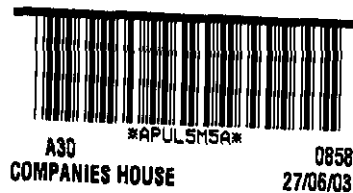


**NEWCASTLE CHRONICLE AND
JOURNAL LIMITED**

Report and Financial Statements

29 December 2002



NEWCASTLE CHRONICLE AND JOURNAL LIMITED

CONTENTS

Page

Officers and professional advisers	1
Directors' report	2
Independent Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T M Directors Limited

SECRETARY

T M Secretaries Limited

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
Manchester

DIRECTORS' REPORT

The sole director presents its annual report and the audited financial statements for the year ended 29 December 2002.

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 £15,091,000 (year ended 30 December 2001 - £11,104,000).

During the year, an interim dividend of £9,700,000 was paid to the immediate parent company (year ended 30 December 2001 - £34,000,000). The profit retained for the year of £812,000 (2001 - loss £26,607,000) 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 2003.

FIXED ASSETS

Changes in fixed assets are set out in notes 8, 9 and 10 to the accounts.

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on page 1. There have been no changes to the membership of the Board of directors during the year or since the year end.

The ultimate parent company at 29 December 2002 was Trinity Mirror plc.

The sole director has had no interests in the shares of the company, its fellow subsidiaries or its ultimate parent company at any time.

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 £2,686 (year ended 30 December 2001 - £1,119).

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.

DIRECTORS' REPORT (continued)

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 29 December 2002 the company had an average of 32 days (year ended 30 December 2001 - 26 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.

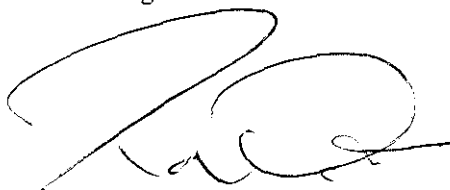
DIRECTORS' RESPONSIBILITIES

United Kingdom 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 the system of internal control, 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



T M DIRECTORS LIMITED

20th May 2003

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWCASTLE
CHRONICLE AND JOURNAL LIMITED**

We have audited the financial statements of Newcastle Chronicle and Journal Limited for the year ended 29 December 2002 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit 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 29 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors
Manchester

10 June

2003

PROFIT AND LOSS ACCOUNT
Year ended 29 December 2002

	Note	29 December 2002 £'000	30 December 2001 £'000
TURNOVER	2	56,805	54,771
Cost of sales		(23,039)	(24,739)
Gross profit		33,766	30,032
Distribution costs		3,603	3,715
Administrative expenses - recurring		14,371	14,358
Other operating income		(55)	(3)
		(17,919)	(18,070)
OPERATING PROFIT	4	15,847	11,962
Interest receivable			16
Interest payable and similar charges	5	(756)	(874)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		15,091	11,104
Tax on profit on ordinary activities	6	(4,579)	(3,311)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		10,512	7,793
Equity dividends	7	(9,700)	(34,000)
RETAINED PROFIT/(LOSS) FOR THE YEAR	18	812	(26,207)

The results relate solely to continuing operations.

There are no recognised gains or losses other than the profit for the current year and loss for the prior year. Accordingly a statement of total recognised gains and losses has not been prepared.

There are no movements in shareholders' funds other than profit for the current year and loss for the prior year. Accordingly a reconciliation of movements in shareholders' funds has not been prepared.

