

Company no 00167825



**NORTH WALES NEWSPAPERS
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2003

NORTH WALES NEWSPAPERS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2003

Company registration number: 00167825

Registered office: Mold Business Park
Wrexham Road
Mold
Flintshire
CH7 1XY

Executive directors: K McNulty
P S Hinchliffe

Non-Executive directors: R W G Whitehair (Chairman)
Mrs N P Woodward
H R Jones
A Moss

Secretary: P S Hinchliffe

Bankers: Allied Irish Bank (GB)
9 Dale Street
Liverpool
L2 2RS

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
1st Floor
Royal Liver Building
Liverpool
L3 1PS

NORTH WALES NEWSPAPERS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2003

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NORTH WALES NEWSPAPERS LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the financial statements for the year ended 31 March 2003.

Principal activities

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

Review of business and future developments

The consolidated profit and loss account for the year is set out on page 8, and note 4 shows the effect of income from investments on these 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.

Results and dividends

There was a retained profit for the financial year amounting to £701,333 (2002: £370,268) which has been transferred to reserves.

An interim dividend of £6.70 (2002: £3.29) per ordinary share was paid on 21 October 2002 and a final dividend of £6.61 (2002: £4.66) per share was paid on 9 May 2003. The 3.5% and 5.6% cumulative preference dividends were paid during the year.

Directors

The present membership of the Board is set out below. All served on the Board throughout the year. In addition, L Lommano served until he resigned on 15 July 2002.

R W G Whitehair
Mrs N P Woodward
H R Jones
A Moss
P S Hinchliffe
K McNulty

The interests of the directors at the end of the year in the shares of the company as at 1 April 2002 and 31 March 2003 were as follows:

	3.5% Cumulative preference shares	4.2% (5.6%) Cumulative preference shares	Ordinary shares beneficial	Ordinary shares non beneficial
1 April 2002				
R W G Whitehair	2,400	-	-	27,035
Mrs N P Woodward	5,225	168	11,840	3,049
H R Jones	5,698	174	2,131	-
A Moss	-	-	2,131	-
P S Hinchliffe	100	-	-	-
K McNulty	100	-	-	-

NORTH WALES NEWSPAPERS LIMITED

REPORT OF THE DIRECTORS

Directors (continued)

	3.5% Cumulative preference shares	4.2% (5.6%) Cumulative preference shares	Ordinary shares beneficial	Ordinary shares non beneficial
31 March 2003				
R W G Whitehair	31,329	6,959	-	27,035
Mrs N P Woodward	-	-	11,840	3,049
H R Jones	-	-	2,131	-
A Moss	-	-	2,131	-
P S Hinchliffe	-	-	-	-
K McNulty	-	-	-	-

On 2 May 2003 the whole of the preference share capital was redeemed by the company for a consideration of £18,656 and cancelled.

Movements in fixed assets

The movements in fixed assets during the year are set out in the notes 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 2003.

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

REPORT OF THE DIRECTORS

Charitable donations

During the year donations of £5,139 (2002: £1,021) were made to registered charities.

Auditors

Grant Thornton were appointed auditors of the company during the year to fill a casual vacancy in accordance with Section 388(1) of the Companies Act 1985. Special notice pursuant to Section 388(3) having been given, a resolution to reappoint Grant Thornton as auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



P S Hinchliffe

20/8/03

2003

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NORTH WALES NEWSPAPERS LIMITED

We have audited the financial statements on pages 6 to 25 which have been prepared under the accounting policies set out therein.

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

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the group 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 with the company is not disclosed.

We read other information contained in the director's report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
NORTH WALES NEWSPAPERS LIMITED**

Opinion

In our opinion the financial statements give a true and fair view of the state of the group and the company's affairs at 31 March 2003 and of the profit for the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

LIVERPOOL

20 August 2003

NORTH WALES NEWSPAPERS LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

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

BASIS OF CONSOLIDATION

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 March 2003.

The results of the subsidiaries sold or acquired in the period are included in the consolidated profit and loss account up to, or from, the date control passes. Intra group sales and profits are eliminated in full on consolidation.

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 29 March 2003 (30 March 2002).

