

CLASSIFIED PERIODICALS LIMITED

**Directors' Report and Financial Statements
for the 79 weeks ended 31 December 2000**



REPORT AND FINANCIAL STATEMENTS 2000

| CONTENTS | Page |
|--|------|
| Directors' report | 1 |
| Statement of directors' responsibilities | 2 |
| Auditors' report | 3 |
| Profit and loss account | 4 |
| Balance sheet | 5 |
| Notes to the accounts | 6 |

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the 79 weeks ended 31st December 2000.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The company's principal activity continues to be that of publishing newspapers.

The publication Ad Finder ceased in September 1999.

The directors are satisfied with the performance of the company and expect this to continue in the future.

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £194,125 (1999: £74,978).

The directors have proposed a dividend of £400,000 for the period (1999 - £ nil).

DIRECTORS

The directors who served during the period are listed below.

| | |
|----------------|---|
| J D Byford | |
| A S Dunn | |
| G T Fearon | resigned 25 th January 2001 |
| A Jones | resigned 25 th January 2001 |
| B R M Stoneham | resigned 17 th September 1999 |
| D Cammiade | appointed 28 th September 1999 |
| K J Sadler | appointed 28 th September 1999, resigned 25 th January 2001 |
| D H Small | appointed 25 th January 2001 |
| E J M Robinson | appointed 25 th January 2001 |
| D A Grist | appointed 25 th January 2001 |

None of the directors held an interest in the issued share capital of the Company during the year.

AUDITORS

The auditors, Burnett Swayne, Chartered Accountants, have intimated their willingness to continue in office.

This report was approved by the Board on 5th July 2001 and signed on its behalf.



Paul Hunter
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for the 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;
- 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 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.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF CLASSIFIED PERIODICALS LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, 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 1985. 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 the company's affairs at 31 December 2000 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Burnett Swayne
Chartered Accountants
Charter Court
Third Avenue
Southampton
SO15 0AP

Date: 5 - 9 - 2001

PROFIT AND LOSS ACCOUNT

79 weeks ended 31 December 2000 (note 1)

| | Note | 2000 £ | 1999 (52 weeks) £ |
|--|------|------------------|-------------------------|
| TURNOVER | 1,2 | 440,511 | 322,588 |
| Cost of sales | | (179,934) | (211,188) |
| GROSS PROFIT | | 260,577 | 111,400 |
| Operating expenses | 3 | (18,041) | (17,691) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 242,536 | 93,709 |
| Tax charge on profit on ordinary activities | 6 | (48,411) | (18,731) |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 194,125 | 74,978 |
| PROPOSED DIVIDEND | 7 | (400,000) | - |
| RETAINED (LOSS)/PROFIT FOR THE FINANCIAL PERIOD | | <u>(205,875)</u> | <u>74,978</u> |

All the above transactions relate to continuing operations.

There were no recognised gains or losses for the period or the preceding period other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

A statement of movement on reserves is shown as note 12 to the financial statements.

CLASSIFIED PERIODICALS LIMITED

BALANCE SHEET 31 December 2000 (note 1)

| | Note | 2000 £ | 1999 £ |
|---|------|----------------|----------------|
| CURRENT ASSETS | | | |
| Debtors | 8 | 206,471 | 203,358 |
| Cash at bank and in hand | | 314,709 | 93,884 |
| | | <u>521,180</u> | <u>297,242</u> |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 9 | <u>476,810</u> | <u>46,997</u> |
| NET ASSETS | | <u>44,370</u> | <u>250,245</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 10 | 20,000 | 20,000 |
| Profit and loss account | 11 | <u>24,370</u> | <u>230,245</u> |
| SHAREHOLDERS' FUNDS | | | |
| All equity | 12 | <u>44,370</u> | <u>250,245</u> |

The financial statements on pages 4 to 9 were approved by the Board on 5th July 2001 and signed on its behalf.


A.S. Dunn
Director

NOTES TO THE ACCOUNTS**79 weeks ended 31 December 2000****1. ACCOUNTING POLICIES****Basis of preparation of financial statements**

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

Accounting period

The profit and loss accounts cover the 79 weeks from 27 June 1999 to 31 December 2000 and the 52 weeks from 28 June 1998 to 26 June 1999. The balance sheets for 2000 and 1999 have been drawn up at 31 December 2000 and 26 June 1999 respectively.

Turnover

Turnover represents the invoiced value of sales, excluding Value Added Tax. Advertising revenues are recognised upon publication of the relevant newspaper. Circulation revenues, for paid-for newspapers, are recognised upon distribution.