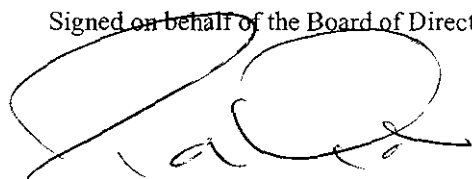
NEWCASTLE CHRONICLE AND JOURNAL LIMITED

BALANCE SHEET 29 December 2002

	Note	29 December 2002		30 December 2001	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	8	60,060		60,060	
Tangible assets	9	19,071		20,461	
Investments	10	1		48	
			79,132		80,569
CURRENT ASSETS					
Stocks	11	367		476	
Debtors	12	153,957		96,349	
Cash at bank and in hand		3,491		2,169	
			157,815		98,994
CREDITORS: amounts falling due within one year	13	(153,790)		(96,550)	
NET CURRENT ASSETS			4,025		2,444
TOTAL ASSETS LESS CURRENT LIABILITIES			83,157		83,013
CREDITORS: amounts falling due after more than one year	14		(15,067)		(15,805)
PROVISIONS FOR LIABILITIES AND CHARGES	15		(1,970)		(1,971)
ACCRUALS AND DEFERRED INCOME	16		(213)		(142)
NET ASSETS			65,907		65,095
CAPITAL AND RESERVES					
Called up share capital	17		64,225		64,225
Profit and loss account	18		1,682		870
EQUITY SHAREHOLDERS' FUNDS			65,907		65,095

These financial statements were approved by the Board of Directors on 20th May 2003.

Signed on behalf of the Board of Directors



T M DIRECTORS LIMITED

NOTES TO THE ACCOUNTS
Year ended 29 December 2002

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.

Basis of preparation

The financial statements reflect the adoption of Financial Reporting Standard 17 'Retirement benefits' ("FRS 17"). The adoption of FRS 17 has not had an impact on the profit and loss account or the balance sheet.

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 grant & Newcastle City Council grant

Regional Development grants are being credited to revenue over a period approximating to the average life of the related fixed assets. The Newsroom grant is being credited to revenue over a 5 year period which is the estimated initial life of the project

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.

Group consolidated financial statements are not prepared as the company is a wholly owned subsidiary of another company registered in England and Wales.

Deferred taxation

Deferred taxation is provided in full at the anticipated tax rates on timing differences arising from the different treatment of items for accounting and taxation purposes. No provision is made for deferred tax on investment revaluations. The company has elected not to discount the deferred tax assets and liabilities.

NOTES TO THE ACCOUNTS (continued)
Year ended 29 December 2002

1. ACCOUNTING POLICIES (continued)

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 scheme arrangements

The company contributes to the Trinity Retirement Benefit Scheme, a defined benefit scheme. The company charges the regular costs of providing pension benefits to the profit and loss account so as to spread the cost of pensions over the average working lives of employees in the scheme, in accordance with the recommendations of qualified actuaries. Variations from the regular cost are spread over the average estimated remaining service lives of employees in the scheme after allowing for interest on the unamortised surplus or deficit.

The Trinity Retirement Benefit Scheme operates for employees of a number of Trinity Mirror group companies and as such, Newcastle Chronicle and Journal Limited is unable to identify its share of the underlying assets and liabilities of the Scheme. Under FRS 17 the actual cost of providing pensions to the company will be charged to the profit and loss account as incurred during the year.

Cash flow statement

The company is not presenting a cash flow statement in accordance with the exemption in FRS 1 - 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 (continued)
Year ended 29 December 2002

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The corporate director received no remuneration from the company (2001: all directors £nil), is not a member of any pension scheme (2001: five directors were members of the group's defined benefit pension arrangements) and has no options or interests in the company or its ultimate parent (2001: no directors exercised part of their share options in the ultimate parent company).

	29 December 2002 £'000	30 December 2001 £'000
Employee costs during the year		
Wages and salaries	15,768	15,963
Social security costs	1,357	1,385
Pension costs	768	961
	<u>17,893</u>	<u>18,309</u>
Average number of persons employed	No	No
Production	344	363
Sales and distribution	335	370
Administration	134	120
	<u>813</u>	<u>853</u>

Pensions

The company contributes to the Trinity Retirement Benefit Scheme, a 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 last formal actuarial valuation of the Trinity Retirement Benefit Scheme was prepared as at 30 June 2001. At the date of the revaluation the actuarial value of the assets in the scheme was sufficient to cover 127% of the accrued benefits of the members, after allowing for projected salaries on the basis of the following assumptions:

Investment return – pre-retirement	6.25% pa
Pensionable salary increases	4.50% pa
Investment return – post-retirement	5.50% pa
Pension increases	2.50% pa
Price inflation	2.50% pa

Contributions to the scheme for the period were £768,000 (2001 - £961,000).

