

REPORT OF THE DIRECTORS

Directors: S. G. G. Clarke, CBE (Chairman)  
A. R. Goode  
K. R. J. Hayward  
M. J. Heal (appointed 1 April 1996)  
Mrs J. Ireland (appointed 1 April 1996)  
P. Pledger (resigned 27 April 1995)  
K. J. Sadler  
Mrs H.S. Wozniak (appointed 1 April 1995)

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 30 March 1996.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

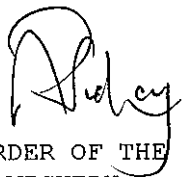
The principal activities of the company during the year were the publishing and printing of The Western Gazette and local free newspapers. The Pulmans Weekly News title was sold during the year.

The company's loss for the year after taxation amounted to £606,738, which, after a deficit of £23,548 brought forward, leaves a deficit of £630,286 carried forward. Provision has been made in the profit & loss account for anticipated costs in connection with the closure of the printing works at Lufton, Yeovil early in the following financial year. Before exceptional items, the company made an operating profit of £861,478 before taxation.

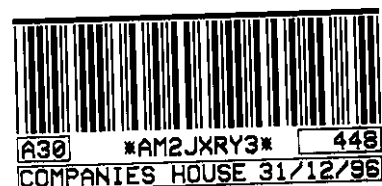
The Directors expect that the profitability of the company will be improved in the coming year.

DIRECTORS' INTERESTS

In The Bristol Evening Post PLC, S.G.G. Clarke held 85,000 shares, and 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 as at 30 March 1996.



BY ORDER OF THE BOARD  
A.P. VICKERY  
Secretary  
21 May 1996



THE WESTERN GAZETTE CO. LIMITED

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 judgements and estimates have been made in the preparation of the financial statements for the year ended 30 March 1996. 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.

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

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

**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 at 30 March 1996 and of the loss and total recognised gains and losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND  
Chartered Accountants  
& Registered Auditors

Bristol  
28 May 1996

THE WESTERN GAZETTE CO. LIMITED

PROFIT & LOSS ACCOUNT FOR  
THE YEAR ENDED 30 MARCH 1996

	<u>Notes</u>	<u>1995/96</u> £	<u>1994/95</u> £
Turnover	3	4,804,315	4,785,560
Other operating income		<u>5,300</u>	<u>5,200</u>
		<u>4,809,615</u>	<u>4,790,760</u>
Raw materials		1,147,115	1,083,853
Other external charges		504,677	510,055
Staff costs	5	1,525,645	1,538,088
Depreciation	4	309,226	278,464
Other operating charges		<u>461,474</u>	<u>420,750</u>
		<u>3,948,137</u>	<u>3,831,210</u>
Operating profit		861,478	959,550
Exceptional items			
closure of printing operation	6	(1,654,292)	
sale of Pulmans Weekly News		<u>31,000</u>	
		<u>(1,623,292)</u>	<u>0</u>
(Loss)/Profit on ordinary activities before taxation		(761,814)	959,550
Taxation	7	<u>155,076</u>	<u>(318,159)</u>
(Loss)/Profit for the year after taxation		(606,738)	641,391
Deficit brought forward		<u>(23,548)</u>	<u>(664,939)</u>
Deficit carried forward		<u>(630,286)</u>	<u>(23,548)</u>

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

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

THE WESTERN GAZETTE CO. LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 30 MARCH 1996

	<u>1995/96</u>	<u>1994/95</u>
	£	£
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
(Loss)/Profit for the financial year	(606,738)	641,391
Unrealised loss on revaluation of land and buildings	(151,238)	0
Total recognised gains and losses for the financial year	<u>(757,976)</u>	<u>641,391</u>
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
(Loss)/Profit for the financial year	(606,738)	641,391
Dividend	<u>0</u>	<u>0</u>
	(606,738)	641,391
Other recognised gains and losses relating to the year	<u>(151,238)</u>	<u>0</u>
Net reduction in shareholders' funds	(757,976)	641,391
Opening shareholders' funds	<u>512,218</u>	<u>(129,173)</u>
Closing shareholders' funds	<u>(245,758)</u>	<u>512,218</u>

