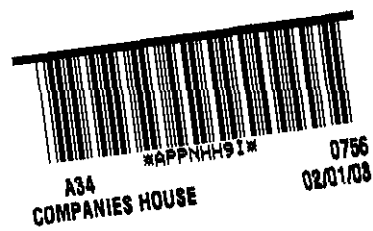


**NEWSQUEST MEDIA GROUP LIMITED**

**Directors' Report and Financial Statements  
for the 52 weeks ended 30 December 2001**



**REPORT AND FINANCIAL STATEMENTS 2001**

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## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the 52 weeks ended 30 December 2001.

## **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

Newsquest Media Group Limited is the parent operating company of a group of companies operating within the publishing and printing industry. The company provides a sales service to its subsidiaries in respect of leaflet distribution and national advertising.

On 16 February 2001, the company acquired the issued share capital of Surrey & Sussex Publishing Limited and Horley Publishing Limited. On the same date the trade, assets and liabilities of Surrey & Sussex Publishing Limited and Horley Publishing Limited were transferred to Newsquest (Sussex) Limited.

On 29 June 2001, the company acquired the issued share capital of Teddington & Hampton Times Limited, Putney & Wimbledon Times Limited, Richmond and Twickenham Times Limited and Wandsworth Borough News Limited. On the same date the trade, assets and liabilities of the four companies were transferred to Newsquest (London) Limited.

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

## **RESULTS AND DIVIDENDS**

The company's profit after taxation was £69,328,000 (2000 - £34,317,000).

Interim dividends of £126,783,443 were paid on ordinary shares (2000 - £49,995,731) and £4,269 on preference shares during the period (2000 - £4,269). No final dividends are proposed (2000 - £nil).

## **DIRECTORS**

The directors who served throughout the period are listed below.

J T Brown	
I W Aiken	(resigned 7 April 2002)
P Davidson	
P Hunter	(appointed 2 July 2001)
J C Pfeil	(resigned 2 July 2001)
P A Radburn	
E M Robinson	
R Mills	(appointed 2 July 2001)
T Blott	(appointed 2 July 2001)

## **POLITICAL AND CHARITABLE DONATIONS**

Contributions made by the company during the period for charitable purposes totalled £nil (2000 - £3,000). In the period there were no political donations made (2000 - £nil).

## **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 19 December 2002 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'Paul Hunter', with a long horizontal flourish extending to the right.

P Hunter  
Company 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.

## NEWSQUEST MEDIA GROUP LIMITED

### INDEPENDENT REPORT OF THE AUDITORS TO THE MEMBERS OF NEWSQUEST MEDIA GROUP LIMITED

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

#### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 30 December 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers*

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
1 Embankment Place  
London, WC2N 6RH  
19 December 2002

# NEWSQUEST MEDIA GROUP LIMITED

## PROFIT AND LOSS ACCOUNT

52 weeks ended 30 December 2001 (note 1)

	Note	2001 £'000	Restated 2000 £'000
<b>TURNOVER</b>	1,2	2,158	1,832
Cost of sales		(1,442)	(1,400)
<b>GROSS PROFIT</b>		716	432
Administrative expenses		(9,750)	(7,746)
Amounts written off investments		(16,921)	(7,773)
Other operating income	4	16,845	17,027
<b>OPERATING (LOSS)/ PROFIT</b>	5	(9,110)	1,940
Income from fixed asset investments	6	77,039	34,002
Interest receivable and similar income	7	2,375	2,257
Interest payable and similar charges	8	(389)	(21)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		69,915	38,178
Tax charge on profit on ordinary activities	10	(587)	(3,861)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		69,328	34,317
Non-equity preference dividends	11	(4)	(4)
<b>PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS</b>		69,324	34,313
Equity ordinary dividends	11	(126,783)	(49,996)
<b>RETAINED LOSS TRANSFERRED TO RESERVES</b>	21	(57,459)	(15,683)

All the company's activities were in respect of continuing operations.

The company has no recognised gains or losses for the current and preceding financial periods other than those shown above and, therefore, no separate statement of total recognised gains and losses has been presented.

A reconciliation of movements in shareholders' funds is shown in note 22.

