

REPORT OF THE DIRECTORS

Directors: S.G.G. Clarke, CBE (Chairman)  
K.R.J. Hayward (Managing Director)  
Mrs J.E. Faithful (appointed 1 November 1996)  
A.R. Goode  
M.J. Heal (appointed 1 April 1996)  
Mrs J.M. Ireland (appointed 1 April 1996)  
K.J. Sadler  
Ms J.Y. Stevenson (appointed 1 November 1996)  
Mrs H.S. Wozniak

Secretary: A.P. Vickery, FCA

Registered Office: Temple Way, Bristol BS99 7HD

The directors present their report and the audited financial statements of the company for the year ended 29 March 1997.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company during the year was the publishing of The Western Gazette and local free newspapers. The printing works at Lufton, Yeovil was closed during the year.

The company's profit for the year after taxation amounted to £480,763, which, after a deficit of £630,286 brought forward, leaves a deficit of £149,523 carried forward.

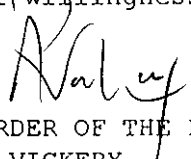
The Directors expect to maintain the profitability of the company in the coming year.

DIRECTORS' INTERESTS

In The Bristol Evening Post PLC, S.G.G. Clarke held 85,000 shares at the beginning and 90,000 shares at the end of the year; K.J. Sadler and A.R. Goode each held 400 shares throughout the year. Otherwise, no director had any interest in the shares of any group company during the year or at 29 March 1997.

AUDITORS

The auditors, Price Waterhouse, were appointed during the year and have indicated their willingness to remain in office.

  
BY ORDER OF THE BOARD  
A.P. VICKERY  
Secretary  
22 May 1997



THE WESTERN GAZETTE CO. LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act 1985 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 the financial year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

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

We have audited the financial statements on pages 3 to 9 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 6.

**Respective responsibilities of directors and auditors**

As described above 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 affairs of the company as at 29 March 1997 and of the result of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*  
PRICE WATERHOUSE  
Chartered Accountants  
and Registered Auditors

Bristol  
22 May 1997

THE WESTERN GAZETTE CO. LIMITED

PROFIT & LOSS ACCOUNT FOR  
THE YEAR ENDED 29 MARCH 1997

	Notes	<u>1996/97</u> £	<u>1995/96</u> £
Turnover	3	4,330,064	4,804,315
Other operating income		<u>8,800</u>	<u>5,300</u>
		<u>4,338,864</u>	<u>4,809,615</u>
Raw materials		(21,899)	(1,147,115)
Other external charges		(1,434,559)	(504,677)
Staff costs	5	(1,359,399)	(1,525,645)
Depreciation	4	(168,452)	(309,226)
Other operating charges		<u>(518,580)</u>	<u>(461,474)</u>
		<u>(3,502,889)</u>	<u>(3,948,137)</u>
Operating profit		835,975	<u>861,478</u>
Exceptional items			
closure of printing operation	6	(24,698)	(1,654,292)
demolition of press hall		(67,582)	0
sale of Pulmans Weekly News		<u>0</u>	<u>31,000</u>
		<u>(92,280)</u>	<u>(1,623,292)</u>
Profit/(Loss) on ordinary activities before taxation		743,695	(761,814)
Taxation on profit/(loss) on ordinary activities	7	<u>(262,932)</u>	<u>155,076</u>
Profit/(Loss) on ordinary activities after after taxation		480,763	(606,738)
Deficit brought forward		<u>(630,286)</u>	<u>(23,548)</u>
Deficit carried forward		<u>(149,523)</u>	<u>(630,286)</u>

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

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

There were no other gains or losses other than the result for the above two financial years.

The notes on pages 6 to 9 form part of these financial statements.

