

The Press Association

The UK leader in news and sports information

Annual Report 2001



News • Sport • Weather • Politics • Showbusiness • Photos • Graphics • Features • TV Listings • Event Guides • Audio
Video • Digital Content • Contract Publishing • Text Services • News Archives • TELEVISION • Racing and Betting
Services • Copytaking • Media Distribution Services • Media Training • Response and Fulfilment Services • News
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Event Guides • Audio • Video • Digital Content • Contract Publishing • Text Services • News Archives • Racing

Financial Highlights and Key Events 2001

- The Press Association again reports a record trading result
- Group turnover on continuing operations increased by **16%**
- Group operating profit, including joint ventures, of **£6.5m** (2000: £5.3m)
- Dividend of **£20m** paid during the year in respect of capital gains
- Trading dividend proposed of **£4m** - up by a third on prior year
- Investment totalling **£10m** commenced in respect of editorial IT system and new northern headquarters

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Your questions answered

Q *What is The Press Association?*

A *The Press Association is the national news agency for the UK and Ireland. We supply the media with real-time news and sports information and set the news agenda minute by minute. Our network of journalists produces 150,000 words of copy and more than 100 photographs every day.*

Q *What other services does The Press Association provide?*

A *In addition to our core news and photographic content - which covers local and national news, sport, politics, royalty and entertainment - we also offer many business-to-business services including weather forecasting, contract publishing, host photography, picture distribution, copytaking, audio and video production and response and fulfilment services.*

Q *Who are The Press Association's customers?*

A *Along with every national and regional daily newspaper, our customers include television and radio broadcasters, websites, mobile communication companies, government organisations and blue-chip companies - anyone who needs our content and media services.*

Q *When was The Press Association established?*

A *We were founded in 1868 by a group of regional newspaper owners who wanted to form a collective London-based news reporting service with correspondents in all major towns. An accurate and reliable news service would be simultaneously supplied to all the regions, sharing resources and keeping costs low.*

Q *Who owns The Press Association today?*

A *The Press Association is a private company with 27 shareholders, most of whom are national and regional newspaper publishers. Our biggest shareholders are Trinity Mirror plc, United Business Media plc, Associated Newspaper Holdings Limited and News International plc.*

Q *What are the guiding principles of The Press Association?*

A *The Press Association's core values of speed, accuracy and impartiality have remained constant across three centuries of reporting.*

Our History Drives Us Forward

Formed in 1868 by a group of regional newspaper proprietors, The Press Association is proud to be the UK's leading provider of news and sport information.

This has been achieved by a bedrock belief in the organisation's core values of speed, accuracy and impartiality combined with an unrivalled determination to respond to the constantly changing needs of our customers.

We believe that our people are the best in the industry and the single most important factor for success. The best people should have the best tools at their disposal. In the last two years we have invested substantially in facilities and systems to ensure that we continue to deliver the ultimate in real-time news and sports information to our many customers in the publishing, broadcast and electronic media.

We have made major strides forward this year on our long term strategy

Chairman's Statement

Building on record results in 2000, The Press Association has again produced an outstanding performance, with group operating profit including joint ventures rising to £6.5 million, an increase of 21%.

Results and Dividends

The company made an operating profit of £5.2 million on continuing operations (2000: £4.8 million) on turnover of £52.3 million (2000: £44.9 million).

The Agency business produced a margin of 3.8% (2000: 10.0%) on profits of £0.6 million (2000: £1.6 million). The decline in profitability reflected the general economic climate. In addition, the cost of the General Election coverage added significantly to expenditure.

Enterprises achieved profits of £5.9 million (2000: £3.8 million) representing a profit margin of 12.7% (2000: 8.9%).

Profits on continuing operations increased to £7.6 million (2000: £6.2 million), a margin of 16.4% (2000: 15.9%), with revenues increasing by 18% despite the pressures caused by the deteriorating dot.com market.

The company's joint venture, Canada NewsWire Ltd (CNW), performed well in light of a weakening North American economy and the effects of the events on September 11th. The group share of profits in CNW, at £2.9 million, equalled that reported in 2000. Two-Ten Communications Limited, the Wetherby-based response and fulfilment business, more than doubled profits to £283,000 (2000: £115,000) and has established significant new revenue from The Press Association's newspaper and sports business customers.

In December the company paid a second dividend in respect of the prior year sale of Ananova Limited. This brought the total distributed to shareholders in respect of this transaction to £45 million. A further and final payment of £20 million is anticipated in

December 2002. I am also pleased to propose a final dividend of £4 million in respect of 2001 trading, an increase of £1 million over the 2000 trading dividend.

Review

We have made major strides forward this year on our long-term strategy. The company remains committed to providing outstanding value to its core editorial Agency customers and returns to shareholders by continued development of the higher margin Enterprises activity. Indications from Agency customers are that the service continues to be held in high regard while the continued growth in operating profit, over 90% of which is now generated by the Enterprises activity, provides a secure future for the company.

