

REPORT OF THE DIRECTORS

Directors:	A R Goode	(Chairman)
	Mrs J Dean	(Acting Managing Director)
	K R J Hayward	
	Mrs J E Faithful	(resigned 29 October 1999)
	Mrs P M Greer	(appointed 1 June 2000)
	M J Heal	
	Mrs J M Ireland	
	K J Sadler	(resigned 11 June 1999)
	Mrs H S Wozniak	
Secretary:	Mrs J A L Long	
Registered Office:	Temple Way, Bristol BS99 7HD	



The directors present their report and the audited financial statements of the company for the period ended 30 September 2000.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company is the publishing of The Western Gazette and local free newspapers.

The company's profit for the period after taxation amounted to £1,652,928 (1998/99 : £772,209). The directors recommend that a dividend of £1,652,928 (1998/99 : £772,209) be paid.

The directors expect to maintain the profitability of the company in the coming year.

GOING CONCERN

These accounts have been drawn up on the Going Concern basis based on support from the holding company, Bristol United Press plc, to provide or arrange the necessary financial assistance to enable the company to meet any liabilities as they fall due.

DIRECTORS

The directors of the company during the period to 30 September 2000, all of whom were directors throughout the period except where stated, are set out above. The interests of Mr A R Goode and Mr K J Sadler in the shares of the immediate parent company, Bristol United Press plc, are shown in the Annual Report of that company. The interests of the other directors in the shares of the immediate parent company at the beginning and end of the period were as follows:

	30 September 2000				27 March 1999			
	Shares held	Executive 1	Share options Executive 2	SAYE	Shares held	Executive 1	Share options Executive 2	SAYE
K R J Hayward	-	-	-	-	100	4,000	-	529
Mrs J Dean	-	-	-	-	-	-	3,600	-
Mrs J E Faithful	-	-	-	-	-	3,600	-	317
M J Heal	-	-	-	-	-	3,600	-	-
Mrs J M Ireland	-	-	-	-	-	3,600	-	-
Mrs H S Wozniak	-	-	-	-	-	4,000	-	3,750

Executive Share Option Scheme 1 : Granted 1 December 1997 at 420p per share; exercisable between three and ten years thereafter

Executive Share Option Scheme 2 : Granted 30 November 1998 at 385p per share; exercisable between three and ten years thereafter

Share options granted under the Inland Revenue approved SAYE Share Option scheme on 11 August 1997 are exercisable after three or five years at 368p per share. No options lapsed during the period.

The offer by the Daily Mail and General Trust plc (DMGT) for Bristol United Press plc became unconditional on 26 January 2000. DMGT then made offers for the options held by directors and employees of the Bristol United Press plc group. The offer price per share was 742.5p. All directors either exercised their options or elected to take a cash cancellation of their options. The cash cancellation amounts were as follows:-

THE WESTERN GAZETTE CO. LIMITED

REPORT OF THE DIRECTORS (contd.)

	<u>Cash Cancellation</u>
Executive Share Option Scheme 1	322.5p
Executive Share Option Scheme 2	357.5p
SAYE Share Option Scheme 1	374.5p
SAYE Share Option Scheme 2	434.5p

Otherwise, the directors had no interest in the shares of any group company during the period or at 30 September 2000.

AUDITORS

The company has passed an elective resolution under s386 CA 1985 dispensing with the obligation to re-appoint auditors at an AGM.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial year that 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.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the period ended 30 September 2000. The directors also confirm that applicable accounting standards have been followed and that the statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

*A. Long*  
BY ORDER OF THE BOARD  
Mrs J A L Long  
Secretary

20 December 2000

REPORT OF THE AUDITORS TO THE MEMBERS OF THE WESTERN GAZETTE CO. LIMITED

We have audited the financial statements on pages 4 to 10.

**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. 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 opinion**

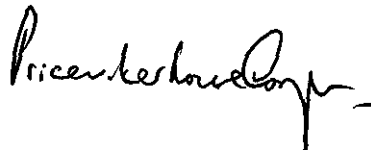
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 30 September 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  
Nottingham



20 December 2000

THE WESTERN GAZETTE CO. LIMITED

PROFIT & LOSS ACCOUNT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2000

		18 months ended 30 September 2000	12 months ended 27 March 1999
		£	£
Turnover	3	8,439,587	5,101,068
Other operating income		<u>41,096</u>	<u>69,816</u>
		<u>8,480,683</u>	<u>5,170,884</u>
Raw materials		(1,512,307)	(980,825)
Other external charges		(878,847)	(624,896)
Staff costs	5	(2,451,156)	(1,608,506)
Depreciation		(319,936)	(199,007)
Other operating charges		<u>(941,509)</u>	<u>(614,206)</u>
		<u>(6,103,755)</u>	<u>(4,027,440)</u>
Profit on ordinary activities before taxation	4	2,376,928	1,143,444
Taxation on profit on ordinary activities	6	<u>(724,000)</u>	<u>(371,235)</u>
Profit on ordinary activities after taxation		1,652,928	772,209
Dividend proposed		<u>(1,652,928)</u>	<u>(772,209)</u>
Result for the period		<u>Nil</u>	<u>Nil</u>

All of the company's profit and turnover have been generated from continuing activities.

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no significant difference between the profit on ordinary activities before taxation and the result for the period stated above, and their historical cost equivalents.

The notes on pages 7 to 10 form part of these financial statements.

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OTHER PRIMARY ACCOUNTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2000

	<u>1999/2000</u>	<u>1998/99</u>
	£	£
<u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u>		
Profit on ordinary activities after taxation	1,652,928	772,209
Dividend	<u>(1,652,928)</u>	<u>(772,209)</u>
Result for the period	-	-
Opening equity shareholders' funds	<u>310,034</u>	<u>310,034</u>
Closing equity shareholders' funds	<u><u>310,034</u></u>	<u><u>310,034</u></u>

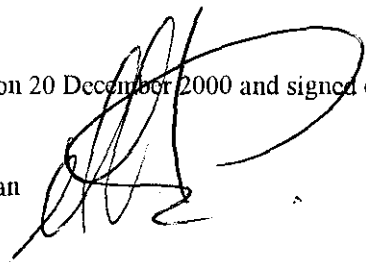
THE WESTERN GAZETTE CO. LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2000

	Notes	£	As at 30 September 2000 £	As at 27 March 1999 £
<b>FIXED ASSETS</b>				
Tangible assets	7		729,331	730,273
<b>CURRENT ASSETS</b>				
Stocks	8	12,637		19,159
Debtors	9	2,102,728		1,327,993
Cash at bank and in hand		664,859		354,102
		<u>2,780,224</u>		<u>1,701,254</u>
<b>CREDITORS:</b> amounts falling due within one year				
Creditors	10	(818,915)		(981,523)
Dividend payable		(1,652,928)		(772,209)
Corporation Tax		(724,000)		(362,350)
		<u>(3,195,843)</u>		<u>(2,116,082)</u>
<b>NET CURRENT LIABILITIES</b>			<u>(415,619)</u>	<u>(414,828)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			313,712	315,445
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>				
Provision for deferred taxation	11		7,438	7,438
Provision for life cover premiums			(11,116)	(12,849)
<b>NET ASSETS</b>			<u>310,034</u>	<u>310,034</u>
<b>CAPITAL AND RESERVES</b>				
Called up Share Capital	12		200,000	200,000
Revaluation reserve	13		63,003	63,003
Profit and loss account	13		47,031	47,031
<b>EQUITY SHAREHOLDERS' FUNDS</b>			<u>310,034</u>	<u>310,034</u>

The accounts on pages 4 to 10 were approved by the Board of Directors on 20 December 2000 and signed on its behalf by

A. R. GOODE Chairman



The notes on pages 7 to 10 form part of these financial statements.

1. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Bristol United Press plc which itself is a subsidiary of Northcliffe Newspapers Group Ltd. (both companies being registered in England).

The directors regard the ultimate parent company as Rothermere Continuation Limited, which is incorporated in Bermuda. The ultimate controlling party is The Viscount Rothermere, the Chairman of Daily Mail and General Trust plc.

The largest and smallest group of which the company is a member and for which Group Accounts are drawn up is that of Daily Mail and General Trust plc, registered in England and Wales. Copies of the Report and Accounts are available from:

The Company Secretary, Daily Mail and General Trust plc, Northcliffe House, 2 Derry Street, Kensington, London W8 5TT.

2. ACCOUNTING POLICIES

**Basis of Accounting**

The accounts are drawn up under the historical cost basis of accounting as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards in the United Kingdom.

**Accounting Period**

The 'period' refers to the 79 weeks ending on Saturday, 30 September 2000 (1998/99 : 52 weeks to 27 March 1999).

**Turnover**

Turnover represents the invoiced value of sales excluding VAT, less discounts and allowances.

**Tangible Fixed Assets**

Tangible fixed assets are stated at cost or valuation less accumulated depreciation. Cost is their purchase price together with any incidental expenses of acquisition. Depreciation is charged on the straight-line method over the estimated useful economic lives of the assets so as to write off the cost less the estimated residual values as follows:-

Freehold buildings	10 years
Plant and machinery:	
Other plant and equipment	4 to 10 years
Computers and electronic equipment	4 to 6 years
Fixtures, fittings and office equipment	4 to 6 years
Motor vehicles	4 years

**Stocks**

Stocks are stated at the lower of cost and net realisable value.

**Deferred Taxation**

Deferred taxation is provided on the liability method at current rates of Corporation Tax where there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

**Pension Costs**

The pension costs charged against profits in respect of the defined benefit schemes are based on an actuarial method and actuarial assumptions designed to spread the anticipated pension costs over the service lives of the employees in the funds. The contributions are determined on the advice of a qualified actuary on the basis of triennial valuations.

**Cash Flow Statement**

The company is a wholly owned subsidiary of Daily Mail and General Trust plc and the cash flows of the company are included in the consolidated cash flow statement of Daily Mail and General Trust plc. Consequently, the company is exempt under the terms of Financial Reporting Standard 1 from publishing a cash flow statement.

3. TURNOVER

Principal activities

Publishing and printing

	<u>1999/2000</u>	<u>1998/99</u>
	£	£
	8,439,587	5,101,068
	<u>8,439,587</u>	<u>5,101,068</u>

THE WESTERN GAZETTE CO. LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2000 ( cont. )

	<u>1999/2000</u>	<u>1998/99</u>
4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	£	£
This is stated after charging:		
Depreciation of tangible fixed assets	306,749	199,007
Loss on disposal of tangible fixed assets	13,187	-
Auditors' remuneration	14,815	11,634
Hire of motor vehicles	162,673	103,672
5. DIRECTORS AND EMPLOYEES	£	£
Staff costs		
Wages and salaries	1,921,411	1,239,382
Social Security costs	125,648	88,821
Pension costs	84,394	54,847
Management charges	319,008	225,456
Redundancy Payment	695	0
	<u>2,451,156</u>	<u>1,608,506</u>

The company is a member of the Bristol United Press Group Pension Fund which provides defined benefits based on final pensionable salary. Contributions are based on pension costs across the Group as a whole and are assessed on the advice of an independent qualified actuary. The most recent actuarial valuation was at 5 April 1999, and particulars of the actuarial assumptions and valuation are to be found in the accounts of the immediate parent company, Bristol United Press plc. A prepayment of £45,967 (1999 : £45,967) is included under debtors, representing the excess of contributions paid over the pension costs.

	<u>Number</u>	<u>Number</u>
Average weekly number of employees		
Production and editorial	48	48
Management, clerical & administration	87	91
	<u>135</u>	<u>139</u>
Directors' remuneration:	£	£
Emoluments (including benefits in kind)	273,455	194,282
Pension contributions to defined benefit scheme	54,228	41,480
	<u>327,683</u>	<u>235,762</u>

The emoluments of the highest paid director included above were £128,958 (1998/99 : £64,574). His accrued pension under a defined benefits scheme was £28,371 (1998/99 : £25,150).

During the period four directors, including the highest paid director, accrued benefits under a defined benefit pension scheme.

	£	£
6. TAXATION		
Corporation Tax based on the taxable profits of the year at 30% (1998/99 : 31%)	724,000	362,350
Deferred taxation charge (Note 11)	-	8,885
	<u>724,000</u>	<u>371,235</u>



NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2000 ( cont. )

7. TANGIBLE FIXED ASSETS	Freehold	Motor Vehicles	Plant and Machinery	Office Equipment	Total
	Land & Buildings				
COST OR VALUATION	£	£	£	£	£
At 27 March 1999	335,000	62,905	1,728,459	692,498	2,818,862
Additions	-	-	34,478	303,120	337,598
Disposals	-	-	(169,802)	(92,206)	(262,008)
Intra-group transfer	-	(15,818)	-	(9,687)	(25,505)
At 30 September 2000	<u>335,000</u>	<u>47,087</u>	<u>1,593,135</u>	<u>893,725</u>	<u>2,868,947</u>
ACCUMULATED DEPRECIATION					
At 27 March 1999	27,500	14,022	1,661,355	385,712	2,088,589
Charge for the period	42,750	14,736	48,415	200,848	306,749
Disposals	-	-	(169,802)	(76,019)	(245,821)
Intra-group transfer	-	(9,901)	-	-	(9,901)
At 30 September 2000	<u>70,250</u>	<u>18,857</u>	<u>1,539,968</u>	<u>510,541</u>	<u>2,139,616</u>
NET BOOK VALUE AT 30.09.00	<u>264,750</u>	<u>28,230</u>	<u>53,167</u>	<u>383,184</u>	<u>729,331</u>
NET BOOK VALUE AT 27.3.99	<u>307,500</u>	<u>48,883</u>	<u>67,104</u>	<u>306,786</u>	<u>730,273</u>

Land and buildings at Sherborne Road, Yeovil were valued at March 1998 by the directors at open market value for existing use.

The transitional provisions of FRS 15 have been adopted therefore the valuation at March 1998 has not been updated.

The original cost of land and buildings was £453,829 (1999 : £453,829) and the accumulated depreciation thereon would be £83,833 (1999 : £38,450).

	2000	1999
	£	£
8. STOCKS		
Raw materials and consumables	<u>12,637</u>	<u>19,159</u>
9. DEBTORS		
Amounts falling due within one year:-		
Trade debtors	1,887,297	1,127,553
Prepayments and accrued income	169,214	153,838
Other debtors	250	635
Prepaid pension cost	45,967	45,967
	<u>2,102,728</u>	<u>1,327,993</u>
10. CREDITORS		
Amounts falling due within one year:-		
Trade creditors	(7,206)	(21,641)
Amount owed to parent company	(213,430)	(738,030)
Social security and other taxes	(454,159)	(139,442)
Other creditors	(3,998)	(669)
Accruals and deferred income	(140,122)	(81,741)
	<u>(818,915)</u>	<u>(981,523)</u>

THE WESTERN GAZETTE CO. LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2000 ( cont. )

	<u>2000</u>	<u>1999</u>
11. DEFERRED TAXATION	£	£
Balance brought forward	7,438	16,323
Credit for the period (note 6)	-	(8,885)
Adjustment re prior years	<u>-</u>	<u>-</u>
Balance carried forward - deferred tax asset	<u>7,438</u>	<u>7,438</u>
Being in respect of		
- accelerated capital allowances	13,987	13,987
- other timing differences	(6,549)	(6,549)
12. CALLED-UP SHARE CAPITAL	£	£
Authorised, allotted, called-up and fully paid - 40,000 Shares of £5 each	<u>200,000</u>	<u>200,000</u>
13. RESERVES	Revaluation Reserve	Profit and Loss Account
Balance brought forward	63,003	47,031
Retained profit for the year	<u>-</u>	<u>-</u>
Balance carried forward	<u>63,003</u>	<u>47,031</u>

The balance on the profit and loss account represents the undistributed profits at the date of the company's acquisition by Western Newspapers Ltd.

14. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption allowed under FRS 8: Related Party Disclosures not to disclose related party transactions between companies which are 90% owned by the ultimate parent company.

15. CONTINGENT LIABILITIES

The company, as part of an interest set off arrangement, has guaranteed the overdraft facilities of a number of fellow subsidiaries of the Daily Mail and General Trust plc group.

The maximum liability under the guarantee is limited to the credit balances in those bank accounts, which are part of the interest set off arrangement, together with the proceeds of any items in the course of collection for the credit of such bank accounts.

16. CAPITAL COMMITMENTS	£	£
Contracted for but not provided in the accounts.	<u>13,532</u>	<u>Nil</u>