THE WESTERN GAZETTE CO. LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 29 MARCH 1997

	<u>1996/97</u>	<u>1995/96</u>
	£	£
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
Profit/(Loss) for the financial year	480,763	(606,738)
Unrealised loss on revaluation of land and buildings	0	(151,238)
Total recognised gains and losses for the financial year	<u>480,763</u>	<u>(757,976)</u>
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Profit/(Loss) for the financial year	480,763	(606,738)
Dividend	<u>0</u>	<u>0</u>
	480,763	(606,738)
Other recognised gains and losses relating to the year	<u>0</u>	<u>(151,238)</u>
Net reduction in shareholders' funds	480,763	(757,976)
Opening shareholders' funds	<u>(245,758)</u>	<u>512,218</u>
Closing shareholders' funds	<u>235,005</u>	<u>(245,758)</u>

THE WESTERN GAZETTE CO. LIMITED

BALANCE SHEET AS AT 29 MARCH 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	8	903,660	<u>1,286,410</u>
<b>CURRENT ASSETS</b>			
Stocks	9	19,233	208,075
Debtors	10	785,996	801,181
Cash at bank and in hand		<u>162,783</u>	<u>22,399</u>
		968,012	1,031,655
<b>CREDITORS:</b>			
amounts falling due within one year	11	<u>(1,654,392)</u>	<u>(2,691,712)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(686,380)</u>	<u>(1,660,057)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		217,280	(373,647)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Provision for deferred taxation	12	36,569	145,154
Provision for life cover premiums		<u>(18,844)</u>	<u>(17,265)</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u>235,005</u>	<u>(245,758)</u>
<b>CAPITAL AND RESERVES</b>			
Called up Share Capital	13	200,000	200,000
Revaluation reserve	14	137,497	137,497
Other reserves	15	47,031	47,031
Profit and loss account		<u>(149,523)</u>	<u>(630,286)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>235,005</u>	<u>(245,758)</u>

The accounts on pages 3 to 9 were approved by the Board of Directors on 22 May 1997 and signed on its behalf by:

K.R.J. HAYWARD Director

*K Hayward*

The notes on pages 6 to 9 form part of these financial statements.

THE WESTERN GAZETTE CO. LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 29 MARCH 1997

1. ULTIMATE PARENT COMPANY

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

2. ACCOUNTING POLICIES

(a) The 'year' refers to a period of 52 weeks ending on Saturday, 29 March 1997 (1995/96, 53 weeks to 30 March 1996).

(b) The accounts are drawn up under the historical cost basis of accounting and in accordance with applicable accounting standards in the United Kingdom.

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

(d) Tangible fixed assets are stated at cost less accumulated depreciation. Cost is their purchase price together with any incidental expenses of acquisition. Depreciation is made 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 or 25 years
Plant and machinery:	
Press lines, other plant and equipment	10 to 15 years
Computers and electronic equipment	4 to 6 years
Fixtures, fittings and office equipment	15 years
Motor vehicles	4 or 5 years

Depreciation is not provided on capital work in progress until completion of the project.

(e) Stocks and work-in-progress are valued at the lower of cost and net realisable value. Cost includes relevant direct labour costs, materials and overheads.

(f) 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.

(g) 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>1996/97</u>	<u>1995/96</u>
	£	£
3. TURNOVER		
Principal activities		
- Publishing and printing	4,330,064	4,804,315
Less: intra-group sales	<u>28,562</u>	<u>606,856</u>
	<u>4,301,502</u>	<u>4,197,459</u>
4. PROFIT BEFORE TAXATION		
This is stated after charging/(crediting):		
Depreciation of tangible fixed assets	168,537	309,396
Profit on disposal of tangible fixed assets	<u>(85)</u>	<u>(170)</u>
	<u>168,452</u>	<u>309,226</u>
Auditors' remuneration	9,600	8,935
Hire of motor vehicles	85,582	90,337

THE WESTERN GAZETTE CO. LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 29 MARCH 1997 (contd.)

	<u>1996/97</u>	<u>1995/96</u>
	£	£
5. DIRECTORS AND EMPLOYEES		
Staff costs		
Wages and salaries	1,077,241	1,287,047
Social Security costs	78,971	87,756
Pension costs	51,887	69,840
Management charges	151,300	81,002
	<u>1,359,399</u>	<u>1,525,645</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 immediate parent company, Western Newspapers Ltd. A prepayment of £45,966 (1996 £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	35	60
Management, clerical & administration	75	65
	<u>110</u>	<u>125</u>
Directors' remuneration:	£	£
Emoluments (including benefits in kind)	166,415	45,244
Pension contributions	22,253	11,998
	<u>188,668</u>	<u>57,242</u>

The emoluments of the highest paid director included above were £69,637 (1995/96 £42,713).