THE WESTERN GAZETTE CO. LIMITED

BALANCE SHEET AS AT 30 MARCH 1996

	<u>Notes</u>	£	<u>1996</u>	£	<u>1995</u>
					£
<b>FIXED ASSETS</b>					
Tangible assets	8		1,286,410		<u>2,966,743</u>
<b>CURRENT ASSETS</b>					
Stocks	9	208,075			65,021
Debtors	10	946,335			810,121
Cash at bank and in hand		22,399			<u>65,417</u>
			<u>1,176,809</u>		940,559
<b>Less: CREDITORS</b>					
amounts falling due within one year	11		<u>(2,691,712)</u>		<u>(3,042,313)</u>
<b>NET CURRENT LIABILITIES</b>			<u>(1,514,903)</u>		<u>(2,101,754)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(228,493)		864,989
Provision for deferred taxation	12		0		(333,042)
Provision for life cover premiums			<u>(17,265)</u>		<u>(19,729)</u>
<b>NET (LIABILITIES)/ASSETS</b>			<u>(245,758)</u>		<u>512,218</u>
<b>CAPITAL AND RESERVES</b>					
Called-up Share Capital	13		200,000		200,000
Revaluation reserve	14		137,497		288,735
Other reserves	15		47,031		47,031
Profit and loss account			<u>(630,286)</u>		<u>(23,548)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>			<u>(245,758)</u>		<u>512,218</u>

The accounts on pages 3 to 9 were approved by the Board of Directors on 21 May 1996.

K.R.J. HAYWARD Director

*K Hayward*

THE WESTERN GAZETTE CO. LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 MARCH 1996

1. ULTIMATE PARENT COMPANY

The immediate parent is Western Newspapers Ltd., formerly Bristol United Press Limited. The ultimate parent is The Bristol Evening Post PLC, which prepares consolidated financial statements.

2. ACCOUNTING POLICIES

- (a) The 'year' refers to a period of 53 weeks ending on Saturday, 30 March 1996 (1994/95, 52 weeks to 25 March 1995).
- (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) Depreciation is made on the straight-line method over the estimated life of the assets 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 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.

	<u>1995/96</u>	<u>1994/95</u>
	£	£
<b>3. TURNOVER</b>		
Principal activities		
- Publishing and printing	4,804,315	4,785,560
Less: intra-group sales	<u>606,856</u>	<u>542,272</u>
	<u><u>4,197,459</u></u>	<u><u>4,243,288</u></u>
<b>4. PROFIT BEFORE TAXATION</b>		
This is stated after charging/(crediting):		
Depreciation of tangible fixed assets	309,396	278,464
Profit on disposal of tangible fixed assets	<u>(170)</u>	<u>0</u>
	<u><u>309,226</u></u>	<u><u>278,464</u></u>
Auditors' remuneration	8,935	9,855
Hire of motor vehicles	90,337	85,467

THE WESTERN GAZETTE CO. LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 MARCH 1996 (contd.)

	1995/96	1994/95
	£	£
5. DIRECTORS AND EMPLOYEES		
Staff costs		
Wages and salaries	1,287,047	1,216,625
National Insurance contributions	87,756	92,498
Pension costs	69,840	65,896
Management charges	81,002	163,069
	<u>1,525,645</u>	<u>1,538,088</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 1993, and particulars of the actuarial assumptions and valuation are to be found in the accounts of the parent company, Western Newspapers Ltd. A prepayment of £45,966 (1995 £56,948) is included under debtors, representing the excess of contributions paid over the pension costs.

	Number	Number
Average weekly number of employees		
Production and editorial	60	69
Management, clerical & administration	65	57
	<u>125</u>	<u>126</u>

	£	£
Directors' remuneration:		
Fees	0	0
Salaries (including benefits in kind)	45,244	121,436
Pension contributions	11,998	14,625
	<u>57,242</u>	<u>136,061</u>
Payments to third party for services of a director	0	
	<u>57,242</u>	<u>136,061</u>

	Number	Number
The number of directors who received emoluments (excluding pension contributions) was:		
not exceeding £5,000	5	3
£35,001 - £40,000	0	2
£40,001 - £45,000	1	0
£65,001 - £70,000	0	1

The emoluments of the Chairman and highest paid director included above were £Nil (1994/95 £Nil) and £42,713 (1994/95 £69,602) respectively.