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. Goodwill arising on acquisitions will generally be amortised over the shorter of 20 years, or the anticipated life of the goodwill.

TURNOVER

Turnover represents the invoiced value for sale of advertising space and newspapers and amounts invoiced in respect of direct delivery of newspapers, contract printing and promotional activities provided during the year.

CAPITALISATION OF FINANCE COSTS AND INTEREST

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

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation of freehold property has been charged at 2.5% 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 33%
Equipment	between 20% and 25%
Motor cars	25%
Motor vans	40%

NORTH WALES NEWSPAPERS LIMITED

PRINCIPAL ACCOUNTING POLICIES

INVESTMENTS

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

HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

Assets held under hire purchase and finance lease agreements are capitalised in the balance sheet and depreciated over their estimated useful economic lives. 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 lease payments are charged to the profit and loss account as incurred.

STOCKS

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

DEFERRED TAXATION

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

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

GOVERNMENT GRANTS

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

NORTH WALES NEWSPAPERS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2003

	Note	2003 £	2003 £	2002 £	2002 £
Turnover	1		15,193,777		14,280,911
Cost of sales			<u>(3,764,802)</u>		<u>(3,990,643)</u>
Gross profit			11,428,975		10,290,268
Distribution costs		249,564		374,554	
Administrative expenses		9,214,240		8,666,057	
Other operating income		<u>(16,533)</u>		<u>(18,003)</u>	
			<u>9,447,271</u>		<u>9,022,608</u>
Operating profit before goodwill amortisation		2,258,113		1,472,660	
Goodwill amortisation		<u>(276,409)</u>		<u>(205,000)</u>	
Operating profit			1,981,704		1,267,660
Investment income/realised gains	4		10,155		22,208
Net interest	2		<u>(98,513)</u>		<u>(189,819)</u>
Profit on ordinary activities before taxation	1		1,893,346		1,100,049
Tax on profit on ordinary activities	5		<u>(670,429)</u>		<u>(415,906)</u>
Profit on ordinary activities after taxation			1,222,917		684,143
Equity minority interests			-		<u>(1,822)</u>
Profit for the financial year			1,222,917		682,321
Dividends - including non-equity	7		<u>(521,584)</u>		<u>(312,053)</u>
Retained profit for the financial year	20		<u>701,333</u>		<u>370,268</u>

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

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

NORTH WALES NEWSPAPERS LIMITED

CONSOLIDATED BALANCE SHEET AT 31 MARCH 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Intangible assets	8		2,898,911		3,155,320
Tangible assets	9		2,821,330		3,175,082
Investments	10		366,436		366,476
			6,086,677		6,696,878
Current assets					
Stocks	11	83,584		66,471	
Debtors	12	1,939,837		2,008,582	
Cash at bank and in hand		1,552,956		367,257	
		3,576,377		2,442,310	
Creditors: amounts falling due within one year	13	(2,459,680)		(2,409,385)	
Net current assets			1,116,697		32,925
Total assets less current liabilities			7,203,374		6,729,803
Creditors: amounts falling due after more than one year	14		(1,730,374)		(1,940,088)
Provisions for liabilities and charges	17		(33,900)		(51,948)
Net assets			5,439,100		4,737,767
Capital and reserves					
Called up share capital	19		77,353		77,353
Share premium account	20		6,264		6,264
Capital reserve	20		68,779		68,779
Profit and loss account	20		5,286,704		4,585,371
Shareholders' funds	21		5,439,100		4,737,767

The financial statements were approved by the Board of Directors on 20 August 2003 and signed on its behalf by:

P S Hinchliffe



Director

K McNulty



Director

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

NORTH WALES NEWSPAPERS LIMITED

BALANCE SHEET AT 31 MARCH 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets	9		2,729,950		3,114,551
Investments	10		3,964,751		3,964,787
			6,694,701		7,079,338
Current assets					
Stocks	11	83,584		66,471	
Debtors	12	1,951,678		2,242,281	
Cash at bank and in hand		1,233,584		31,504	
		3,268,846		2,340,256	
Creditors: amounts falling due within one year	13	(2,039,541)		(2,065,383)	
Net current assets			1,229,305		274,873
Total assets less current liabilities			7,924,006		7,354,211
Creditors: amounts falling due after more than one year	14		(1,730,374)		(1,940,088)
Provisions for liabilities and charges	17		(49,789)		(63,583)
Net assets			6,143,843		5,350,540
Capital and reserves					
Called up share capital	19		77,353		77,353
Share premium account	20		6,264		6,264
Capital reserve	20		68,779		68,779
Profit and loss account	20		5,991,447		5,198,144
Shareholders' funds	21		6,143,843		5,350,540

