

**NEWSQUEST (OXFORDSHIRE) LIMITED**

**Directors' Report and Financial Statements  
for the 53 weeks ended 31 December 2000**



**REPORT AND FINANCIAL STATEMENTS 2000**

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## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the 53 weeks ended 31 December 2000.

### **PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE PROSPECTS**

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

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

### **RESULTS AND DIVIDENDS**

The profit after taxation for the period amounted to £6,741,000 (1999 - £3,900,000).

An interim dividend of £2,851,000 (1999 -£4,200,000) was made in the period. The directors do not recommend a final dividend (1999 - £nil).

### **DIRECTORS**

The directors who served during the period are listed below.

J T Brown  
I W Aiken  
P Davidson  
J C Pfeil  
P A Radburn

### **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. The number of days purchases within trade creditors at the year end was 10 days (1999 - 4 days).

### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

Details of political and charitable contributions are contained in the directors' report and financial statements of Gannett U.K. Limited.

### **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.

**DIRECTORS' REPORT**

**AUDITORS**

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

This report was approved by the Board on 13 June 2001 and signed on its behalf.

A handwritten signature in black ink, appearing to read "Paul Hunter". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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 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 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 REPORT OF THE AUDITORS TO THE MEMBERS OF NEWSQUEST (OXFORDSHIRE) LIMITED**

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**

The directors are responsible for preparing the Annual Report. As described on page 3, 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. 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 profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
1 Embankment Place  
London  
WC2N 6RH  
13 June 2001

**PROFIT AND LOSS ACCOUNT**

53 weeks ended 31 December 2000 (note 1)

	Note	2000 £'000	1999 £'000
<b>TURNOVER</b>	1,2	24,037	20,011
Cost of sales		(5,181)	(4,320)
<b>GROSS PROFIT</b>		<u>18,856</u>	<u>15,691</u>
Operating expenses	3	(10,363)	(10,160)
<b>OPERATING PROFIT</b>	4	<u>8,493</u>	<u>5,531</u>
Interest payable	6	(8)	(5)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>8,485</u>	<u>5,526</u>
Tax charge on profit on ordinary activities	7	(1,744)	(1,626)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>6,741</u>	<u>3,900</u>
Dividends	8	(2,851)	(4,200)
<b>RETAINED PROFIT/ (LOSS) FOR THE FINANCIAL PERIOD</b>	16	<u><u>3,890</u></u>	<u><u>(300)</u></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.

NEWSQUEST (OXFORDSHIRE) LIMITED

**BALANCE SHEET**  
**31 December 2000 (note 1)**

	Note	£'000	2000 £'000	1999 £'000
<b>FIXED ASSETS</b>				
Intangible assets	9		31,262	31,262
Tangible fixed assets	10		4,907	4,621
			<u>36,169</u>	<u>35,883</u>
<b>CURRENT ASSETS</b>				
Stocks	11	188		108
Debtors	12	13,669		8,385
Cash at bank and in hand		5		417
		<u>13,862</u>		<u>8,910</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	13	<u>(7,097)</u>		<u>(4,966)</u>
<b>NET CURRENT ASSETS</b>			<u>6,765</u>	<u>3,944</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			42,934	39,827
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14		<u>(122)</u>	<u>(905)</u>
<b>NET ASSETS</b>			<u>42,812</u>	<u>38,922</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	15		-	-
Share premium account	16		35,000	35,000
Profit and loss account	16		7,812	3,922
<b>EQUITY SHAREHOLDERS' FUNDS</b>	17		<u>42,812</u>	<u>38,922</u>

The financial statements on pages 5 to 15 were approved by the Board on 13 June 2001 and signed on its behalf.

