

**NEWCASTLE CHRONICLE AND  
JOURNAL LIMITED**

**Report and Financial Statements**

**31 December 2000**

**Deloitte & Touche  
PO Box 500  
201 Deansgate  
Manchester  
M60 2AT**



# NEWCASTLE CHRONICLE AND JOURNAL LIMITED

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

S J Brown  
M Ewing  
C P Graf  
S D Parker  
P A Vickers

**SECRETARY**

C J Diggory

**REGISTERED OFFICE**

Kingsfield Court  
Chester Business Park  
Chester  
CH4 9RE

**BANKERS**

Royal Bank of Scotland plc  
1 Dale Street  
Liverpool  
L2 2PP

Barclays Bank plc  
4 Water Street  
Liverpool  
L69 2DU

**SOLICITORS**

Addleshaw Booth & Co.  
100 Barbirolli Square  
Manchester  
M2 3AB

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
201 Deansgate  
Manchester  
M60 2AT

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

### ACTIVITIES

The principal activity of the company is the publication and printing of newspapers.

### REVIEW OF DEVELOPMENTS, RESULTS AND FUTURE PROSPECTS

The company's profit before taxation was £12,255,000 (period ended 2 January 2000 - £12,708,000). The 1999 profit includes a provision of £44,000 against an amount owed by a related company.

The directors do not recommend the payment of a dividend (period ended 2 January 2000 - £Nil). The profit retained for the year has been transferred to reserves.

The financial position of the company is set out on page 6.

The directors expect the company to perform satisfactorily during 2001.

### FIXED ASSETS

Changes in fixed assets are set out in notes 7, 8 and 9 to the accounts.

### DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on page 1. All of the directors served throughout the year and thereafter except as noted below:

C J Allwood	(resigned 20 July 2000)
M Ewing	(appointed 20 July 2000)
M Masters	(resigned 18 December 2000)

The directors have no interests in the shares of the company.

The ultimate parent company at 31 December 2000 was Trinity Mirror plc.

The report and financial statements of the ultimate parent company detail the interests of M Ewing, C P Graf, S D Parker and P A Vickers, who were also directors of that company during the year, in the shares of that company.

Interests of the other director at 31 December 2000 in the shares of the parent company are:

	Beneficial		Share Options	
	31 December 2000	2 January 2000	31 December 2000	Granted 2000
S J Brown	-	-	116,738	22,440
				94,298

The director held the above options under the share schemes at prices between 352p and 544p per share and are exercisable between January 1999 and May 2010.

### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year, the company has maintained cover for its directors and officers under a directors' and officers' liability insurance policy.

### DONATIONS

During the year contributions for charitable purposes totalled £10,391 (period ended 2 January 2000 - £11,080).

## DIRECTORS' REPORT

### DISABLED EMPLOYEES

The company has continued its policy of encouraging the employment of registered disabled persons, bearing in mind the job requirements for skills and aptitude. In the areas of planned employee training and career development, the company strives to ensure that disabled employees receive maximum possible benefits, including opportunities for promotion. Where an employee becomes disabled during employment every effort is made to retain the employee's services and any necessary re-training for suitable alternative employment within the company is provided.

### EMPLOYEES

Company employees or their elected representatives are informed of the progress of the company on a regular basis. Suggestions from employees aimed at improving the performance of the company are welcomed.

### PAYMENT OF SUPPLIERS

Whilst the company has no formal supplier payment policy it agrees appropriate terms and conditions for its transactions with suppliers (by means ranging from standard written terms to individually negotiated contracts) and to make payments in accordance with those terms and conditions provided that the supplier has also complied with them.

At 31 December 2000 the company had an average of 44 days (period ended 2 January 2000 - 8 days) purchases outstanding in trade creditors.

### AUDITORS

The company has elected, pursuant to Section 386 of the Companies Act 1985, to dispense with the obligation to appoint auditors annually. Deloitte & Touche have expressed their willingness to continue in office as auditors.

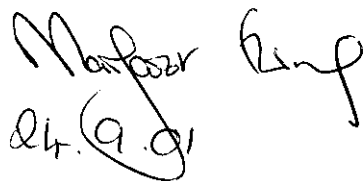
### DIRECTORS' RESPONSIBILITIES

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 as at the end of the financial year 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; and
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Approved by the Board of Directors  
and signed on behalf of the Board

  
24.9.01



## NEWCASTLE CHRONICLE AND JOURNAL LIMITED

### AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on pages 7 and 8.

#### Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### Basis of opinion

We conducted our audit in accordance with 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.

#### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

27 September 2001

**PROFIT AND LOSS ACCOUNT**

**Year ended 31 December 2000**

	Note	Year ended 31 December 2000 £'000	53 weeks ended 2 January 2000 £'000
<b>TURNOVER</b>	2	52,008	49,781
Cost of sales		(22,580)	(21,431)
Gross profit		<u>29,428</u>	<u>28,350</u>
Distribution costs		3,916	2,891
Administrative expenses - recurring		12,512	11,916
Administrative expenses - exceptional	4	-	44
Other operating income		(220)	(123)
		<u>(16,208)</u>	<u>(14,728)</u>
<b>OPERATING PROFIT</b>	4	13,220	13,622
Interest payable and similar charges	5	(965)	(914)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		12,255	12,708
Tax on profit on ordinary activities	6	(3,852)	(3,778)
<b>RETAINED PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	17	<u>8,403</u>	<u>8,930</u>

The results relate solely to continuing operations.

There are no recognised gains or losses other than the profit for the current year and prior period. Accordingly a Statement of Total Recognised Gains and Losses has not been prepared.

# NEWCASTLE CHRONICLE AND JOURNAL LIMITED

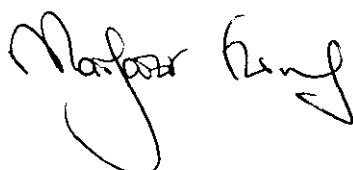
## BALANCE SHEET

31 December 2000

	Note	31 December 2000 £'000	31 December 2000 £'000	2 January 2000 £'000	2 January 2000 £'000
<b>FIXED ASSETS</b>					
Intangible assets	7	60,060		60,060	
Tangible assets	8	20,894		20,888	
Investments	9	48		1	
			81,002		80,949
<b>CURRENT ASSETS</b>					
Stocks	10	731		495	
Debtors	11	46,359		25,598	
Cash at bank and in hand		3,096		2,468	
			50,186		28,561
<b>CREDITORS: amounts falling due within one year</b>	12	(21,525)		(8,258)	
<b>NET CURRENT ASSETS</b>			28,661		20,303
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			109,663		101,252
<b>CREDITORS: amounts falling due after more than one year</b>	13		(16,381)		(16,556)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14		(1,834)		(1,648)
<b>ACCRUALS AND DEFERRED INCOME</b>	15		(146)		(149)
			91,302		82,899
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		64,225		64,225
Profit and loss account	17		27,077		18,674
<b>EQUITY SHAREHOLDERS' FUNDS</b>			91,302		82,899

These financial statements were approved by the Board of Directors on 24.9.01

Signed on behalf of the Board of Directors



- Director



## NOTES TO THE ACCOUNTS

Year ended 31 December 2000

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Exceptional items

Exceptional items are those that need to be disclosed by virtue of their size or incidence. Such items are included within operating profit unless they represent profits or losses on the sale or termination of an operation, costs of a fundamental reorganisation or restructuring having a material effect on the nature and focus of the company, or profit or losses on the disposal of fixed assets. In these cases, separate disclosure is provided on the face of the profit and loss account after operating profit.

#### Intangible fixed assets

Intangible fixed assets comprise acquired publishing rights and titles and are stated in the balance sheet at the directors' assessment of the fair value of intangible assets based on discounted cash flow valuations. In the opinion of the directors these assets have an indefinite economic life, due to their typical lifespan, and are not therefore subject to annual amortisation. The carrying value of these assets will be reviewed annually and adjusted to the recoverable amount if required.

#### Tangible fixed assets

Freehold land and tangible capital assets not yet in use have not been depreciated. Depreciation on assets qualifying for investment and regional development grants is calculated on their full cost. Depreciation on other assets is provided on cost in equal instalments over the estimated lives of the assets. The estimated useful economic lives are as follows:

(i)	Freehold property	67 years
(ii)	Leasehold properties	The term of the lease
(iii)	Fixtures, fittings, plant and machinery	3 - 25 years

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and production overheads.

#### Regional development grants

Regional development grants are being credited to revenue over a period approximating to the average life of the related fixed assets.

#### Investments

Fixed asset investments are stated at cost unless, in the opinion of the directors, there has been an impairment in value, in which case an appropriate adjustment is made.

