Company   |           |
|---------------------------------|-----------|-----------|-----------|-----------|
|                                 | 2001      | 2000      | 2001      | 2000      |
|                                 | £         | £         | £         | £         |
| Allied Irish Bank               | 2,195,143 | 2,397,130 | 2,195,143 | 2,397,130 |
| Hire purchase contracts         | 1,569     | 4,352     | -         | -         |
|                                 | 2,196,712 | 2,401,482 | 2,195,143 | 2,397,130 |
|                                 | 2001      | 2000      | 2001      | 2000      |
|                                 | £         | £         | £         | £         |
| <b>Hire purchase contracts:</b> |           |           |           |           |
| Due within 1 – 2 years          | 1,569     | 2,783     | -         | -         |
| Due within 2 – 5 years          | -         | 1,569     | -         | -         |
|                                 | 1,569     | 4,352     | -         | -         |

## 19 Bank loans and overdrafts

|  | Group     |           | Company   |           |
|--|-----------|-----------|-----------|-----------|
|  | 2001      | 2000      | 2001      | 2000      |
|  | £         | £         | £         | £         |
| <b>Bank loans and overdrafts are repayable as follows:</b> |           |           |           |           |
| In one year or less  | 1,110,226 | 358,171   | 1,107,345 | 217,000   |
| Between one and two years                                  | 250,000   | 233,000   | 250,000   | 233,000   |
| Between two and five years                                 | 868,000   | 809,000   | 868,000   | 809,000   |
| More than five years                                       | 1,077,143 | 1,355,130 | 1,077,143 | 1,355,130 |
|  | 3,305,369 | 2,755,301 | 3,302,488 | 2,614,130 |

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. The overdraft is repayable on demand.

# North Wales Newspapers Limited

## 20 Provisions for liabilities and charges

| Deferred taxation       | Group<br>£    | Company<br>£  |
|-------------------------|---------------|---------------|
| At 1 April 2000         | 66,434        | 66,434        |
| Profit and loss account | (17,268)      | (6,045)       |
| <b>At 31 March 2001</b> | <b>49,166</b> | <b>60,389</b> |

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                                      | Amount provided |               | Total potential liability |               |
|--|-----------------|---------------|---------------------------|---------------|
|  | 2001            | 2000          | 2001                      | 2000          |
|  | £               | £             | £                         | £             |
| Tax effect of timing differences due to:   |                 |               |                           |               |
| Excess of tax allowances over depreciation | 126,575         | 89,812        | 126,575                   | 89,812        |
| Other differences                          | (77,409)        | (23,378)      | -                         | -             |
|  | <b>49,166</b>   | <b>66,434</b> | <b>126,575</b>            | <b>89,812</b> |
| <b>Company</b>                             | <b>2001</b>     | <b>2000</b>   | <b>2001</b>               | <b>2000</b>   |
|  | £               | £             | £                         | £             |
| Tax effect of timing differences due to:   |                 |               |                           |               |
| Excess of tax allowances over depreciation | 126,575         | 89,812        | 126,575                   | 89,812        |
| Other differences                          | (66,186)        | (23,378)      | -                         | -             |
|  | <b>60,389</b>   | <b>66,434</b> | <b>126,575</b>            | <b>89,812</b> |

## 21 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 £154,633 (2000: £222,778). At 31 March 2001 pension contributions of £18,643 (2000: £61,668) were accrued.

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 2001 pension contributions of £162,000 (2000: £nil) were accrued in respect of this scheme.

# North Wales Newspapers Limited

## 22 Called up share capital

|   | 2001    | 2000    |
|---|---------|---------|
|   | £       | £       |
| <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   |
|   | 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   |
|   | 77,353  | 77,353  |

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

## 23 Acquisitions

The group was issued with 80% of the share capital of Radio Ceredigion 2000 Cyfyngedig for a total consideration of £200,100, in cash, on 9 October 2000.

No fair value adjustments were required to be made to the book values of the assets and liabilities of the company at the time of acquisition by the group.