*J C Pfeil*  
 J C Pfeil  
 Director

**NOTES TO THE ACCOUNTS**  
**53 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 and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

**Accounting period**

The profit and loss accounts cover the 53 weeks from 27 December 1999 to 31 December 2000 and the 51 weeks from 4 January 1999 to 26 December 1999. The balance sheets for 2000 and 1999 have been drawn up at 31 December 2000 and 26 December 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.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation. No depreciation is provided on land. Freehold buildings, long leases and plant and equipment are depreciated over their estimated useful lives on the following bases:

Freehold buildings	-	2% straight line basis
Plant and equipment	-	2% - 50% straight line basis

Short leases are written off over the duration of the lease.

**Intangible fixed assets**

Publishing rights and titles are stated at fair value on acquisition, based on the operating profits derived from them, and are not subsequently revalued. Publishing rights or titles have historically had lives in excess of 20 years and the directors do not foresee the end of their economic life, and, consequently, are treated as having an indefinite economic life. Having an indefinite economic life, no systematic amortisation is applied. Intangible assets are reviewed for impairment annually, and provision is made for any impairment in value. Internally developed intangibles are not carried on the balance sheet.

**Stocks**

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

**Deferred taxation**

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date, calculated at the rate at which it is expected the tax will arise in accordance with FRS 19 "Deferred Tax". Deferred taxation balances are not discounted.

The company has adopted FRS 19 which has not resulted in any changes to comparative financial information.

**Vacant property**

An accrual is made at the balance sheet date for the net present value of net future rentals on vacant and surplus property assets.

**NOTES TO THE ACCOUNTS**  
**53 weeks ended 31 December 2000**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Pensions**

Employees are members of the Newsquest Pension Scheme ("the Scheme"), a defined benefit scheme. The expected cost of pensions in respect of the Scheme are charged to the profit and loss account so as to spread the costs over the service lives of employees in the Scheme. Actuarial surpluses and deficits are allocated over the average expected remaining service lives of employees. Pension costs are assessed in accordance with the advice of qualified independent actuaries.

**Goodwill**

On the acquisition of a business, the purchase consideration is allocated between the underlying net tangible and intangible assets on a fair value basis. Goodwill on acquisitions after 1 January 1998 is included on the balance sheet and amortised over its expected useful economic life, up to a maximum of 20 years.

Goodwill on acquisitions prior to 1 January 1998 has been written off against profit and loss reserve as a matter of accounting policy. This goodwill will be charged to the profit and loss account in the event of the disposal of the business to which it relates.

**Operating leases**

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

**Cash flow statement**

At 31 December 2000, the company was a wholly owned subsidiary and the consolidated financial statements in which the company is included are publicly available. Therefore a cash flow statement is not required under Financial Reporting Standard 1 (revised).

**Post retirement medical benefit cost**

Post retirement benefits other than pensions are accounted for on an accruals basis to recognise this obligation over the working lives of the employees concerned.

**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	1999
	£'000	£'000
Selling and distribution costs	2,694	2,536
Administrative expenses	7,669	7,624
	<u>10,363</u>	<u>10,160</u>

**NOTES TO THE ACCOUNTS**  
**53 weeks ended 31 December 2000**

**4. OPERATING PROFIT**

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

	2000 £'000	1999 £'000
Depreciation of tangible fixed assets:		
- owned by the company	813	767
Operating lease rentals:		
- hire of plant and machinery	71	41
- land and buildings	47	55
Management charge	253	1,160
Profit on disposals of fixed assets	(73)	(8)

Audit fees have been borne by another group company in the current and preceding periods.

**5. STAFF COSTS**

Staff costs were as follows:

	2000 £'000	1999 £'000
Wages and salaries	5,775	4,867
Share scheme termination payments	-	246
Social security costs	530	445
Other pension costs	158	132
	<u>6,463</u>	<u>5,690</u>

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

	No.	No.
Pre-press	40	38
Printing	47	38
Editorial	93	94
Marketing and sales	87	86
Distribution	40	36
Finance and management	21	8
	<u>328</u>	<u>300</u>

Directors' remuneration in 2000 was £nil (1999 - £nil). All emoluments and pension payments made by related companies to directors are dealt with in the accounts of Newsquest Media Group Limited.