# NEWSQUEST MEDIA GROUP LIMITED

## BALANCE SHEET

30 December 2001 (note 1)

	Note	£'000	2001 £'000	2000 £'000
<b>FIXED ASSETS</b>				
Tangible assets	12		544	526
Investments	13		488,842	488,031
			<u>489,386</u>	<u>488,557</u>
<b>CURRENT ASSETS</b>				
Stock	14	-	1,430	
Debtors	15	75,269	29,925	
Cash at bank and in hand		27,546	60,810	
		102,815	<u>92,165</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	16	(491,155)	<u>(423,333)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(388,340)</u>	<u>(331,168)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			101,046	157,389
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	19		<u>(1,687)</u>	<u>(571)</u>
<b>NET ASSETS</b>			<u>99,359</u>	<u>156,818</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital – equity	20		1	1
Called up share capital - non-equity	20		425	425
Share premium account	21		50,418	50,418
Merger reserve	21		1,907	1,907
Profit and loss account	21		46,608	104,067
<b>TOTAL SHAREHOLDERS' FUNDS</b>	22		<u>99,359</u>	<u>156,818</u>
Shareholders' funds are attributable to:				
Equity shareholders' funds			98,934	156,393
Non-equity shareholders' funds			<u>425</u>	<u>425</u>
			<u>99,359</u>	<u>156,818</u>

The financial statements on pages 5 to 17 were approved by the Board of directors on 19 December 2002 and were signed on its behalf.



P Hunter  
Director



## NOTES TO THE ACCOUNTS

52 weeks ended 30 December 2001

### 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.

FRS 18 has been adopted in the current year but this did not require any change in accounting policy.

#### Accounting period

The profit and loss accounts cover the 52 weeks from 1 January 2001 to 30 December 2001 and the 53 weeks from 27 December 1999 to 31 December 2000. The balance sheets for 2001 and 2000 have been drawn up at 30 December 2001 and 31 December 2000 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 publication.

#### 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 periods 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.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation. Fixed assets are depreciated over their estimated useful lives on the following bases:

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

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

The carrying value of tangible fixed assets are reviewed for impairment in periods, if events or changes in circumstances indicate the carrying value may not be recoverable.

#### Investments

Investments held as fixed assets are stated at cost, less provision, if appropriate, for any impairment in value other than a temporary diminution in value.

The carrying value of investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

#### 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.

#### Vacant property

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

**NOTES TO THE ACCOUNTS**

**52 weeks ended 30 December 2001**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Pensions**

The company operates a defined benefit pension scheme, the Newsquest Pension Scheme ("the 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.

**Operating leases**

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

**Group accounts and cash flow statement**

The company, as it is a wholly owned subsidiary itself, is not required to prepare group accounts under Section 228 of the Companies Act 1985 because its parent undertaking is established under the law of a member state of the EU. Accordingly the financial statements present information about the company rather than the group as a whole. A cash flow statement is not required under Financial Reporting Standard 1 (revised), as the company is a wholly owned subsidiary and the group's financial statements are publicly available.

**2. TURNOVER**

The whole of the turnover is attributable to the one principal activity of the company being a parent operating company of a group of companies operating within the publishing and printing industry. All turnover arose within the United Kingdom.

**3. EMPLOYEES**

	2001 £'000	2000 £'000
<b>Staff costs</b>		
Wages and salaries	4,492	3,823
Social security costs	440	463
Other pension costs	265	319
<b>Total</b>	<b>5,197</b>	<b>4,605</b>

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

	No.	No.
Pre-press	12	12
Marketing and sales	50	51
Finance and management	47	43
	<b>109</b>	<b>106</b>

# NEWSQUEST MEDIA GROUP LIMITED

## NOTES TO THE ACCOUNTS

52 weeks ended 30 December 2001

### 4. OTHER OPERATING INCOME

	2001 £'000	Restated 2000 £'000
Charges to subsidiaries	16,845	17,027

The comparative figures have been restated to incorporate charges to subsidiary companies in respect of printing and paper administration services provided by the company which were previously included within administrative expenses.

### 5. OPERATING (LOSS)/ PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2001 £'000	2000 £'000
Operating lease rentals:		
- Land and buildings	154	93
- Hire of plant and machinery	27	19
Depreciation - owned assets	223	245
Auditors' remuneration - audit fees	144	140
- non audit fees	398	469
(Profit)/loss on disposal of fixed assets	(3)	4
Amounts written off investments (note 13)	16,921	7,773

### 6. INCOME FROM FIXED ASSET INVESTMENTS

	2001 £'000	2000 £'000
Dividends from group undertakings	77,039	34,002

### 7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2001 £'000	2000 £'000
Bank interest receivable	2,375	2,257

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £'000	2000 £'000
Bank overdraft	91	4
Other loans	295	17
Other	3	-
	389	21

**NOTES TO THE ACCOUNTS**

**52 weeks ended 30 December 2001**

**9. DIRECTORS' EMOLUMENTS**

The emoluments of the Directors were as follows:

	2001 £'000	2000 £'000
Executive directors' salaries	1,122	855
Taxable benefits	76	65
Performance related payments	699	643
Gains on the exercise of share options	52	-
Pension scheme contributions	127	77
	<u>2,076</u>	<u>1,640</u>

The aggregate emoluments of the highest paid director were £517,555 (2000 - £440,320). The accrued pension for the highest paid director in 2001 was £nil per annum. No pension benefits accrued to the highest paid director in 2001.