The financial statements were approved by the Board of Directors on 20 August 2003 and signed on its behalf by:

P S Hinchliffe



Director

K McNulty



Director

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

NORTH WALES NEWSPAPERS LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2003

	Note	2003 £	2003 £	2002 £	2002 £
Net cash inflow from operating activities	22		2,979,659		2,542,236
Interest paid		(98,513)		(199,500)	
Dividends received		10,464		10,790	
Non-equity dividends paid		<u>(1,486)</u>		<u>(1,486)</u>	
Net cash outflow from returns on investments and servicing of finance			(89,535)		(190,196)
Taxation			(517,642)		(367,545)
Capital expenditure and financial investments					
Purchase of tangible fixed assets		(457,426)		(514,860)	
Purchase of fixed asset investments		(48,380)		(92,892)	
Sale of tangible fixed assets		56,471		6,320	
Sale of fixed asset investments		<u>48,111</u>		<u>84,291</u>	
			(401,224)		(517,141)
Acquisitions and disposals					
Purchase of subsidiary			(20,000)		(75,000)
Equity dividends paid			(443,843)		(128,524)
Financing					
Repayment of loans		<u>(283,838)</u>		<u>(151,444)</u>	
Net cash outflow from financing			(283,838)		(151,444)
Increase in cash in year	23		<u>1,223,577</u>		<u>1,112,386</u>

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

NORTH WALES NEWSPAPERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

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

	2003 £	2002 £
Auditors' remuneration (parent company : £13,374, 2002 : £13,680)	23,725	19,215
Fees payable to auditors in respect of other services	17,693	21,101
Depreciation:		
- tangible fixed assets owned	747,186	711,470
- tangible fixed assets held under finance leases and hire purchase contracts	-	2,485
Loss on disposal of tangible fixed assets	7,521	1,229
Operating lease rentals	325,196	320,736

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
On bank loans and overdrafts and other interest	112,845	199,653
Finance charges in respect of finance leases	391	760
	113,236	200,413
Interest receivable	(14,723)	(10,594)
	98,513	189,819

3 DIRECTORS AND EMPLOYEES

Staff costs in the year were as follows:

	2003 £	2002 £
Wages and salaries	5,258,180	5,072,456
Social security costs	408,127	400,278
Other pension costs	204,561	127,601
	5,870,868	5,600,335

NORTH WALES NEWSPAPERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

DIRECTORS AND EMPLOYEES (CONTINUED)

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

The Group

	2003 Number	2002 Number
Production staff	50	51
Distribution and sales staff	165	164
Editorial staff	105	108
Administrative staff	27	28
	347	351

Remuneration in respect of directors was as follows:

	2003 £	2002 £
Aggregate emoluments	328,077	307,060
Pension contributions to money purchase schemes	25,072	17,000
	353,149	324,060

During the year, five directors (2002: six) participated in money purchase pension schemes. In addition, pension contributions to the closed defined benefit scheme of £38,490 (2002: £Nil) were paid in respect of T R Morris in addition to amounts previously accrued of £104,000. Mr Morris resigned as a director on 4 September 2001. In addition, an accrual has been made for compensation for loss of office in respect of Mr Morris at 31 March 2003 in the sum of £12,500.

Amounts in respect of compensation for loss of office amounted to £30,000 (2002: £46,000) and were in respect of one director (2002: one).

