
NEWSQUEST PRINTING (WORCESTER) LIMITED
Formerly RRN Printing (Worcester) Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 20 SEPTEMBER 1995 TO
31 DECEMBER 1996



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DIRECTORS' REPORT FOR THE PERIOD FROM 20 SEPTEMBER 1995 TO 31 DECEMBER 1996

The directors present their report and the financial statements for the period from 20 September 1995 to 31 December 1996.

Principal activities and review of business

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

The company was incorporated on 20 September 1995 as part of a reorganisation by its ultimate parent company at that time, Reed Elsevier plc.

On 1 November 1995 the company commenced trading and purchased the trade and assets from a division of Newsquest Media Group Limited.

The directors are satisfied with the performance of the company in its first period of trading and are confident of continued improvements in the future.

Change of name

The company was incorporated under the name of Senteau Limited. On 9 November 1995 the company's name was changed to RRN Printing (Worcester) Limited. On 3 April 1996 the company's name was again changed to Newsquest Printing (Worcester) Limited.

Results and dividends

The profit for the period after taxation, amounted to £137,000, and has been transferred to the company's reserves.

The directors do not recommend that a dividend is paid.

Directors

The directors who served during the period are listed below. Their interests in the shares of the ultimate parent company are detailed in the respective financial statements of the parent company.

A J Joseph (Appointed 10 November 1995, resigned 4 January 1996)
W M Radcliffe (Appointed 10 November 1995, resigned 4 January 1996)
M H Armour (Appointed 10 November 1995, resigned 4 January 1996)
J T Brown (Appointed 2 November 1995)
I W Aiken (Appointed 2 November 1995)
D G Christie (Appointed 2 November 1995)
P Davidson (Appointed 2 November 1995)
J C Pfeil (Appointed 2 November 1995)
P A Radburn (Appointed 2 November 1995)

DIRECTORS' REPORT FOR THE PERIOD FROM 20 SEPTEMBER 1995 TO 31 DECEMBER 1996

Company's policy for payment of creditors

The company agrees terms and conditions for its business transactions with suppliers. Payment is then made to these terms subject to the terms and conditions being met by the supplier.

Political and charitable contributions

Details of political and charitable contributions are contained in the accounts of the company's parent company.

Employee participation

Employee participation processes have continued throughout the period. Such processes are undertaken on a regional basis, and include consultation with staff via elected representatives on a Staff Council, the publication of regular newsletters and the regular meetings of directors and senior managers with all staff throughout the period.

Disabled persons


It is the policy of the company to consider the skills and aptitudes of disabled persons fully and fairly at all times in recruitment, career development, training and promotion. In pursuing this policy and having special concern for employees who become disabled, all practical measures are taken to ensure that disabled persons are placed in jobs suited to their individual circumstances.

Auditors

The auditors, Deloitte and Touche, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the Board on 1 July 1997 and signed on its behalf.

Jo Glass
Secretary



DIRECTORS' REPORT FOR THE PERIOD FROM 20 SEPTEMBER 1995 TO 31 DECEMBER 1996

Statement of 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;
- 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.

AUDITORS' REPORT TO THE SHAREHOLDERS OF NEWSQUEST PRINTING (WORCESTER) LIMITED

We have audited the financial statements on pages 5 to 16 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. 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 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 1996 and of its profit for the period from 20 September 1995 (date of incorporation) to 31 December 1996, and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Deloitte and Touche

Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
London
EC4A 3TR

Date: 1 July 1997

PROFIT AND LOSS ACCOUNT
For the period from 20 September 1995 to 31 December 1996

	Note	£'000
TURNOVER	1,2	9,995
Cost of sales		<u>(7,093)</u>
GROSS PROFIT		2,902
Operating expenses	3	<u>(2,806)</u>
OPERATING PROFIT	4	96
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	6	<u>41</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	<u><u>137</u></u>

All the above transactions relate to continuing operations and to acquisitions.

There were no recognised gains or losses for the period 20 September 1995 to 31 December 1996 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.

BALANCE SHEET
As at 31 December 1996

	Note	£'000	£'000
FIXED ASSETS			
Tangible fixed assets	8		880
CURRENT ASSETS			
Stocks	9	284	
Debtors	10	561	
Cash in hand		(34)	
		<u>811</u>	
CREDITORS: amounts falling due			
within one year	11	(552)	
		<u></u>	
NET CURRENT ASSETS			<u>259</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,139</u>
PROVISIONS FOR LIABILITIES			
AND CHARGES	12		<u>(78)</u>
NET ASSETS			<u><u>1,061</u></u>
CAPITAL AND RESERVES			
Called up share capital	13		-
Share premium account	14		750
Capital reserves	14		174
Profit and loss account	14		137
			<u>1,061</u>
SHAREHOLDERS' FUNDS - All equity	15		<u><u>1,061</u></u>

The financial statements were approved by the board on 1 July 1997 and signed on its behalf

J C Pfeil

J C Pfeil

Director

NOTES TO THE FINANCIAL STATEMENTS
For the period from 20 September 1995 to 31 December 1996

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

1.2 Turnover

Turnover represents the invoiced value of sales , excluding Value Added Tax.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or less accumulated depreciation. No depreciation is provided on land. Depreciation of the remaining fixed assets is provided over their expected useful lives on the following bases:

Freehold buildings	-	2%	Straight line basis
Plant and equipment	-	2 -50%	Straight line basis
Construction in progress	-	NIL%	

Upon completion, the assets under the heading of construction in progress are transferred to the appropriate fixed asset category and depreciated accordingly.