At 30 December 2001 the number of directors in respect of whose qualifying services shares in the company's ultimate parent company Gannett Co. Inc. were received or receivable under long-term incentive schemes is 7 (2000 - 8). The number of directors who exercised share options in the company's ultimate parent undertaking Gannett Co. Inc. during the year was 2 (2000 - None).

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

	2001 £'000	2000 £'000
<b>Analysis of charge in the period:</b>		
Current tax:		
UK Corporation tax at 30% (2000 - 30 %)	1,373	3,585
Adjustment in respect of prior periods	(297)	46
	<u>1,076</u>	<u>3,631</u>
Total current tax (see below)		
Deferred taxation		
Origination and reversal of timing differences	(525)	241
Adjustment in respect of prior periods	36	(11)
	<u>587</u>	<u>3,861</u>

## NOTES TO THE ACCOUNTS

52 weeks ended 30 December 2001

## 10. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

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

	2001 £'000	2000 £'000
<b>Analysis of charge in the period:</b>		
Profit on ordinary activities before taxation	69,915	38,178
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 30% (2000 - 30%)	20,975	11,453
Dividend from group undertaking that are not subject to tax	(23,112)	(10,200)
Expenses that may not qualify as deductible for tax purposes	5,688	2,364
Depreciation for period in excess of capital allowances	(47)	(32)
Utilisation of tax losses	(2,131)	-
Adjustments to tax charge in respect of previous periods	(297)	46
	<u>1,076</u>	<u>3,631</u>

Tax losses arising within the Gannett U.K. Limited group of companies are relieved amongst group companies. The principal factor that may affect the 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.

## 11. DIVIDENDS

	2001 £'000	2000 £'000
Interim ordinary dividend paid	126,783	49,996
Preference dividend paid	<u>4</u>	<u>4</u>

**NOTES TO THE ACCOUNTS**  
**52 weeks ended 30 December 2001**

**12. TANGIBLE FIXED ASSETS**

	Plant and equipment £'000
<b>Cost</b>	
At 1 January 2001	3,766
Transfers from group companies	18
Additions	286
Disposals	(261)
	<hr/> 3,809
<b>At 30 December 2001</b>	<hr/> 3,809
<b>Accumulated depreciation</b>	
At 1 January 2001	3,240
Transfers from group companies	7
Charge for the period	223
Disposals	(205)
	<hr/> 3,265
<b>At 30 December 2001</b>	<hr/> 3,265
<b>Net book value</b>	
At 30 December 2001	<hr/> 544
	<hr/>
At 1 January 2001	<hr/> 526
	<hr/>

**13. INVESTMENTS**

	Other investments £'000	Investments in subsidiary undertakings £'000	Total £'000
<b>Cost</b>			
At 1 January 2001	8,697	488,031	496,728
Additions	4,108	13,624	17,732
	<hr/> 12,805	<hr/> 501,655	<hr/> 514,460
<b>At 30 December 2001</b>	<hr/> 12,805	<hr/> 501,655	<hr/> 514,460
<b>Provisions</b>			
At 1 January 2001	8,697	-	8,697
Charge for the period	4,108	12,813	16,921
	<hr/> 12,805	<hr/> 12,813	<hr/> 25,618
<b>At 30 December 2001</b>	<hr/> 12,805	<hr/> 12,813	<hr/> 25,618
<b>Net book value</b>			
At 30 December 2001	<hr/> -	<hr/> 488,842	<hr/> 488,842
	<hr/>	<hr/>	<hr/>
At 1 January 2001	<hr/> -	<hr/> 488,031	<hr/> 488,031
	<hr/>	<hr/>	<hr/>

On 16 February 2001, the company acquired the issued share capital of Surrey & Sussex Publishing Limited and Horley Publishing Limited for cash consideration of £218,409. On the same date the trade, assets and liabilities of Surrey & Sussex Publishing Limited and Horley Publishing Limited were transferred to

# NOTES TO THE ACCOUNTS

52 weeks ended 30 December 2001

## 13. INVESTMENTS (CONTINUED)

Newsquest (Sussex) Limited. Following this reorganisation, provision was made against the cost of investment in these now dormant subsidiaries to reflect their residual net asset value.