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

	2003 £	2002 £
Emoluments	107,054	73,325
Pension contributions to money purchase pension schemes	12,000	2,997

4 INVESTMENT INCOME/REALISED GAINS

	2003 £	2002 £
(Loss)/profit on sale of fixed asset investments	(309)	11,418
Dividends receivable from listed investments	10,464	10,790
	10,155	22,208

NORTH WALES NEWSPAPERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2003 £	2002 £
Current taxation		
UK corporation tax payable @ 30%/32.75% (2002: 30%)	688,603	416,176
Adjustments in respect of prior years	(126)	(3,052)
<i>Total current tax</i>	<u>688,477</u>	<u>413,124</u>
Deferred tax (see note 17)	(18,048)	2,782
	<u>670,429</u>	<u>415,906</u>

(b) Factors affecting the tax charge in the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 30% (2002: 30%).

The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>1,893,346</u>	<u>1,100,049</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	568,004	330,015
Effects of:		
Goodwill amortisation	82,923	61,500
Expenses not deductible for tax purposes	19,628	27,443
Capital allowances for the year less than depreciation and other timing differences	18,048	(2,782)
Adjustments in respect of prior years	(126)	(3,052)
<i>Current tax charge for the year</i>	<u>688,477</u>	<u>413,124</u>

6 PROFIT FOR THE FINANCIAL YEAR

The parent company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent company's profit for the financial year was £1,314,887 (2002: £1,161,773).

NORTH WALES NEWSPAPERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

7 DIVIDENDS

	2003 £	2002 £
Equity dividends:		
£1 Ordinary shares - interim dividend of £6.70 paid (2002: £3.29)	261,800	128,524
£1 Ordinary shares - final dividend of £6.61 proposed (2002: £4.66)	258,298	182,043
	<u>520,098</u>	<u>310,567</u>
Non-equity dividends		
Preference shares		
- 3.5%	1,096	1,096
- 5.6%	390	390
	<u>521,584</u>	<u>312,053</u>

8 INTANGIBLE FIXED ASSETS

The Group	Goodwill on consolidation £
Cost	
At 1 April 2002	3,717,293
Addition	20,000
At 31 March 2003	<u>3,737,293</u>
Amortisation	
At 1 April 2002	561,973
Charge for the year	276,409
At 31 March 2003	<u>838,382</u>
Net book amount at 31 March 2003	<u>2,898,911</u>
Net book amount at 31 March 2002	<u>3,155,320</u>

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 is being amortised and will be fully written off by 31 March 2004.

NORTH WALES NEWSPAPERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

9 TANGIBLE FIXED ASSETS

The Group

	Freehold land and buildings £	Plant, machinery, vehicles, fixtures and fittings £	Total £
Cost			
At 1 April 2002	1,199,077	6,107,832	7,306,909
Additions	23,065	434,361	457,426
Disposals	-	(130,619)	(130,619)
At 31 March 2003	<u>1,222,142</u>	<u>6,411,574</u>	<u>7,633,716</u>
Depreciation			
At 1 April 2002	311,551	3,820,276	4,131,827
Charge for the year	42,852	704,334	747,186
Eliminated on disposals	-	(66,627)	(66,627)
At 31 March 2003	<u>354,403</u>	<u>4,457,983</u>	<u>4,812,386</u>
Net book amount at 31 March 2003	<u>867,739</u>	<u>1,953,591</u>	<u>2,821,330</u>
Net book amount at 31 March 2002	<u>887,526</u>	<u>2,287,556</u>	<u>3,175,082</u>

The Company

	Freehold land and buildings £	Plant and machinery £	Total £
Cost			
At 1 April 2002	1,199,077	5,789,750	6,988,827
Additions	23,065	345,785	368,850
Disposals	-	(119,989)	(119,989)
At 31 March 2003	<u>1,222,142</u>	<u>6,015,546</u>	<u>7,237,688</u>
Depreciation			
At 1 April 2002	311,551	3,562,725	3,874,276
Charge for the year	42,852	653,070	695,922
Eliminated on disposals	-	(62,460)	(62,460)
At 31 March 2003	<u>354,403</u>	<u>4,153,335</u>	<u>4,507,738</u>
Net book amount at 31 March 2003	<u>867,739</u>	<u>1,862,211</u>	<u>2,729,950</u>
Net book amount at 31 March 2002	<u>887,526</u>	<u>2,227,025</u>	<u>3,114,551</u>