**NOTES TO THE ACCOUNTS**  
**53 weeks ended 31 December 2000**

**6. INTEREST PAYABLE**

	2000 £'000	1999 £'000
Other interest payable	8	5

**7. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES**

	2000 £'000	1999 £'000
<b>Analysis of charge in the period:</b>		
Current tax:		
UK Corporation tax at 30% (1999 – 30.25 %)	2,609	1,712
Adjustment in respect of prior periods	(742)	1
Total current tax (see below)	1,867	1,713
Deferred taxation		
Origination and reversal of timing differences	(79)	74
Adjustment in respect of prior periods	(44)	(161)
	1,744	1,626

The tax charge for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2000 £'000	1999 £'000
<b>Analysis of charge in the period:</b>		
Profit on ordinary activities before taxation	8,485	5,526
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 30% (1999 30.25%)	2,545	1,672
Expenses that may not qualify as deductible for tax purposes	143	67
Depreciation for period in excess of capital allowances	(79)	(27)
Adjustments to tax charge in respect of previous periods	(742)	1
	1,867	1,713

Tax losses arising within the Gannet U.K. Limited group of companies are relieved amongst group companies. The principal factor that may affect tax charge in future periods is the basis on which tax losses are allocated within the group and the rate (if any) at which the company pays for those losses.

**NOTES TO THE ACCOUNTS**  
**53 weeks ended 31 December 2000**

**8. DIVIDENDS**

	2000 £'000	1999 £'000
Interim dividend paid	2,851	4,200

**9. INTANGIBLE ASSETS**

	2000 £'000	1999 £'000
<b>Publishing rights</b>		
<b>Cost</b>		
At 27 December 1999 and 31 December 2000	31,262	31,262
<b>Net book value</b>		
At 27 December 1999 and 31 December 2000	31,262	31,262

**NOTES TO THE ACCOUNTS**  
**53 weeks ended 31 December 2000**

**10. TANGIBLE FIXED ASSETS**

	Land and buildings £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>			
At 27 December 1999	1,837	8,536	10,373
Additions	152	945	1,097
Disposals	(18)	(106)	(124)
Transfer from other group company	7	64	71
	<hr/>	<hr/>	<hr/>
At 31 December 2000	1,978	9,439	11,417
<b>Depreciation</b>			
At 27 December 1999	540	5,212	5,752
Charge for period	46	767	813
Disposals	(7)	(97)	(104)
Transfer from other group company	2	47	49
	<hr/>	<hr/>	<hr/>
At 31 December 2000	581	5,929	6,510
<b>Net book value</b>			
At 31 December 2000	<hr/> <hr/> 1,397	<hr/> <hr/> 3,510	<hr/> <hr/> 4,907
At 26 December 1999	<hr/> <hr/> 1,297	<hr/> <hr/> 3,324	<hr/> <hr/> 4,621

Land and buildings at net book value includes freeholds of £1,393,000 (1999 - £1,289,000), of which £102,212 is freehold land which is not depreciated, and long leaseholds of £4,000 (1999 - £8,000).

**11. STOCKS**

	2000 £'000	1999 £'000
Raw materials	188	108
	<hr/>	<hr/>

**12. DEBTORS**

	2000 £'000	1999 £'000
<b>Due within one year</b>		
Trade debtors	2,508	2,261
Amounts owed by group undertakings	10,912	5,830
Other debtors	11	4
Prepayments and accrued income	238	290
	<hr/>	<hr/>
	13,669	8,385
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE ACCOUNTS**  
**53 weeks ended 31 December 2000**

**13. CREDITORS**

	2000	1999
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade creditors	219	81
Amounts owed to group undertakings	1,601	1,398
Corporation tax	2,616	1,708
Other taxation and security	757	736
Other creditors	804	326
Accruals and deferred income	1,100	717
	<u>7,097</u>	<u>4,966</u>

**14. PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred tax £'000	Vacant property provision £'000	Total £'000
At 27 December 1999	209	696	905
Charge/(credit) for the period	(123)	8	(115)
Utilisation	-	(668)	(668)
	<u>86</u>	<u>36</u>	<u>122</u>
At 31 December 2000	<u>86</u>	<u>36</u>	<u>122</u>

The vacant property provision is expected to be utilised over the terms of the relevant leases.