1.4 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost, on a first in first out basis, and net realisable value.

1.5 Deferred taxation

Deferred taxation is provided on timing differences arising from the different treatment of items for accounting and taxation purposes which are expected to reverse in the future, calculated at the rates at which it is expected the tax will arise. No provision is made for tax which would become payable on the sale of intangible assets at stated amounts as there is no present intention to sell these intangible assets.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 20 September 1995 to 31 December 1996

1.6 Pensions

Employees are members of the Newsquest Pension Scheme (defined benefit scheme). The scheme is administered on a Newsquest Media Group Limited group basis and total contributions are assessed by a qualified actuary based on the cost of providing pensions across all participating Newsquest Media Group Limited group companies. Costs are not determined separately for each participating company hence contributions are charged to the statement of income in the period on the basis of amounts payable.

1.7 Goodwill and Capital Reserve

On the acquisition of the trade and assets of a business, the purchase consideration is allocated between the underlying tangible and intangible assets on a fair value basis. Any goodwill arising is treated as a goodwill reserve. Any excess of assets acquired over consideration paid is treated as a capital reserve.

1.8 Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the periods of the leases.

1.9 Cash flow statement

At 31 December 1996 the company was a wholly owned subsidiary of an ultimate parent company established under the law of a member State of the European Union.

Therefore, a cash flow statement is not required under Financial Reporting Standard 1.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 20 September 1995 to 31 December 1996

2. TURNOVER

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

All turnover arose within the United Kingdom.

3. OPERATING EXPENSES

	Period ended 31 December 1996 £'000
Distribution costs	-
Administrative expenses	2,806
	<hr/>
Total	2,806
	<hr/>

4. OPERATING PROFIT

The operating profit is stated after charging/ (crediting)

	Period ended 31 December 1996 £'000
Depreciation of tangible fixed assets	
- owned by the company	300
Operating lease rentals	
- hire of plant and machinery	2
-Land and buildings	29
Profit on disposal of tangible fixed assets	(1)
Management charge	749
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Audit fees are borne by the company's parent company.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 20 September 1995 to 31 December 1996

5. STAFF COSTS

Staff costs were as follows:

	Period ended 31 December 1996 £'000
Wages and salaries	1,231
Social security costs	99
Other pension costs	35
	<hr/>
	1,365 <hr/> <hr/>

The average monthly number of employees, including directors, during the period was as follows:

Printing	31
	<hr/>
	31 <hr/> <hr/>

Staff are employed under contracts of employment with fellow subsidiaries.

DIRECTORS' REMUNERATION

The company paid no emoluments to the directors during the period. All emoluments and pension payments made by related companies to directors are dealt with in the accounts of the parent company, Newsquest Media Group Limited.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 20 September 1995 to 31 December 1996

6. TAXATION

Period ended
31 December
1996
£'000

Current period taxation

Transfer from deferred taxation (Note 12)	<u>(41)</u>
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The tax charge for the period is reduced due to the surrender of losses from other group companies for nil consideration.

7. ACQUISITIONS

On 1 November 1995 the company purchased its trade and assets from Newsquest Media Group Limited. The acquisition was accounted for under the purchase method. The net assets of the business were incorporated at their fair value.

	Book value on acquisition £'000	Fair value adjustments £'000	Fair value £'000
FIXED ASSETS			
Tangible assets	1,102	-	1,102
CURRENT ASSETS	1,468	-	1,468
CURRENT LIABILITIES	(840)	-	(840)
DEFERRED TAX	<u>(56)</u>	<u>-</u>	<u>(56)</u>
NET ASSETS ACQUIRED	<u>1,674</u>	<u>-</u>	1,674
 CASH CONSIDERATION			 <u>1,500</u>
 CAPITAL RESERVE			 <u>174</u>

NOTES TO THE FINANCIAL STATEMENTS
For the period from 20 September 1995 to 31 December 1996