NORTH WALES NEWSPAPERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

10 FIXED ASSET INVESTMENTS

The Group

	Subsidiary undertakings £	Other investments £	Total £
Cost			
At 1 April 2002	-	366,476	366,476
Additions	-	48,380	48,380
Disposals	-	(48,420)	(48,420)
At 31 March 2003	-	366,436	366,436

The Company

	Subsidiary undertakings £	Other investments £	Total £
Cost			
At 1 April 2002	3,598,315	366,472	3,964,787
Additions	-	48,380	48,380
Disposals	-	(48,416)	(48,416)
At 31 March 2003	3,598,315	366,436	3,964,751

Other investments with a cost of £366,436 (2002: £366,476) include a holding of ordinary shares and cash deposits with a combined market value of £382,160 (2002: £608,002). These securities are listed on the International Stock Exchange.

Interests 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 incorporation or registration	Class of share capital held	Proportion 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	100%
Radio Ceredigion 2000 Cyfyngedig	England and Wales	Ordinary	* 100%

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

11 STOCKS

	The Group		The Company	
	2003	2002	2003	2002
	£	£	£	£
Raw materials and consumables	<u>83,584</u>	<u>66,471</u>	<u>83,584</u>	<u>66,471</u>

12 DEBTORS

	The Group		The Company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	1,753,055	1,765,364	1,352,976	1,407,100
Other debtors	37,846	60,727	37,846	59,853
Amount owed by group undertakings	-	-	452,702	624,877
Prepayments and accrued income	<u>148,936</u>	<u>182,491</u>	<u>108,154</u>	<u>150,451</u>
	<u>1,939,837</u>	<u>2,008,582</u>	<u>1,951,678</u>	<u>2,242,281</u>

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts (see note 15)	304,841	421,827	304,841	421,827
Trade creditors	324,280	429,540	299,116	401,406
Amounts owed to group undertakings	-	-	5,414	-
Corporation tax	432,853	262,018	295,688	197,550
Social security and other taxes	464,629	440,287	318,029	297,914
Other creditors	298,965	379,880	245,619	295,448
Accruals and deferred income	375,814	292,215	312,536	269,195
Hire purchase and finance lease creditors	-	1,575	-	-
Proposed dividend (ordinary shares)	<u>258,298</u>	<u>182,043</u>	<u>258,298</u>	<u>182,043</u>
	<u>2,459,680</u>	<u>2,409,385</u>	<u>2,039,541</u>	<u>2,065,383</u>

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group		The Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans (see note 15)	1,688,020	1,892,750	1,688,020	1,892,750
Deferred income	<u>42,354</u>	<u>47,338</u>	<u>42,354</u>	<u>47,338</u>
	<u>1,730,374</u>	<u>1,940,088</u>	<u>1,730,374</u>	<u>1,940,088</u>

NORTH WALES NEWSPAPERS LIMITED

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For the year ended 31 March 2003

15 BORROWINGS

Bank loans and overdrafts are repayable as follows:

	The Group		The Company	
	2003	2002	2003	2002
	£	£	£	£
Within one year	304,841	421,827	304,841	421,827
After one and within two years	320,372	299,917	320,372	299,917
After two and within five years	1,062,414	999,587	1,062,414	999,587
After five years	305,234	593,246	305,234	593,246
	<u>1,992,861</u>	<u>2,314,577</u>	<u>1,992,861</u>	<u>2,314,577</u>

The Allied Irish Bank loan and overdraft are secured by a legal mortgage over all the fixed and current assets of the North Wales Newspapers Group excluding the assets of Radio Ceredigion 2000 Cyfyngedig and certain properties of North Wales Newspapers Limited. 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.

16 DEFERRED INCOME - GOVERNMENT GRANTS

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

	The Group		The Company	
	2003	2002	2003	2002
	£	£	£	£
Within one year	5,291	5,291	5,291	5,291
After one and within two years	5,291	5,291	5,291	5,291
After two and within five years	15,873	15,873	15,873	15,873
After five years	21,190	26,174	21,190	26,174
	<u>47,645</u>	<u>52,629</u>	<u>47,645</u>	<u>52,629</u>

17 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation (see note 18)

	The Group	The Company
	£	£
At 1 April 2002	51,948	63,583
Utilised in the year	(18,048)	(13,794)
At 31 March 2003	<u>33,900</u>	<u>49,789</u>