6. EXCEPTIONAL ITEMS	£	£
Provision for costs of closure of printing operation		
accelerated depreciation	0	961,109
write down of property	0	427,478
redundancy costs	0	231,436
other costs	24,698	34,269
	<u>24,698</u>	<u>1,654,292</u>

7. TAXATION	£	£
Corporation Tax based on the taxable profits		
of the year at 33% (1995/96 33%)	241,107	323,120
Deferred taxation (Note 12)	108,585	(478,196)
Over provision in respect of prior year	(86,760)	0
	<u>262,932</u>	<u>(155,076)</u>

THE WESTERN GAZETTE CO. LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 29 MARCH 1997 (contd.)

8. TANGIBLE FIXED ASSETS	Freehold				Total
	Land & Buildings	Motor Vehicles	Plant and Machinery	Office Equipment	
COST OR VALUATION	£	£	£	£	£
At 30 March 1996	805,453	46,334	2,677,284	343,749	3,872,820
Additions	222,348	0	12,087	120,152	354,587
(Disposals)	0	0	(961,110)	0	(961,110)
Intra-group transfer	(585,000)	0	0	0	(585,000)
At 29 March 1997	442,801	46,334	1,728,261	463,901	2,681,297
ACCUMULATED DEPRECIATION					
At 30 March 1996	0	5,072	2,417,819	163,519	2,586,410
Charge for the period	41,661	8,110	74,427	44,339	168,537
(Disposals)	0	0	(961,110)	0	(961,110)
Intra-group transfer	(16,200)	0	0	0	(16,200)
At 29 March 1997	25,461	13,182	1,531,136	207,858	1,777,637
NET BOOK VALUE AT 29.3.97	417,340	33,152	197,125	256,043	903,660
NET BOOK VALUE AT 30.3.96	805,453	41,262	259,465	180,230	1,286,410

Land and buildings at Boundary Road, Lufton, Yeovil were valued as at March 1996 by the directors at open market value for existing use; this property was transferred to the parent company in March 1997.

The original cost of land and buildings was £442,801 (1996 £1,412,931) and the accumulated depreciation thereon would be £25,850 (1996 £154,285).

9. STOCKS	1997	1996
	£	£
Raw materials and consumables	19,233	208,075
10. DEBTORS		
Amounts falling due within one year:-		
Trade debtors	692,778	594,507
Other debtors	47,252	115,259
Prepaid pension cost	45,966	45,966
Other payments	0	45,449
	785,996	801,181



THE WESTERN GAZETTE CO. LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 29 MARCH 1997 (contd.)

	<u>1997</u>	<u>1996</u>
	£	£
11. CREDITORS		
Amounts falling due within one year:-		
Trade creditors	29,610	85,106
Amount owed to parent company (see below)	1,235,933	1,876,005
Corporation tax	96,148	323,120
Social security and other taxes	141,213	115,957
Other creditors	213	544
Accruals and deferred income	151,275	290,980
	<u>1,654,392</u>	<u>2,691,712</u>

The amount owed to the parent company is subordinate to amounts due to other creditors.

12. DEFERRED TAXATION

Balance brought forward	(145,154)	333,042
Charge for year to profit and loss account	<u>108,585</u>	<u>(478,196)</u>
Balance carried forward		
- deferred tax asset (see note 10)	<u>(36,569)</u>	<u>(145,154)</u>
Being in respect of		
- accelerated capital allowances	(45,519)	(67,043)
- other timing differences	8,950	(78,111)

13. 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>

14. REVALUATION RESERVE

Balance brought forward	137,497	288,735
Depreciation no longer required	0	239,198
Released on revaluation of properties	<u>0</u>	<u>(390,436)</u>
Balance carried forward	<u>137,497</u>	<u>137,497</u>

15. OTHER RESERVES

These represent the undistributed profits at the date of the company's acquisition by Western Newspapers Ltd.

16. 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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