8. TANGIBLE ASSETS

	Land and Buildings £'000	Plant and Equipment £'000	Construction in progress £'000	Total £'000
Cost				
Intercompany transfer at 1 November 1995	148	2,149	48	2,345
Additions	-	118	-	118
Disposals	-	(59)	-	(59)
At 31 December 1996	<u>148</u>	<u>2,208</u>	<u>48</u>	<u>2,404</u>
Depreciation				
Intercompany transfer at 1 November 1995	49	1,194	-	1,243
Charge for period	9	291	-	300
On disposals	-	(19)	-	(19)
At 31 December 1996	<u>58</u>	<u>1,466</u>	<u>-</u>	<u>1,524</u>
Net Book Value				
At 31 December 1996	<u>90</u>	<u>742</u>	<u>48</u>	<u>880</u>

9. STOCKS

	31 December 1996 £'000
Raw materials	243
Work in progress	41
	<u>284</u>

NOTES TO THE FINANCIAL STATEMENTS
For the period from 20 September 1995 to 31 December 1996

10. DEBTORS

	31 December 1996 £'000
Due within one year	
Trade debtors	515
Amounts owed by group undertakings	27
Other debtors	14
Prepayments and accrued income	5
	<u>561</u>

11. CREDITORS:**Amounts falling due within one year**

	31 December 1996 £'000
Trade creditors	81
Amounts owed to group undertakings	389
Accruals and deferred income	82
	<u>552</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	£'000
Deferred Tax	
Intercompany transfer as at 1 November 1995	119
Charge/(credit) for the period (Note 6)	(41)
	<u>78</u>
At 31 December 1996	<u>78</u>

NOTES TO THE FINANCIAL STATEMENTS
For the period from 20 September 1995 to 31 December 1996

13. CALLED UP SHARE CAPITAL

31 December 1996

Authorised

1,000 Ordinary shares of £1 each	£	1,000
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Allotted, called up and fully paid

32 Ordinary shares of £1 each	£	32
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Upon incorporation two Ordinary £1 shares, with nominal value £1 each, were issued for nil consideration. On 1 November 1995 a further 30 Ordinary £1 shares of £1 each were issued fully paid for cash at £25,000 per share in order to finance the purchase of the net assets of the business.

14. RESERVES

31 December 1996

£'000

Share premium account

Premium on shares issued during the period		750
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 750

£'000

Capital reserves

Capital reserves arising on purchase of trade and assets (Note 7)		174
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 174

On 1 November 1995 the company purchased the trade and assets from a division of Newsquest Media Group Limited.

The excess of fair value of trade and assets over the purchase value has been treated as a capital reserve.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 20 September 1995 to 31 December 1996

15. SHAREHOLDERS' FUNDS

Reconciliation of movements on shareholders' funds

	31 December 1996
	£'000
Profit for the period	137
Share premium on shares issued	750
Goodwill arising on purchase of trade and assets	174
	<u>1,061</u>
Opening shareholders' funds	-
Closing shareholders' funds	<u><u>1,061</u></u>

16. CONTINGENT LIABILITIES

In order to obtain the bank financing to complete the Newsquest and Westminster acquisitions the company, along with Newsquest Holdings Limited, its ultimate parent company, Newsquest Media Group Limited and substantially all the active subsidiaries of Newsquest Media Group Limited are guarantors of the obligations of the borrower Newsquest Media Group Limited, under the Senior Facility Agreement. The Senior Facility Agreement contains certain events of default after expiration of applicable grace periods. In the event of a default the banks may terminate the commitments under the agreement and declare all amounts to be due and payable. At 31 December 1996 the aggregate amount outstanding under the Senior Facility Agreement was £242,841,000.

17. OTHER COMMITMENTS

At 31 December 1996 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	Plant and Machinery
	1996	1996
	£'000	£'000
Expiry date:		
Within 1 year	6	-

NOTES TO THE FINANCIAL STATEMENTS
For the period from 20 September 1995 to 31 December 1996

18. PENSION COMMITMENTS

The company is a member of the Newsquest Pension Scheme, which is primarily a funded defined benefit scheme, details of which can be found in the Financial Statements of Newsquest Holdings Limited for the period ended 31 December 1996. The pension costs relating to the group plan are assessed in accordance with the advice of a qualified actuary.

The total pension cost for the period was £ 35,000 .

19. RELATED PARTIES

The company is included in the consolidated financial statements of its ultimate parent company. These financial statements are publicly available. Therefore, the company has taken advantage of the exemption in FRS8 paragraph 3c) from disclosure of transactions with entities that are part of the group or investees of the group qualifying as related parties.

20. PARENT COMPANY

The company's ultimate parent undertaking until 5 January 1996 was Reed Elsevier plc, a company registered in England and Wales. From 5 January 1996 to 26 February 1996 the ultimate parent company was RRN Holdings Limited, a company registered in England and Wales and since 26 February 1996, the company's ultimate parent undertaking has been Newsquest Holdings Limited, a company registered in England and Wales. The Annual Report and Accounts of Newsquest Holdings Limited and RRN Holdings Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.