NORTH WALES NEWSPAPERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

18 DEFERRED TAXATION

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

	The Group		The Company	
	2003	2002	2003	2002
	£	£	£	£
Accelerated capital allowances	94,002	127,651	107,094	139,286
Other timing differences	(60,102)	(75,703)	(57,305)	(75,703)
	<u>33,900</u>	<u>51,948</u>	<u>49,789</u>	<u>63,583</u>

19 SHARE CAPITAL

	2003	2002
	£	£
Authorised		
102,500 ordinary shares of £1 each	102,500	102,500
37,000 3.5% cumulative preference shares of £1 each	37,000	37,000
7,500 4.2% cumulative preference shares of £1 each	7,500	7,500
	<u>147,000</u>	<u>147,000</u>
Allotted, called up and fully paid		
39,065 ordinary shares of £1 each	39,065	39,065
31,329 3.5% cumulative preference shares of £1 each	31,329	31,329
6,959 4.2% cumulative preference shares of £1 each	6,959	6,959
	<u>77,353</u>	<u>77,353</u>

On 2 May 2003, the whole of the preference share capital was redeemed by the company for a consideration of £18,656 and cancelled.

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

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

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

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

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

NORTH WALES NEWSPAPERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

SHARE CAPITAL (CONTINUED)

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.

20 SHARE PREMIUM ACCOUNT AND RESERVES

The Group

	Share premium account £	Capital reserve £	Profit and loss account £
At 1 April 2002	6,264	68,779	4,585,371
Retained profit for the financial year	-	-	701,333
At 31 March 2003	<u>6,264</u>	<u>68,779</u>	<u>5,286,704</u>

The Company

	Share premium account £	Capital reserve £	Profit and loss account £
At 1 April 2002	6,264	68,779	5,198,144
Retained profit for the financial year	-	-	793,303
At 31 March 2003	<u>6,264</u>	<u>68,779</u>	<u>5,991,447</u>

NORTH WALES NEWSPAPERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	The Group		The Company	
	2003	2002	2003	2002
	£	£	£	£
Retained profit for the financial year	701,333	370,268	793,303	849,720
Shareholders' funds at 1 April 2002	4,737,767	4,367,499	5,350,540	4,500,820
Shareholders' funds at 31 March 2003	<u>5,439,100</u>	<u>4,737,767</u>	<u>6,143,843</u>	<u>5,350,540</u>

	The Group		The Company	
	2003	2002	2003	2002
	£	£	£	£
Equity shareholders funds	5,400,812	4,699,479	6,105,555	5,312,252
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
	<u>5,439,100</u>	<u>4,737,767</u>	<u>6,143,843</u>	<u>5,350,540</u>

22 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003	2002
	£	£
Operating profit	1,981,704	1,267,660
Depreciation on tangible fixed assets	747,186	713,955
Loss on sale of tangible fixed assets	7,521	1,229
(Increase)/decrease in stocks	(17,113)	4,254
Decrease in debtors	68,745	131,202
(Decrease)/increase in creditors	(84,793)	218,936
Amortisation of goodwill	276,409	205,000
	<u>2,979,659</u>	<u>2,542,236</u>

23 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003	2002
	£	£
Increase in cash in the year	1,223,577	1,112,386
Cash outflow from financing	283,838	151,444
Change in net debt resulting from cash flows	<u>1,507,415</u>	<u>1,263,830</u>
Net debt at 1 April 2002	<u>(1,947,320)</u>	<u>(3,211,150)</u>
Net debt at 31 March 2003	<u>(439,905)</u>	<u>(1,947,320)</u>

NORTH WALES NEWSPAPERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

24 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2002 £	Cash flows £	Non-cash items £	At 31 March 2003 £
Cash at bank and in hand	367,257	1,185,699	-	1,552,956
Overdrafts	(37,878)	37,878	-	-
	<u>329,379</u>	<u>1,223,577</u>	<u>-</u>	<u>1,552,956</u>
Debt due within one year	(383,949)	283,838	(204,730)	(304,841)
Debt due after more than one year	(1,892,750)	-	204,730	(1,688,020)
	<u>(1,947,320)</u>	<u>1,507,415</u>	<u>-</u>	<u>(439,905)</u>

25 CAPITAL COMMITMENTS

The group had capital commitments at 31 March 2003 of £85,000 (2002: £Nil).