## NOTES TO THE ACCOUNTS

Year ended 31 December 2000

### 1. ACCOUNTING POLICIES (continued)

#### Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

#### Foreign currency

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

#### Leases

Where the group has substantially all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as a finance lease. Other leases are treated as operating leases. Future instalments payable under finance leases, net of finance charges are included in creditors with the corresponding asset values recorded in fixed tangible assets and depreciated over the shorter of their estimated useful lives or their lease terms. Payments are apportioned between the finance element, which is charged to the profit and loss account as interest, and the capital element which reduces the outstanding obligation for future instalments. Operating lease payments are charged to the profit and loss account in equal annual amounts over the period of the leases.

#### Pension costs

The company contributes to the Trinity plc defined benefit scheme. The costs are charged to the profit and loss account so as to spread the cost of pensions over the average working life of employees in the scheme membership, in accordance with the recommendation of qualified actuaries. Variations from the regular cost are spread over the average remaining service lives of employees in the scheme.

#### Cash flow statement

The company is not presenting a cash flow statement in accordance with the exemption in FRS 1 (Revised) - Cash Flow Statements. The ultimate parent company has included a consolidated cash flow statement in the group accounts.

#### Capital instruments

Capital instruments are accounted for in accordance with the principles of FRS 4 issued by the Accounting Standards Board and are classified as equity share capital, non-equity share capital, minority interest or debt as appropriate.

### 2. TURNOVER

Turnover arises wholly from the company's principal activity carried out within the United Kingdom and excludes VAT and similar sales based taxes.

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

None of the directors received any emoluments during the year (period ended 2 January 2000 - £Nil).

During the year none of the directors exercised any of their share options in the ultimate parent company (period ended 2 January 2000 - three). All of the directors are members of the Trinity plc defined benefit pension scheme (period ended 2 January 2000 two of the directors were members of the Mirror Group's defined contribution pension arrangements and three were members of the group's defined benefit pension schemes.)

	Year ended 31 December 2000 £'000	53 weeks ended 2 January 2000 £'000
<b>Employee costs during the year (including directors)</b>		
Wages and salaries	15,192	14,040
Social security costs	1,264	1,184
Pension costs	917	899
	<u>17,373</u>	<u>16,123</u>
	<b>No</b>	<b>No</b>
<b>Average number of persons employed</b>		
Production	362	362
Sales and distribution	378	255
Administration	132	174
	<u>872</u>	<u>791</u>

**Pensions**

The company contributes to the Trinity plc defined benefit scheme.

The scheme provides benefits based on final pensionable pay and is set up under a trust which holds the assets of the scheme separately from the company.

The pension cost is assessed in accordance with the advice of qualified actuaries using the projected unit method. The latest actuarial valuation was made as at 30 June 1998. Further details of this valuation are detailed in the financial statements of Trinity Mirror plc.

Accrued pension costs at 31 December 2000 were £Nil (period ended 2 January 2000 - £Nil).



**NOTES TO THE ACCOUNTS**  
Year ended 31 December 2000

**7. INTANGIBLE FIXED ASSETS**

	31 December 2000 £'000	2 January 2000 £'000
At beginning and end of period	<u>60,060</u>	<u>60,060</u>

Intangible fixed assets represent the fair value of publishing rights of titles acquired.

**8. TANGIBLE FIXED ASSETS**

	Land and buildings		Fixtures, fittings, plant and machinery	Assets under the course of construction	Total
	Freehold £'000	Leasehold £'000	£'000	£'000	£'000
<b>Cost</b>					
At beginning of year	172	4,439	31,782	-	36,393
Additions	-	297	1,714	578	2,589
	<u>172</u>	<u>4,736</u>	<u>33,496</u>	<u>578</u>	<u>38,982</u>
<b>At end of year</b>					
	<u>172</u>	<u>4,736</u>	<u>33,496</u>	<u>578</u>	<u>38,982</u>
<b>Accumulated depreciation</b>					
At beginning of year	-	1,413	14,092	-	15,505
Charge for the year	-	146	2,437	-	2,583
	<u>-</u>	<u>1,559</u>	<u>16,529</u>	<u>0</u>	<u>18,088</u>
<b>At end of year</b>					
	<u>-</u>	<u>1,559</u>	<u>16,529</u>	<u>0</u>	<u>18,088</u>
<b>Net book value</b>					
At 31 December 2000	<u>172</u>	<u>3,177</u>	<u>16,967</u>	<u>578</u>	<u>20,894</u>
At 2 January 2000	<u>172</u>	<u>3,026</u>	<u>17,690</u>	<u>-</u>	<u>20,888</u>

The net book value of assets held under finance leases and hire purchase contracts is £6,123,000 (period ended 2 January 2000 - £7,089,000).