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

	£	£
7. TAXATION		
Corporation Tax at 33% (1994/95 33%)		
- on the profits of the year		
Current	323,120	299,540
Deferred	(478,196)	18,453
Under provision in respect of prior years	0	166
	<u>(155,076)</u>	<u>318,159</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 MARCH 1996 (contd.)

8. TANGIBLE FIXED ASSETS	Freehold	Motor Vehicles	Plant and Machinery	Office Equipment	Total
	Land & Buildings				
COST OR VALUATION	£	£	£	£	£
At 25 March 1995	1,595,897	34,821	2,665,892	252,524	4,549,134
Additions	27,470	46,334	11,392	95,694	180,890
(Disposals)	0	(34,821)	0	(4,469)	(39,290)
On revaluation:-					
- from revaluation reserve	(390,436)	0	0	0	(390,436)
- from profit & loss account	(427,478)	0	0	0	(427,478)
At 30 March 1996	805,453	46,334	2,677,284	343,749	3,872,820
Assets revalued in March 1996	805,453	0	0	0	805,453
ACCUMULATED DEPRECIATION					
At 25 March 1995	180,650	20,635	1,245,110	135,996	1,582,391
Charge for the period	58,548	7,256	211,600	31,992	309,396
(Disposals)	0	(22,819)	0	(4,469)	(27,288)
Transferred to revaluation reserve	(239,198)	0	0	0	(239,198)
Accelerated depreciation	0	0	961,109	0	961,109
At 30 March 1996	0	5,072	2,417,819	163,519	2,586,410
NET BOOK VALUE AT 30.3.96	805,453	41,262	259,465	180,230	1,286,410
NET BOOK VALUE AT 25.3.95	1,415,247	14,186	1,420,782	116,528	2,966,743

Land and buildings at Boundary Road, Lufton, Yeovil and at Sherborne Road, Yeovil were valued as at March 1996 by the directors, both at open market value for existing use.

The original cost of land and buildings was £1,412,931 (1995 £1,385,460) and the accumulated depreciation thereon would be £154,285 (1995 £130,905).

9. STOCKS	1996	1995
	£	£
Raw materials and consumables	208,075	65,021
10. DEBTORS		
Amounts falling due within one year:-		
Trade debtors	594,507	595,779
Other debtors	115,259	76,185
Prepaid pension cost	45,966	56,948
Deferred taxation (see note 12)	145,154	0
Other payments	45,449	81,209
	946,335	810,121



THE WESTERN GAZETTE CO. LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 MARCH 1996 (contd.)

	<u>1996</u>	<u>1995</u>
	£	£
11. CREDITORS		
Amounts falling due within one year:-		
Trade creditors	85,106	66,726
Amount owed to parent company (see below)	1,876,005	2,489,294
Corporation tax	323,120	299,540
Social security and other taxes payable	115,957	91,604
Other creditors	544	966
Accruals and deferred income	290,980	94,183
	<u>2,691,712</u>	<u>3,042,313</u>
<p>The amount owed to the parent company is subordinate to amounts due to other creditors.</p>		
12. DEFERRED TAXATION		
Balance at 25 March 1995	333,042	314,589
Charge for year to profit and loss account	<u>(478,196)</u>	<u>18,453</u>
Balance at 30 March 1996		
- deferred tax liability		<u>333,042</u>
- deferred tax asset (see note 10)	<u>(145,154)</u>	
Being in respect of		
- accelerated capital allowances	(67,043)	326,702
- other timing differences	(78,111)	6,340
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 at 25 March 1995	288,735	288,735
Depreciation no longer required	239,198	0
Released on revaluation of properties	<u>(390,436)</u>	<u>0</u>
Balance at 30 March 1996	<u>137,497</u>	<u>288,735</u>
15. OTHER RESERVES		
<p>These represent the undistributed profits at the date of the company's acquisition by Western Newspapers Ltd. (formerly Bristol United Press Limited).</p>		
16. CAPITAL COMMITMENTS		
Authorised and contracted for, but not provided	<u>0</u>	<u>35,000</u>

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