On 29 June 2001, the company acquired the issued share capital of Teddington & Hampton Times Limited, Putney & Wimbledon Times Limited, Richmond and Twickenham Times Limited and Wandsworth Borough News Limited for consideration of £13,405,947. On the same date the trade, assets and liabilities of the four companies were transferred to Newsquest (London) Limited. Following this reorganisation, provision was made against the cost of investment in these now dormant subsidiaries to reflect their residual net asset value.

Other investments are unquoted. The additions during the period represent continued investments in Fish 4 Limited and Schoolsnet Limited. Currently provisions are made against these investments to the extent that operating losses incurred by those investments have reduced their residual net asset values.

Details of companies in which the company holds more than 10% of any class of equity share capital or more than 10% of the total allotted share capital, all of which are incorporated in Great Britain, are given below:

Name of company	Shares and proportion held	Nature of business
Newsquest (Midlands South) Limited	322 ordinary shares of £1 each (100%)	Publishing
Newsquest (Lancashire) Limited	282 ordinary shares of £1 each (100%)	Publishing
Newsquest (Cheshire/Merseyside) Limited	362 ordinary shares of £1 each (100%)	Publishing
Newsquest (Essex) Limited	242 ordinary shares of £1 each (100%)	Publishing
Newsquest (London) Limited	522 ordinary shares of £1 each (100%)	Publishing
Newsquest (York) Limited	100 ordinary shares of £1 each (100%)	Publishing
Newsquest (Sussex) Limited	100 ordinary shares of £1 each (100%)	Publishing
Newsquest (Oxfordshire) Limited	100 ordinary shares of £1 each (100%)	Publishing
Newsquest (Wiltshire) Limited	100 ordinary shares of £1 each (100%)	Publishing
Newsquest (North East) Limited	100 ordinary shares of £1 each (100%)	Publishing
Nursing Spectrum UK Limited	2 ordinary shares of £1 each (100%)	Publishing
Newsquest Printing (Worcester) Limited	32 ordinary shares of £1 each (100%)	Printing
Newsquest Printing (Lostock) Limited	62 ordinary shares of £1 each (100%)	Printing
Newsquest Printing (Colchester) Limited	52 ordinary shares of £1 each (100%)	Printing
Newsquest (Investments) Limited	5,602,465 ordinary shares of £1 each (100%)	Investing
Kinsman Reeds Limited	20,600 ordinary shares of £1 each (100%)	Dormant
Bury Times Limited	320,000 ordinary shares of £1 each (100%)	Dormant
Swallowdove Limited	1 ordinary share of £1 each (100%)	Holding company
Newsquest Media (Northern) Limited	87,209 ordinary shares of 1p each and 823,000 deferred shares of £1 each (100%)	Dormant
Newsquest Media (Southern) Limited	7,750,969 ordinary shares of 5p each (100%)	Dormant
Newsquest Media (Midlands) Limited	12,775,000 ordinary shares of £1 each (100%)	Dormant
London and Kent Newspapers Limited	7,000 ordinary and 70,000 deferred shares of £1 each (100%)	Dormant
Surrey & Sussex Publishing Limited	2 ordinary shares of £1 each (100%)	Dormant
Horley Publishing Limited	1,000 ordinary shares of £1 each (100%)	Dormant
Teddington & Hampton Times Limited	125,000 ordinary shares of £1 each (100%)	Dormant
Putney & Wimbledon Times Limited	100 ordinary shares of £1 each (100%)	Dormant
Richmond & Twickenham Times Limited	100 ordinary shares of £1 each (100%)	Dormant
Wandsworth Borough News Limited	100 ordinary shares of £1 each (100%)	Dormant
Fish 4 Limited	8,118,935 ordinary shares of £1 each (21.58%)	Advertising

In addition the company is the beneficial owner of Newsquest (Kendal), a publishing company.

**NOTES TO THE ACCOUNTS**  
**52 weeks ended 30 December 2001**

**14. STOCK**

	2001 £'000	2000 £'000
Raw materials	-	1,430

**15. DEBTORS**

	2001 £'000	2000 £'000
<b>Due within one year</b>		
Trade debtors	3,726	2,723
Amounts owed by group undertakings	39,182	18,217
Corporation tax	24,980	1,639
Other taxation and social security	4,038	4,676
Other debtors	3,081	2,554
Prepayments and accrued income	262	116
	<u>75,269</u>	<u>29,925</u>

Included in other debtors is a deferred taxation asset which is recoverable in more than one year (see note 18).