The assets and liabilities of Radio Ceredigion 2000 Cyfyngedig acquired on 9 October 2000 can be summarised as follows:

|                       | Book value<br>and fair value<br>£ |
|-----------------------|-----------------------------------|
| Tangible fixed assets | 4,639                             |
| Debtors               | 56,726                            |
| Cash                  | 4,464                             |
| Creditors             | (37,992)                          |
|                       | <b>27,837</b>                     |

The company commenced trading on 9 October 2000, and therefore had generated no profits or losses prior to acquisition by the group.

The results of the company for the period since acquisition until 31 March 2001 can be summarised as follows:

|                        | £                |
|------------------------|------------------|
| Turnover               | <b>76,352</b>    |
| Cost of sales          | -                |
|                        | <b>76,352</b>    |
| Net operating expenses | <b>(119,998)</b> |
| <b>Operating loss</b>  | <b>(43,646)</b>  |

At 31 March 2001 the company had net current liabilities of £14,035 and total net liabilities of £9,112.

# North Wales Newspapers Limited

## 24 Share premium account and reserves

| Group                    | Share premium account | Capital reserve | Profit and loss account |
|--------------------------|-----------------------|-----------------|-------------------------|
|                          | £                     | £               | £                       |
| At 1 April 2000          | 6,264                 | 68,779          | 4,106,738               |
| Retained profit for year | -                     | -               | 108,365                 |
| At 31 March 2001         | 6,264                 | 68,779          | 4,215,103               |

| Company                  | Share premium account | Capital reserve | Profit and loss account |
|--------------------------|-----------------------|-----------------|-------------------------|
|                          | £                     | £               | £                       |
| At 1 April 2000          | 6,264                 | 68,779          | 4,211,719               |
| Retained profit for year | -                     | -               | 136,705                 |
| At 31 March 2001         | 6,264                 | 68,779          | 4,348,424               |

## 25 Reconciliation of movements in shareholders funds

|                                   | Group     |           | Company   |           |
|-----------------------------------|-----------|-----------|-----------|-----------|
|                                   | 2001      | 2000      | 2001      | 2000      |
|                                   | £         | £         | £         | £         |
| Opening shareholders funds        | 4,259,134 | 3,594,953 | 4,364,115 | 3,594,953 |
| Retained profit for year          | 108,365   | 461,066   | 136,705   | 566,047   |
| Goodwill written back in the Year | -         | 203,115   | -         | 203,115   |
| Closing shareholders funds        | 4,367,499 | 4,259,134 | 4,500,820 | 4,364,115 |

|                                | 2001      | 2000      | 2001      | 2000      |
|--------------------------------|-----------|-----------|-----------|-----------|
|                                | £         | £         | £         | £         |
| Equity shareholders funds      | 4,329,211 | 4,220,846 | 4,462,532 | 4,325,827 |
| Non-equity shareholders funds: |           |           |           |           |
| - 3.5% preference shares       | 31,329    | 31,329    | 31,329    | 31,329    |
| - 4.2% preference shares       | 6,959     | 6,959     | 6,959     | 6,959     |
|                                | 4,367,499 | 4,259,134 | 4,500,820 | 4,364,115 |

# North Wales Newspapers Limited

## 26 Cash flow from operating activities

|  | Group            |                  |
|--|------------------|------------------|
|  | 2001             | 2000             |
|  | £                | £                |
| <b>Net cash inflow from operating activities</b> |                  |                  |
| Operating profit                                 | 762,676          | 635,616          |
| Depreciation on tangible fixed assets            | 704,828          | 645,493          |
| Loss on sale of tangible fixed assets            | 982              | 378              |
| (Increase)/decrease in stocks                    | (1,325)          | 14,506           |
| (Increase)/decrease in debtors                   | (197,850)        | 169,751          |
| Increase/(decrease) in creditors                 | 128,751          | (161,549)        |
| Amortisation of goodwill                         | 180,000          | 176,973          |
| <b>Net cash inflow from operating activities</b> | <b>1,578,062</b> | <b>1,481,168</b> |