26 CONTINGENT LIABILITIES

The group had no contingent liabilities at 31 March 2003 or 31 March 2002.

27 PENSION AND SIMILAR OBLIGATIONS

Defined Contribution Pension Scheme

The company operates a defined contribution pension scheme. The assets of the fund are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £94,373 (2002: £105,866). At 31 March 2003 pension contributions of £39,687 (2002: £28,133) were accrued.

Defined Benefit Pension Scheme

In addition, the company operated a defined benefit pension scheme which was closed in June 1992. These employees have a guarantee from the company that their total benefits from the defined contribution and defined benefit schemes will be at least equal to a certain individually defined benefit. From time to time an independent actuary assesses if the current rate of contributions to the defined contribution scheme, together with the accumulated funds held in the defined benefit scheme, is expected to be adequate to provide this benefit guarantee. At 31 March 2003 pension contributions of £106,441 (2002: £161,511) were accrued in respect of this scheme.

NORTH WALES NEWSPAPERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

FRS17 disclosures

As stated above, the company operates a money purchase pension scheme, the North Wales Newspapers Retirement & Life Assurance scheme. The company has funded special contributions in respect of a closed group of employees to provide a minimum defined level of pension (as described above). A full actuarial valuation of the cost of the minimum pension was carried out at 1 July 2002 by a professionally qualified, independent actuary.

The major assumptions used by the actuary were:

	1 July 2002 %
Rate of increase in pensionable salaries	3.0
Discount rate	6.0
Investment return	6.0
Inflation	2.0

As discussed above, the company has made maximum accrual under adopted accounting standards of £106,441 (2002: £161,511) to cover for the anticipated deficit within the funding available for those employees with guarantees under the closed defined benefit scheme. The most recent actuarial valuation identified the following funding position in respect of those employees:

	2002/2003 rate of return expected %	Value at 1 July 2002 £'000
Total market value of assets	6.00	1,161
Present value of scheme liabilities		(1,327)
Deficit in scheme		(166)

28 LEASING COMMITMENTS

At 31 March 2003 the group had annual commitments under non-cancellable operating leases as follows:

The Group	2003 Land and buildings £	2003 Other £	2002 Land and buildings £	2002 Other £
In one year or less	22,999	20,121	9,956	4,506
Between one and five years	65,640	212,272	51,550	24,883
In five years or more	-	27,000	-	27,000
	<u>88,639</u>	<u>259,393</u>	<u>61,506</u>	<u>56,389</u>

NORTH WALES NEWSPAPERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

LEASING COMMITMENTS (CONTINUED)

The Company	2003 Land and buildings £	2003 Other £	2002 Land and buildings £	2002 Other £
In one year or less	5,460	16,377	-	3,760
Between one and five years	40,690	178,082	26,050	20,254
In five years or more	-	-	-	-
	<u>46,150</u>	<u>194,459</u>	<u>26,050</u>	<u>24,014</u>

29 ACQUISITIONS

The group purchased the remainder of the Ordinary £1 shares of Radio Ceredigion 2000 Cyfyngedig on 18 August 2003, for a total consideration of £20,000. This increased the group holding of the share capital of Radio Ceredigion 2000 Cyfyngedig to 100%. Whilst the share transfer and payment took place after 31 March 2003, the transaction has been reflected in these financial statements to 31 March 2003 as it was agreed at the annual general meeting of Radio Ceredigion 2000 Cyfyngedig held on 20 March 2003, to accept the offer of its immediate parent, Radio NGAC Limited to acquire the remaining minority interest.

Radio NGAC Limited is a wholly owned subsidiary of North Wales Newspapers Limited.

30 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 Limited's agents for national advertising business during the year to 31 March 2003 on a commission basis.

During the year Mediaforce (London) Limited rendered services to North Wales Newspapers Limited, amounting to £84,376 (2002: £72,518) of which £10,999 (2002: £6,365) was accrued for at the year end.

All transactions were carried out on an arms length basis.

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