**16. CREDITORS**

	2001 £'000	2000 £'000
<b>Amounts falling due within one year</b>		
Other loans	12,783	261
Trade creditors	5,524	1,281
Amounts owed to group undertakings	463,250	414,802
Other creditors	7,357	6,431
Accruals and deferred income	2,241	558
	<u>491,155</u>	<u>423,333</u>

**17. COMMITMENTS**

The company has annual commitments for non-cancellable operating leases as follows:

	Land and buildings		Plant and machinery	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
<b>Expiry of operating leases falling due</b>				
Within one year	6	-	10	15
In two to five years	26	33	17	26
In over 5 years	267	100	-	16

At 30 December 2001 the company had no capital commitments (2000 - £nil).



**NOTES TO THE ACCOUNTS**  
**52 weeks ended 30 December 2001**

**18. DEFERRED TAXATION**

	<b>£'000</b>
At 1 January 2001	2,480
Movement on deferred tax for the period	489
Utilisation	-
	<hr/>
At 30 December 2001	2,969
	<hr/>

The deferred tax asset is included in other debtors. The amounts of provided and unprovided deferred taxation can be analysed as follows:

	<b>Provided</b>	
	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Capital allowances in excess of depreciation	193	171
Other timing differences	2,776	2,309
	<hr/>	<hr/>
	2,969	2,480
	<hr/>	<hr/>

**19. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>£'000</b>
At 1 January 2001	571
Charge for the period	1,186
Utilisation	(70)
	<hr/>
At 30 December 2001	1,687
	<hr/>

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

**NOTES TO THE ACCOUNTS**  
**52 weeks ended 30 December 2001**

**20. CALLED UP SHARE CAPITAL**

	2001		2000	
	Number	£'000	Number	£'000
<b>Authorised</b>				
Ordinary shares of \$1 each	1,270	1	1,270	1
Deferred Ordinary shares of £1 each	200	-	200	-
1% First Cumulative Redeemable Preference shares of £1 each	325,000	325	325,000	325
1% Second Cumulative Redeemable Preference shares of £1 each	99,900	100	99,900	100
	<u>426,370</u>	<u>426</u>	<u>426,370</u>	<u>426</u>
<b>Called up, allotted and fully paid</b>				
Ordinary shares of \$1 each	1,270	1	1,270	1
Deferred Ordinary shares of £1 each	127	-	127	-
1% First Cumulative Redeemable Preference shares of £1 each	325,000	325	325,000	325
1% Second Cumulative Redeemable Preference shares of £1 each	99,900	100	99,900	100
	<u>426,297</u>	<u>426</u>	<u>426,297</u>	<u>426</u>

The deferred ordinary shares can be repurchased at the option of the company at any time for an aggregate consideration of £1 which shall be applied for the benefit of the company. The deferred ordinary shares are not entitled to any participation in the profits or the assets of the company, other than as indicated below. The deferred ordinary shareholder has no right to receive notice of or attend and vote at any general meeting and shall only be entitled to participate in the assets of the company after the holders of every other class of shares in the capital of the company shall have received the sum of £10,000,000 in respect of each share held by them.

The Cumulative Redeemable Preference shares can be redeemed at the option of the company or the shareholder at any time on giving appropriate notice. A premium of 38.46p per share is payable on the redemption of the 1% First Cumulative Redeemable Preference shares. No premium is payable on the redemption of the 1% Second Cumulative Redeemable Preference shares. The 1% Second Cumulative Redeemable Preference shares cannot be redeemed while any 1% First Cumulative Redeemable Preference shares remain in issue. The Cumulative Redeemable Preference shareholders have no rights at any general meeting other than in special circumstances and on a winding up are entitled to receive their nominal value and premium prior to ordinary shareholders.

**21. RESERVES**

	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000
At 1 January 2001	50,418	1,907	104,067
Loss for the period	-	-	(57,459)
At 30 December 2001	<u>50,418</u>	<u>1,907</u>	<u>46,608</u>

**NOTES TO THE ACCOUNTS**

**52 weeks ended 30 December 2001**

**22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2001 £'000	2000 £'000
Profit for the financial period	69,328	34,317
Ordinary dividend	(126,783)	(49,996)
Non-equity dividend	(4)	(4)
<b>Net reduction in shareholders' funds</b>	<b>(57,459)</b>	<b>(15,683)</b>
Opening shareholders' funds	156,818	172,501
<b>Closing shareholders' funds</b>	<b>99,359</b>	<b>156,818</b>

**23. PENSION SCHEMES**

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 30 December 2001. 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 £265,000 (2000 - £319,000).

**24. 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.

**25. 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., 7950 Jones Branch Drive, McLean, Virginia 22107. The annual report and consolidated financial statements of Gannett U.K. Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.