

MARKSTEAD LIMITED

Report and Financial Statements

31 December 2000



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



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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S J Brown
S D Parker
J T H Williams

SECRETARY

J T H Williams

REGISTERED OFFICE

Kingsfield Court
Chester Business Park
Chester
CH4 9RE

BANKERS

Barclays Bank plc
4 Water Street
Liverpool
L69 2DU

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 acting as an intermediary holding company.

REVIEW OF DEVELOPMENTS, FUTURE PROSPECTS AND FINANCIAL POSITION

The company has not traded during the year and consequently made neither a profit nor a loss (period ended 2 January 2000 – £Nil). The directors do not recommend the payment of a dividend (period ended 2 January 2000 – £Nil).

The financial position of the company is set out on page 5.

The Company's authorised and issued share capital was increased by £429,056 on 20 December 2000 by the creation and allotment of 429,056 'B' ordinary shares of £1 each.

The company acquired, by way of intra-group transfer, the trade and assets of Ad-Mag (North East) Limited on 1 January 2001.

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:

V Johnson (resigned 24 October 2000)
 P C James (resigned 17 August 2000)
 J M Reneghan (appointed 7 September 2000, resigned 20 December 2000)

The directors have no interests in the shares of the company or its fellow subsidiaries.

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 S D Parker who was also a director of that company during the year, in the shares of that company.

Interests of the other directors 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	2 January 2000
S J Brown	-	-	116,738	22,440	94,298
J T H Williams	1,180	1,180	40,175	4,871	35,304

The directors hold the above options under approved share schemes at prices between 352p and 620p 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.

DIRECTORS' REPORT

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

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:

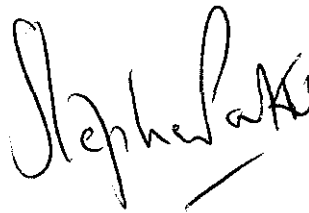
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to 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

S D Parker

22 October 2001





MARKSTEAD LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 8 which have been prepared under the accounting policies set out on page 6.

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 result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

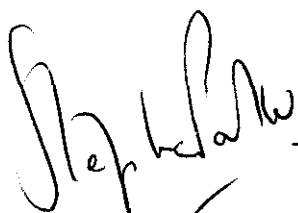
25 October 2001

BALANCE SHEET
31 December 2000

	Note	31 December 2000		2 January 2000	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Investments	3		-		142
CURRENT ASSETS					
Debtors	4	603		-	
CREDITORS: amounts falling due within one year	5	<u>(895)</u>		<u>-</u>	
NET CURRENT LIABILITIES			<u>(292)</u>		<u>(863)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(292)</u>		<u>(721)</u>
CAPITAL AND RESERVES					
Called up share capital	6		429		-
Profit and loss account deficit			<u>(721)</u>		<u>(721)</u>
EQUITY SHAREHOLDERS' DEFICIT			<u>(292)</u>		<u>(721)</u>

These financial statements were approved by the Board of Directors on 22 October 2001

Signed on behalf of the Board of Directors


 S.P. Parker - 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. As the company is a wholly owned subsidiary of another company incorporated in England and Wales, consolidated accounts are not presented.

Basis of preparation

The ultimate parent company has undertaken to provide continued financial support and the directors, therefore, are satisfied that the going concern basis of preparation is appropriate.

Tangible fixed assets

Depreciation is provided on cost in equal instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Fixtures, fittings, plant and machinery	3 - 25 years
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Investments

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

Cash flow statement

The company is not presenting a cash flow statement in accordance with the exemption for small companies in FRS 1 (Revised) - Cash Flow Statements.

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. PROFIT AND LOSS ACCOUNT

The company has not traded during the year and made neither a profit nor a loss (period ended 2 January 2000 - same). Accordingly a profit and loss account has not been presented.

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

Auditors' remuneration has been borne and not recharged by a fellow group company.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

3. INVESTMENTS

	Subsidiary undertaking £
Cost	
At beginning and end of year	142
Provisions	
At beginning of year	-
Created during year	(142)
At end of year	(142)
Net book value	
At 31 December 2000	-
At 2 January 2000	142

The provision created during the year was borne, via an intra-group transfer, by a fellow subsidiary.

The company holds 100% of the ordinary share capital and voting rights of the following companies, both of which are registered in England and Wales.

Name	Principal activity
Ad-Mag (North East) Limited	Newspaper publishing
Chargestake Limited	Newspaper publishing

In the opinion of the directors the aggregate value of the shares in and amounts owed from the subsidiary undertaking is not less than the aggregate of the amounts at which they are stated in the company's balance sheet.

4. DEBTORS

	31 December 2000 £'000	2 January 2000 £'000
Amounts owed to group undertakings		
Fellow subsidiaries	603	-

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2000 £'000	2 January 2000 £'000
Amounts owed to group undertakings		
Fellow subsidiaries	895	863

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

6. CALLED UP SHARE CAPITAL

	31 December 2000 £	2 January 2000 £
Authorised		
100 A ordinary shares of £1 each	100	100
429,156 B ordinary shares of £1 each	429,156	100
100 C ordinary shares of £1 each	100	100
	<hr/> 429,256 <hr/>	<hr/> 300 <hr/>
Called up, allotted and fully paid		
100 A ordinary shares of £1 each	100	100
429,156 B ordinary shares of £1 each	429,156	100
100 C ordinary shares of £1 each	100	100
	<hr/> 429,356 <hr/>	<hr/> 300 <hr/>

The company's authorised and issued share capital was increased by £429,056 on 20 December 2000 by the creation and allotment of 42906 B ordinary shares of £1 each.

7. FINANCIAL COMMITMENTS

Capital commitments

At 31 December 2000 the company had no capital commitments (period ended 2 January 2000 - £Nil).

Operating lease commitments

At 31 December 2000 the company had no operating lease commitments (period ended 2 January 2000 - £Nil).

8. 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.

9. 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.