Cash flow statement

In accordance with the exemptions contained in FRS 1 (revised), no cash flow statement has been prepared.

2. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company being publishing newspapers.

All turnover arose within the United Kingdom.

3. OPERATING EXPENSES

| | 2000 (79 weeks) £ | 1999 (52 weeks) £ |
|--------------------------------|-------------------------|-------------------------|
| Selling and distribution costs | 13,741 | 8,132 |
| Administrative expenses | 4,300 | 9,559 |
| | <u>18,041</u> | <u>17,691</u> |

NOTES TO THE ACCOUNTS

79 weeks ended 31 December 2000

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

| | 2000 | 1999 |
|----------------|-------|-------|
| | £ | £ |
| Auditors' fees | 2,000 | 2,600 |

5. STAFF COSTS

There were no directors' or staff emoluments during the period (1999: £nil).

6. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

| | 2000 79 weeks | 1999 52 weeks |
|---|------------------|------------------|
| | £ | £ |
| Current year taxation: | | |
| Corporation tax at 20% (1999 - 20.75%) | 48,506 | 19,445 |
| Adjustment in respect of prior periods: | | |
| Corporation tax | (95) | (714) |
| | <u>48,411</u> | <u>18,731</u> |

7. PROPOSED DIVIDEND

The directors propose the payment of a dividend of £400,000 for the period (1999: £nil).

This is split equally between A and B class shares.

8. DEBTORS

| | 2000 | 1999 |
|---|----------------|----------------|
| | £ | £ |
| Due within one year | | |
| Amounts owed by associated undertakings | 206,471 | 202,008 |
| Other debtors | - | 1,350 |
| | <u>206,471</u> | <u>203,358</u> |

NOTES TO THE ACCOUNTS

79 weeks ended 31 December 2000

9. CREDITORS

| | 2000 £ | 1999 £ |
|--|----------------|---------------|
| Amounts falling due within one year | | |
| Trade creditors | 252 | 2,047 |
| Amounts owed to associated undertakings | 3,145 | 5,635 |
| Corporation tax | 48,506 | 19,445 |
| Other taxation and social security | 11,987 | 5,854 |
| Proposed dividend | 400,000 | - |
| Accruals and deferred income | 12,920 | 14,016 |
| | <u>476,810</u> | <u>46,997</u> |

10. CALLED UP SHARE CAPITAL

| | 2000 £ | 1999 £ |
|---|----------------|----------------|
| Authorised | | |
| 50,000 "A" ordinary shares of £1 each | 50,000 | 50,000 |
| 50,000 "B" ordinary shares of £1 each | 50,000 | 50,000 |
| | <u>100,000</u> | <u>100,000</u> |
| Allotted, called up and fully paid | | |
| 10,000 "A" ordinary shares of £1 each | 10,000 | 10,000 |
| 10,000 "B" ordinary shares of £1 each | 10,000 | 10,000 |
| | <u>20,000</u> | <u>20,000</u> |

The rights of both classes of shares rank pari passu.

11. PROFIT AND LOSS ACCOUNT

| | 2000 £ | 1999 £ |
|--|------------------|----------------|
| Profit and loss account reserve | | |
| At 27 June 1999 | 230,245 | 155,267 |
| (Loss)/Profit for the period | <u>(205,875)</u> | <u>74,978</u> |
| At 31 December 2000 | <u>24,370</u> | <u>230,245</u> |

NOTES TO THE ACCOUNTS

79 weeks ended 31 December 2000

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS.

| | 2000 | 1999 |
|--|-----------|---------|
| | £ | £ |
| Profit for the financial period | 194,125 | 74,978 |
| Dividends | (400,000) | - |
| (Decrease)/increase in shareholders' funds | (205,875) | 74,978 |
| Shareholders' funds brought forward | 250,245 | 175,267 |
| Shareholders' funds carried forward | 44,370 | 250,245 |

13. OTHER COMMITMENTS

There were no other commitments at 31st December 2000 (1999: £nil).

14. ASSOCIATED UNDERTAKINGS

Newsquest Media (Southern) plc and Portsmouth Publishing and Printing Limited each own 50% of the equity of the Company.

During the period the Company entered into normal trading transactions with its associated undertakings. The details are as follows:-

| | Sales to | Expenses charged by |
|--|------------|------------------------|
| | associates | associates |
| | £000 | £000 |
| Portsmouth Publishing and Printing Limited | 126 | 188 |
| Newsquest Media (Southern) plc | 315 | 14 |