## 27 Analysis of cash flows for headings netted in the cash flow statement

| Group  | 2001        | 2000      |
|--|-------------|-----------|
|  | £           | £         |
| <b>Returns on investments and servicing of finance</b> |             |           |
| Interest paid  | (240,580)   | (205,058) |
| Dividends received                                     | 13,941      | 15,590    |
| Non-equity dividends paid                              | (1,486)     | (1,486)   |
|  | (228,125)   | (190,954) |
| <b>Capital expenditure and financial investment</b>    |             |           |
| Payments to acquire tangible fixed assets              | (1,216,331) | (568,426) |
| Payments to acquire fixed asset investments            | (108,320)   | (153,502) |
| Receipts from sales of tangible fixed assets           | 18,150      | 25        |
| Receipts from sales of fixed asset investments         | 111,159     | 756,767   |
| Receipts on sale of title                              | -           | 50,000    |
|  | (1,195,342) | 84,864    |

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## 27 Analysis of cash flows for headings netted in the cash flow statement (continued)

| Group                             | 2001<br>£        | 2000<br>£        |
|-----------------------------------|------------------|------------------|
| <b>Acquisitions and disposals</b> |                  |                  |
| Purchase of subsidiary            | (200,100)        | -                |
| Net cash acquired                 | 4,464            | -                |
| Additional cost of investment     | -                | (8,382)          |
| Cash repaid on investment         | -                | 13,538           |
|                                   | <b>(195,636)</b> | <b>5,156</b>     |
| <b>Financing</b>                  |                  |                  |
| Repayment of loans                | (205,987)        | (215,870)        |
|                                   | <b>(205,987)</b> | <b>(215,870)</b> |

## 28 Analysis of changes in net debt

|                          | At 1 April<br>2000<br>£ | Cash Flows<br>£ | Non-cash<br>changes<br>£ | At 31 March<br>2001<br>£ |
|--------------------------|-------------------------|-----------------|--------------------------|--------------------------|
| Cash at bank and in hand | 141,626                 | (47,406)        | -                        | 94,220                   |
| Overdrafts               | (141,171)               | (736,055)       | -                        | (877,226)                |
|                          | 455                     | (783,461)       | -                        | (783,006)                |
| Debt due within 1 year   | (237,000)               | 205,987         | (201,987)                | (233,000)                |
| Debt due after 1 year    | (2,397,130)             | -               | 201,987                  | (2,195,143)              |
|                          | (2,634,130)             | 205,987         | -                        | (2,428,143)              |
| Net debt                 | (2,633,675)             | (577,474)       | -                        | (3,211,149)              |

# North Wales Newspapers Limited

## 29 Financial commitments

At 31 March 2001 the group had annual commitments under non-cancellable operating leases as follows:

|  | 2001                  | 2001    | 2000                  | 2000    |
|--|-----------------------|---------|-----------------------|---------|
|  | Land and<br>buildings | Other   | Land and<br>buildings | Other   |
|  | £                     | £       | £                     | £       |
| Expiring within one year                         | 17,073                | 30,014  | 13,676                | 26,222  |
| Expiring between two and five years<br>inclusive | 74,590                | 183,556 | 28,480                | 169,080 |
| Expiring in over five years                      | -                     | -       | 17,300                | -       |
|  | 91,663                | 213,570 | 59,456                | 195,302 |

In addition to the above there were £146,000 (2000: £44,482) of capital commitments which had been contracted for at the year end.

## 30 Contingent liabilities

The directors are not aware of any contingent liabilities in relation to the company or group at 31 March 2000.

## 31 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 Limited's agents for national advertising business during the year to 31 March 2001 on a commission basis.

During the year Mediaforce (London) Limited rendered services to North Wales Newspapers Limited, amounting to £78,959 (2000: £53,706) of which £5,966 (2000: £11,005) was accrued for at the year end.

All transactions were carried out on an arms length basis.