The implications of the surplus for the employer are an unchanged contribution rate.

Accrued pension costs at 29 December 2002 were £Nil (year ended 30 December 2001 - £Nil).

The accounts of the ultimate parent company, Trinity Mirror plc, contain full disclosure details of the scheme.

NOTES TO THE ACCOUNTS (continued)
Year ended 29 December 2002

4. OPERATING PROFIT

	29 December	30 December
	2002	2001
	£'000	£'000
Operating profit is after charging/(crediting):		
Redundancy costs	271	83
Depreciation		
owned assets	1,757	1,597
leased assets	966	966
Auditors' remuneration		
- audit fees	35	32
- non audit fees	27	27
Rentals under operating leases		
Land and buildings	181	184
Plant and machinery	672	548
Release of Regional Development & Community Classroom grants	(19)	(3)
Profit on disposal of fixed assets	(28)	-
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	29 December	30 December
	2002	2001
	£'000	£'000
Hire purchase and finance leases	756	874
	<u> </u>	<u> </u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	29 December	30 December
	2002	2001
	£'000	£'000
Tax charge in period		
Profit on ordinary activities before tax	15,091	11,104
	<u> </u>	<u> </u>
Current tax:		
Corporation tax charge for current year	4,621	3,354
Adjustment to prior year	(41)	(170)
Deferred tax:		
Deferred tax (credit)/ charge for the current year	(11)	64
Adjustment to prior period	10	63
	<u> </u>	<u> </u>
	<u>4,579</u>	<u>3,311</u>

Reconciliation of current tax charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2001 - 30%). The current tax charge for the year is more than 30% (2001 - was less than 30%) for the reasons set out in the following reconciliation:

	2002	2001
UK standard rate of corporation tax	30.0%	30.0%
Permanent items	0.1%	(1.6%)
Depreciation in excess of capital allowances	0.6%	1.8%
Other short term timing differences	(0.1)%	-
Prior year adjustment	(0.3%)	(1.5%)
	<u> </u>	<u> </u>
Total current tax charge for period	<u>30.3 %</u>	<u>28.7%</u>

NOTES TO THE ACCOUNTS (continued)
Year ended 29 December 2002

7. EQUITY DIVIDENDS

	29 December 2002 £'000	30 December 2001 £'000
Interim dividend paid to immediate parent company	9,700	34,000

8. INTANGIBLE FIXED ASSETS

	29 December 2002 £'000	30 December 2001 £'000
Cost:		
At beginning and end of year	60,060	60,060

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

9. 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
Cost					
At beginning of year	172	5,595	34,459	903	41,129
Additions	-	506	524	536	1,566
Disposals	-	(392)	(363)	-	(755)
At end of year	172	5,709	34,620	1,439	41,940
Accumulated depreciation					
At beginning of year	-	1,812	18,856	-	20,668
Additions	-	-	104	-	104
Disposals	-	(282)	(344)	-	(626)
Charge for the year	-	300	2,423	-	2,723
At end of year	-	1,830	21,039	-	22,869
Net book value					
At 29 December 2002	172	3,879	13,581	1,439	19,071
At 30 December 2001	172	3,783	15,603	903	20,461

The net book value of assets held under finance leases and hire purchase contracts is £4,191,000 (year ended 30 December 2001 - £5,157,000).

NOTES TO THE ACCOUNTS (continued)
Year ended 29 December 2002

10. INVESTMENTS

	Listed investments £'000	Subsidiary undertakings £'000	Total £'000
Cost:			
At 31 December 2001 and 29 December 2002	1	47	48
Provisions for impairments			
At 31 December 2001	-	-	-
Written off	-	(47)	(47)
At 29 December 2002	-	(47)	(47)
Net book value			
At 29 December 2002	1	-	1
At 31 December 2001	1	47	48

The market value of the listed investment at the year end was £78 (year ended 30 December 2001 - £96).

The company has a 100% ordinary share interest in Markstead Limited, a dormant company registered in England and Wales.

11. STOCKS

	29 December 2002 £'000	30 December 2001 £'000
Raw materials and consumables	367	476

12. DEBTORS

	29 December 2002 £'000	30 December 2001 £'000
Trade debtors	6,393	5,881
Amounts owed by group undertakings		
Ultimate parent company	145,377	88,955
Fellow subsidiaries	1,688	1,042
Other debtors	119	148
Prepayments and accrued income	380	323
	153,957	96,349

NOTES TO THE ACCOUNTS (continued)
Year ended 29 December 2002

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	29 December 2002 £'000	30 December 2001 £'000
Obligations under finance leases and hire purchase agreements	1,253	1,154
Trade creditors	1,465	1,561
Amounts owed to group undertakings		
Fellow subsidiaries	143,780	88,085
Other creditors	242	-
Corporation tax payable	2,322	1,878
Other taxation and social security	312	258
Accruals and deferred income	4,416	3,614
	<u>153,790</u>	<u>96,550</u>

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

	29 December 2002 £'000	30 December 2001 £'000
Obligations under finance leases at a commercial rate of interest and hire purchase agreements	<u>15,067</u>	<u>15,805</u>
Repayable by instalments as follows:		
Between one and two years	926	738
Between two and five years	4,159	3,440
Beyond five years	9,982	11,627
	<u>15,067</u>	<u>15,805</u>

The finance leases are secured by a fixed charge over the printing press which has a net book value of £4,191,000 (year ended 30 December 2001 - £5,157,000).

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £'000	Property provisions £'000	Total £'000
Provision at beginning of year	1,961	10	1,971
Release to profit and loss account	(1)	-	(1)
Provision at end of year	<u>1,960</u>	<u>10</u>	<u>1,970</u>

The amounts for deferred tax provided in the accounts are as follows:

	29 December 2002 £'000	30 December 2001 £'000
Capital allowances in excess of depreciation	2,063	2,082
Other short term timing differences	(103)	(121)
	<u>1,960</u>	<u>1,961</u>

NOTES TO THE ACCOUNTS (continued)
Year ended 29 December 2002

16. ACCRUALS AND DEFERRED INCOME

Government grants

	29 December 2002 £'000	30 December 2001 £'000
At beginning of year	142	146
New grant	90	-
Release to profit and loss account	(19)	(4)
At end of year	<u>213</u>	<u>142</u>

17. CALLED UP SHARE CAPITAL

	29 December 2002 £'000	30 December 2001 £'000
Authorised 64,225,000 ordinary shares of £1 each	<u>64,225</u>	<u>64,225</u>
Called up, allotted and fully paid 64,225,000 ordinary shares of £1 each	<u>64,225</u>	<u>64,225</u>

18. RESERVES

	Profit and loss account £'000
Balance at beginning of year	870
Profit for the year	812
Balance at end of year	<u>1,682</u>

NOTES TO THE ACCOUNTS (continued)
Year ended 29 December 2002

19. FINANCIAL COMMITMENTS

Capital commitments

At 29 December 2002, the company had no capital commitments (30 December 2001: £nil).

Operating lease commitments

At 29 December 2002 the company was committed to making the following payments during the next year in respect of operating leases:

	29 December 2002			30 December 2001		
	Other	Land and	Total	Other	Land and	Total
	£'000	Buildings	£'000	£'000	Buildings	£'000
	£'000	£'000	£'000	£'000	£'000	£'000
Leases which expire:						
Within one year	6	-	6	39	-	39
Within two to five years	588	19	607	345	16	361
After five years	-	21	21	-	68	68
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	594	40	634	384	84	468
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

20. 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 29 December 2002 this amounted to £614m (year ended 30 December 2001 - £689m).

21. ULTIMATE PARENT COMPANY AND IMMEDIATE PARENT UNDERTAKING

In the opinion of the sole director, the company's ultimate parent company, and controlling entity at 29 December 2002 was Trinity Mirror plc, a company registered in England and Wales. Copies of the group financial statements are available from its registered office at One Canada Square, Canary Wharf, London, E14 5AP.

The immediate parent undertaking is TIH (Newcastle) Limited, a company registered in England and Wales.

22. 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.