**NOTES TO THE ACCOUNTS**

**Year ended 31 December 2000**

**9. INVESTMENTS**

	<b>31 December 2000 £'000</b>	<b>2 January 2000 £'000</b>
Listed investment	<u>48</u>	<u>1</u>

The market value of the listed investment at the year end was £259.

**10. STOCKS**

	<b>31 December 2000 £'000</b>	<b>2 January 2000 £'000</b>
Raw materials and consumables	<u>731</u>	<u>495</u>

**11. DEBTORS**

	<b>31 December 2000 £'000</b>	<b>2 January 2000 £'000</b>
Trade debtors	5,575	4,596
Amounts owed by group undertakings		
Ultimate parent company	39,792	20,626
Fellow subsidiaries	666	96
Corporation tax recoverable	134	133
Other debtors	86	28
Prepayments and accrued income	106	119
	<u>46,359</u>	<u>25,598</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31 December 2000 £'000</b>	<b>2 January 2000 £'000</b>
Obligations under finance leases and hire purchase agreements	1,139	1,139
Trade creditors	2,115	472
Amounts owed to group undertakings		
Fellow subsidiaries	11,379	74
Other creditors	210	125
Corporation tax payable	3,686	2,481
Other taxation and social security	165	1,172
Accruals and deferred income	2,831	2,795
	<u>21,525</u>	<u>8,258</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2000 £'000	2 January 2000 £'000
Obligations under finance leases at a commercial rate of interest and hire purchase agreements	16,381	16,556
Repayable by instalments as follows:		
Between one and two years	576	905
Between two and five years	2,802	1,491
Beyond five years	13,003	14,160
	16,381	16,556

The finance leases are secured by a fixed charge over the printing press which has a net book value of £6,381,000 (period ended 2 January 2000 - £7,089,000).

14. PROVISIONS FOR LIABILITIES AND CHARGES

	£'000
Deferred taxation	
Provision at beginning of year	1,648
Current year tax charge	165
Adjustment in respect of prior year	21
Provision at end of year	1,834

The amounts provided in the accounts and the amounts not provided are as follows:

	Provided 31 December 2000 £'000	Provided 2 January 2000 £'000	Not Provided 31 December 2000 £'000	Not Provided 2 January 2000 £'000
Capital allowances in excess of depreciation	2,004	1,833	-	-
Other timing differences	(170)	(185)	-	-
	1,834	1,648	-	-

15. ACCRUALS AND DEFERRED INCOME

Government grants

	31 December 2000 £'000	2 January 2000 £'000
At beginning of year	149	152
Release to profit and loss account	(3)	(3)
At end of year	146	149

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**16. CALLED UP SHARE CAPITAL**

	31 December 2000 £'000	2 January 2000 £'000
Authorised		
64,225,000 ordinary shares of £1 each	64,225	64,225
Called up, allotted and fully paid		
64,225,000 ordinary shares of £1 each	64,225	64,225

**17. RESERVES**

	Profit and loss account £'000
Balance at beginning of year	18,674
Profit for the year	8,403
Balance at end of year	27,077

**18. FINANCIAL COMMITMENTS**

Capital commitments	31 December 2000 £'000	2 January 2000 £'000
Contracted for but not provided in the financial statements	578	750
Authorised but not yet contracted for	-	2,745

**Operating lease commitments**

At 31 December 2000 the company was committed to making the following payments during the next year in respect of operating leases:

	Other £'000	Land and buildings £'000	Total £'000
Leases which expire:			
Within one year	24	6	30
Within two to five years	26	13	39
After five years	-	21	21
	50	40	90

**19. CONTINGENT LIABILITIES**

The company, together with certain of its fellow subsidiaries in the United Kingdom, has guaranteed the loans and bank overdraft of the ultimate parent company with certain of the group's bankers. At 31 December 2000 this amounted to £736m (period ended 2 January 2000 - £743m).



**NOTES TO THE ACCOUNTS**

**Year ended 31 December 2000**

**20. ULTIMATE PARENT COMPANY**

In the opinion of the directors, the company's ultimate parent company, and controlling entity at 31 December 2000 was Trinity Mirror plc, a company registered in England and Wales. Copies of the group financial statements are available from its registered office at Kingsfield Court, Chester Business Park, Chester, CH4 9RE.

**21. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption included in Financial Reporting Standard No.8 "Related Party Disclosures" (para 3) for wholly owned subsidiaries not to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties.