

REPORT OF THE DIRECTORS

Directors:	A R Goode	(Chairman)
	K R J Hayward	(Managing Director)
	Mrs J Dean	(appointed 1 September 1998)
	Mrs J E Faithful	
	M J Heal	
	Mrs J M Ireland	
	K J Sadler	
	Mrs J Y Horne	(resigned 1 September 1998)
	Mrs H S Wozniak	
Secretary:	Miss J A L Cottrell	
Registered Office:	Temple Way, Bristol BS99 7HD	

The directors present their report and the audited financial statements of the company for the year ended 27 March 1999.

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 year after taxation amounted to £772,209 (1997/98 : £531,318). The directors recommend that a dividend of £772,209 (1997/98 : £410,368) be paid.

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

DIRECTORS

The directors of the company during the year to 27 March 1999, all of whom were directors throughout the year except where stated, are set out above. The interests of Mr A R Goode and Mr K J Sadler in the shares of the ultimate parent company, Bristol United Press plc, are shown in the Annual Report of that company and those of Mrs J Y Horne are shown in the Annual Report of Bristol Evening Post & Press Limited. The interests of the other directors in the shares of the ultimate parent company at the beginning and end of the year were as follows:

	27 March 1999				28 March 1998		
	Shares held	Executive 1	Executive 2	SAYE	Shares held	Executive	SAYE
K R J Hayward	100	4,000	-	529	100	4,000	529
Mrs J Dean	-	-	3,600	-	-	-	-
Mrs J E Faithful	-	3,600	-	317	-	3,600	317
M J Heal	-	3,600	-	-	-	3,600	-
Mrs J M Ireland	-	3,600	-	-	-	3,600	-
Mrs H S Wozniak	-	4,000	-	3,750	-	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 year.

Otherwise, the directors had no interest in the shares of any group company during the year or at 27 March 1999.

MILLENNIUM

The company is a member of the Bristol United Press plc group which has carried out a review of its information technology systems with regard to the year 2000. Further information can be found in the Report of the Directors of that company.



THE WESTERN GAZETTE CO. LIMITED

REPORT OF THE DIRECTORS (contd.)

AUDITORS

Following the merger of Price Waterhouse and Coopers & Lybrand on 1 July 1998, Price Waterhouse resigned as auditors and PricewaterhouseCoopers were appointed to fill the casual vacancy by the directors. 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 year ended 27 March 1999. 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.



BY ORDER OF THE BOARD

Miss J A L Cottrell

Secretary

26 May 1999

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

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report, including as described on page 2 the financial statements. Our responsibilities, as independent auditors, are established 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 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.

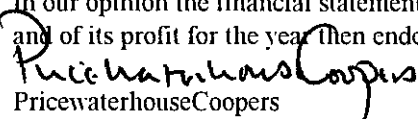
**Basis of opinion**

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 27 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers  
Chartered Accountants  
and Registered Auditors  
Bristol

26 May 1999

THE WESTERN GAZETTE CO. LIMITED

PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 27 MARCH 1999

		<u>1998/99</u>	<u>1997/98</u>
		£	£
Turnover	3	5,101,068	4,799,168
Other operating income		<u>69,816</u>	<u>26,867</u>
		<u>5,170,884</u>	<u>4,826,035</u>
Raw materials		(980,825)	(6,812)
Other external charges		(624,896)	(1,536,155)
Staff costs	5	(1,608,506)	(1,479,329)
Depreciation		(199,007)	(210,869)
Other operating charges		<u>(614,206)</u>	<u>(752,556)</u>
		<u>(4,027,440)</u>	<u>(3,985,721)</u>
Profit on ordinary activities before taxation	4	1,143,444	840,314
Taxation on profit on ordinary activities	6	<u>(371,235)</u>	<u>(308,996)</u>
Profit on ordinary activities after taxation		772,209	531,318
Dividend proposed		<u>(772,209)</u>	<u>(410,368)</u>
Retained profit for the year		<u>Nil</u>	<u>120,950</u>

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

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

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

THE WESTERN GAZETTE CO. LIMITED

OTHER PRIMARY ACCOUNTS  
FOR THE YEAR ENDED 27 MARCH 1999

	<u>1998/99</u> £	<u>1997/98</u> £
<u>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</u>		
Profit for the financial year	772,209	531,318
Unrealised loss on revaluation of land and buildings	-	(45,921)
Total recognised gains and losses for the financial year	<u>772,209</u>	<u>485,397</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Profit for the financial year	772,209	531,318
Dividend	<u>(772,209)</u>	<u>(410,368)</u>
	-	120,950
Other recognised gains and losses	<u>-</u>	<u>(45,921)</u>
Net increase in shareholders' funds	-	75,029
Opening shareholders' funds	<u>310,034</u>	<u>235,005</u>
Closing shareholders' funds	<u>310,034</u>	<u>310,034</u>

THE WESTERN GAZETTE CO. LIMITED

BALANCE SHEET AS AT 27 MARCH 1999

	Notes	£	1999	£	1998
					£
<b>FIXED ASSETS</b>					
Tangible assets	7			730,273	<u>814,873</u>
<b>CURRENT ASSETS</b>					
Stocks	8	19,159			20,576
Debtors	9	1,327,993			793,372
Cash at bank and in hand		<u>354,102</u>			<u>66,001</u>
			<u>1,701,254</u>		<u>879,949</u>
<b>CREDITORS:</b>					
amounts falling due within one year					
Creditors	10	(981,523)			(682,579)
Dividend payable		(772,209)			(410,368)
Corporation Tax		<u>(362,350)</u>			<u>(292,500)</u>
			<u>(2,116,082)</u>		<u>(1,385,447)</u>
<b>NET CURRENT LIABILITIES</b>				<u>(414,828)</u>	<u>(505,498)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				315,445	309,375
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Provision for deferred taxation	11		7,438		16,323
Provision for life cover premiums			<u>(12,849)</u>		<u>(15,664)</u>
<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		<u>47,031</u>		<u>47,031</u>
<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 26 May 1999 and signed on its behalf by:

*K Hayward*

K.R.J. HAYWARD Director

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

1. ULTIMATE PARENT COMPANY

The immediate parent is Western Newspapers Ltd. The ultimate parent company and controlling party is Bristol United Press plc, which itself prepares consolidated financial statements.

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 'year' refers to a period of 52 weeks ending on Saturday, 27 March 1999 (1997/98 : 52 weeks to 28 March 1998).

**Turnover**

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

**Tangible Fixed Assets**

Tangible fixed assets are stated at cost 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	6 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.

	<u>1998/99</u> £	<u>1997/98</u> £
3. TURNOVER		
Principal activities		
Publishing and printing	5,101,068	4,799,168
Less: intra-group sales	-	-
	<u>5,101,068</u>	<u>4,799,168</u>
4. PROFIT BEFORE TAXATION		
This is stated after charging:		
Depreciation of tangible fixed assets	199,007	210,869
Profit on disposal of tangible fixed assets	-	-
	<u>199,007</u>	<u>210,869</u>
Auditors' remuneration	11,634	9,550
Hire of motor vehicles	103,672	90,300

5. DIRECTORS AND EMPLOYEES	<u>1998/99</u> £	<u>1997/98</u> £
Staff costs		
Wages and salaries	1,239,382	1,095,750
Social Security costs	88,821	78,692
Pension costs	54,847	50,637
Management charges	<u>225,456</u>	<u>254,250</u>
	<u>1,608,506</u>	<u>1,479,329</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 1996, and particulars of the actuarial assumptions and valuation are to be found in the accounts of the ultimate parent company, Bristol United Press plc. A prepayment of £45,966 (1998 : £45,966) is included under debtors, representing the excess of contributions paid over the pension costs.

Average weekly number of employees	<u>Number</u>	<u>Number</u>
Production and editorial	48	32
Management, clerical & administration	91	90
	<u>139</u>	<u>122</u>

Directors' remuneration:	£	£
Emoluments (including benefits in kind)	194,282	226,095
Pension contributions to defined benefit scheme	<u>41,480</u>	<u>46,517</u>
	<u>235,762</u>	<u>272,612</u>

The emoluments of the highest paid director included above were £64,574 (1997/98 : £70,259). His accrued pension under a defined benefits scheme was £25,150 (1997/98 : £23,220).

During the year five 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 31% (1997/98 : 31%)	362,350	292,500
Deferred taxation charge/(credit) (Note 11)	8,885	(29,792)
Under provision in respect of prior year	<u>-</u>	<u>46,288</u>
	<u>371,235</u>	<u>308,996</u>



THE WESTERN GAZETTE CO. LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 27 MARCH 1999 (contd.)

7. TANGIBLE FIXED ASSETS	Freehold Land & Buildings	Motor Vehicles	Plant and Machinery	Office Equipment	Total
	£	£	£	£	£
COST OR VALUATION					
At 28 March 1998	325,000	33,290	1,718,859	636,714	2,713,863
Additions	10,000	47,088	9,600	55,784	122,472
Intra-group transfer	-	(17,473)	-	-	(17,473)
At 27 March 1999	<u>335,000</u>	<u>62,905</u>	<u>1,728,459</u>	<u>692,498</u>	<u>2,818,862</u>
ACCUMULATED DEPRECIATION					
At 28 March 1998	-	15,013	1,599,025	284,952	1,898,990
Charge for the period	27,500	8,417	62,330	100,760	199,007
Intra-group transfer	-	(9,408)	-	-	(9,408)
At 27 March 1999	<u>27,500</u>	<u>14,022</u>	<u>1,661,355</u>	<u>385,712</u>	<u>2,088,589</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>
NET BOOK VALUE AT 28.3.98	<u>325,000</u>	<u>18,277</u>	<u>119,834</u>	<u>351,762</u>	<u>814,873</u>

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

The original cost of land and buildings was £453,829 (1998 : £443,829) and the accumulated depreciation thereon would be £38,450 (1998 : £32,150).

	1999 £	1998 £
8. STOCKS		
Raw materials and consumables	<u>19,159</u>	<u>20,576</u>
9. DEBTORS		
Amounts falling due within one year:-		
Trade debtors	1,127,553	684,470
Prepayments and accrued income	153,838	45,460
Other debtors	635	17,476
Prepaid pension cost	45,967	45,966
	<u>1,327,993</u>	<u>793,372</u>
10. CREDITORS		
Amounts falling due within one year:-		
Trade creditors	(21,641)	(54,134)
Amount owed to parent company	(738,030)	(302,901)
Social security and other taxes	(139,442)	(119,904)
Other creditors	(669)	(694)
Accruals and deferred income	(81,741)	(204,946)
	<u>(981,523)</u>	<u>(682,579)</u>

THE WESTERN GAZETTE CO. LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 27 MARCH 1999 (contd.)

	<u>1999</u>	<u>1998</u>
11. DEFERRED TAXATION		
Balance brought forward	16,323	36,569
(Charge)/Credit for year (note 6)	(8,885)	29,792
Adjustment re prior years	<u>-</u>	<u>(50,038)</u>
Balance carried forward - deferred tax asset	<u>7,438</u>	<u>16,323</u>
Being in respect of		
- accelerated capital allowances	13,987	17,545
- other timing differences	(6,549)	(1,222)
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 with members of the group.

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