The amounts of provided and unprovided deferred taxation can be analysed as follows:

	Provided	
	2000	1999
	£'000	£'000
Capital allowances in excess of depreciation	337	354
Other timing differences	(251)	(145)
Rolled over capital gains	-	-
	<u>86</u>	<u>209</u>

No provision is made for tax which would become payable on the sale of intangible assets at the stated amounts as there is no present intention to sell these intangible assets.

**15. CALLED UP SHARE CAPITAL**

	2000	1999
	£	£
<b>Authorised:</b>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>£</u>	<u>£</u>
<b>Allotted, called up and fully paid:</b>		
100 ordinary shares of £1 each	100	100
	<u>£</u>	<u>£</u>

**NOTES TO THE ACCOUNTS**  
**53 weeks ended 31 December 2000**

**16. RESERVES**

	2000 £'000
<b>Share premium account</b>	
At 27 December 1999 and 31 December 2000	35,000
<b>Profit and loss account</b>	
At 27 December 1999	3,922
Profit for the period	3,890
At 31 December 2000	7,812

**Profit and loss account reserve**

Included within the profit and loss account is £134,000 (1999 - £134,000) of goodwill written off as a matter of accounting policy. This goodwill would be charged to the profit and loss account on the subsequent disposal of the business to which it relates.

**17. SHAREHOLDERS' FUNDS**

	2000 £'000	1999 £'000
Profit for the financial period	6,741	3,900
Dividends	(2,851)	(4,200)
<b>Net additions to/ (reductions in) shareholders' funds</b>	3,890	(300)
Opening shareholders' funds	38,922	39,222
<b>Closing shareholders' funds</b>	42,812	38,922

## NOTES TO THE ACCOUNTS

53 weeks ended 31 December 2000

## 18. OTHER COMMITMENTS

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Plant and machinery	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
<b>Expiry date</b>				
Within one year	36	-	70	-
Between 2 and 5 years	46	8	109	38
In more than 5 years	16	44	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

At 31 December 2000 the company had £293,000 capital commitments (1999 - £nil).

## 19. PENSIONS

The company is a member of the Newsquest Pension Plan, which is primarily a funded defined benefit scheme, details of which, including particulars of the latest actuarial valuation, can be found in the financial statements of Gannett U.K. Limited for the period ended 31 December 2000. The pension costs relating to the group plan are assessed in accordance with the advice of a qualified independent actuary.

The total pension cost for the period was £157,608 (1999 - £132,000).

## 20. RELATED PARTIES

The company is a wholly owned subsidiary 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 Financial Reporting Standard 8 from disclosure of transactions with entities that are part of the group or investees of the group qualifying as related parties.

## 21. ULTIMATE PARENT COMPANY

The company's ultimate parent and controlling company is Gannett Co., Inc., a company incorporated in the United States of America. The controlling company of the Newsquest group of companies in the United Kingdom is Gannett U.K. Limited, a company incorporated in Great Britain and registered in England and Wales. The consolidated financial statements of Gannett Co., Inc. and Gannett U.K. Limited comprise respectively the largest and smallest groups of which the company is a member that prepare consolidated financial statements. The annual report and consolidated financial statements of Gannett Co., Inc. can be obtained from the Secretary, Gannett Co., Inc., 1100 Wilson Boulevard, Arlington, Virginia 22234. The annual report and consolidated financial statements of Gannett U.K. Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.