In March 2001 the company acquired the remaining 56% of the shares in Racing Pages Limited - the market leader in the supply of page-ready racing and racecard information - and has now completed the integration of the company with the rest of The Press Association's racing business.

As outlined in the 2000 annual report, and in line with the strategy of concentrating on business-to-business activities, the group's share in PA Sporting Life Limited was put up for sale and the disposal was completed in October. The Press Association retains a valuable information supply agreement with Sporting Life under its new ownership.

Substantial progress is being made in both of The Press Association's major capital projects. The new editorial system is in development and detailed discussions have started with customers to ensure that the implementation is seamless as far as service provision is concerned. This system will enable delivery of a new generation of interactive products and organisational efficiencies for the Agency. Secondly, the

Sir Harry Roche

Chairman

company's new northern headquarters is now a major landmark in Howden and phase I is due for completion in July of this year.

In April 2002 the company completed the acquisition of International News Productions Limited, a provider of business-to-business video services, as part of its strategic intent to position The Press Association as a cross-platform news agency offering audio and video alongside the more traditional wire services.

The editorial independence of the company is essential if The Press Association's reputation for fast, accurate and impartial reporting is to be guaranteed. The board proposes to enshrine this independence into the fabric of the company and protect the agency against influences that could potentially arise if there were a change in ownership control. An Extraordinary General Meeting has therefore been called to make the necessary changes to the Memorandum of Association and shareholders are asked to support the resolution.

Outlook

2002 is proving to be challenging as the economic trends of the second half of 2001 persist. However, the board remains optimistic about the longer term and hopes to be able to continue with its current dividend policy.

Board Membership

As reported last year, both Alan Graham and Freddy Johnston left the board following the last AGM and Tim Bowdler (Chief Executive, Johnston Press plc) and Alan Crosbie (Chairman, Examiner Publications (Cork) Limited) took their places. I am also pleased to report that we have strengthened the board through the appointment of two new executive directors: Chris Buckley, Managing Director, PA Sport and Nick Teunon, Finance Director. Chris joined The Press Association in 1996 and

heads our fast growing Sport business while Nick joined the company in 2001 as Finance Director Designate and brings both quoted company and private equity experience to The Press Association. I believe the board will benefit greatly from these additions and resolutions ratifying these appointments will be presented to the Annual General Meeting.

Finally, I would like to thank my fellow non-executive directors for their help and guidance and to congratulate Paul Potts, his executive team and the staff throughout the group on the continuing excellent results being achieved. It is their dedication and effort that has further established The Press Association's reputation in its core agency market and enabled successful development of new commercial enterprises.

Sir Harry Roche

Chairman

• serving our

Overview

I am pleased to report that The Press Association made further and significant progress during 2001, despite deteriorating trading conditions towards the end of the year.

Following our record performance in the previous year, group turnover from continuing activities, excluding joint ventures, grew by 16% from £44.9 million to £52.3 million. The highlights of our performance included strong revenue growth, further cost efficiencies and a widening of our customer base.

Sports services once again led the way with revenues up by an impressive 86%. Other Enterprises areas increased revenues with photo syndication up by 19%, digital services by 12% and arts and entertainment listings by 11%.

During 2001 The Press Association also began to see the benefits of the board's strategic decision to develop its operations centre in Howden, East Yorkshire. This investment has not only enabled the company to grow, but also to do so from a lower and more competitive cost base. These factors helped the company to increase operating profit on continuing activities by 8% from the previous year - up from £4.8 million to £5.2 million.

However, in common with the whole media industry, revenues came under pressure in the second half of the year, particularly following the September 11th outrages in the USA. This, combined with the slump in the new media market, had an inevitable impact on our performance and the climate remained difficult for the rest of the year.

Nevertheless we were able to sustain our agenda for change and make further progress in developing The Press Association into a more broadly based, business-to-business media company.

Our strategic plan is based upon two separate but inter-dependent businesses sharing a common brand and operating within The Press Association group - the Agency and Enterprises. The Agency concentrates on delivering good value, high quality services to our traditional subscribers. The Enterprises division aims to drive additional revenues from new and growing markets. Long-term Agency contracts provide The Press Association with a solid revenue base whilst Enterprises is successfully widening our range of services and customers.

We acknowledge there is a long way to go before The Press Association can fully realise its potential, but I firmly believe that the foundations for future success have been well established in recent years and, given stable economic conditions, our ambitions are attainable.

A key aim is to reduce group dependency on Agency revenues. The year saw us make further strides towards achieving this objective. In 2000, 35% of group turnover came from Agency services. In 2001 that figure fell to 30%.

Enterprises

Sport remains central to our ambitions. The demand for real-time data and editorial is ever-growing and we have proved our ability to deliver increasing volumes of sporting information to a wide variety of media and commercial customers.

Our people, systems and approach
have delivered another good year in terms of serving our
customers and delivering returns for our shareholders

Chief Executive's Report

customers

The Press Association is forging close links with the governing bodies of sport in the UK as they increasingly look to manage the collection and commercial licensing of data.

In 2001, The Press Association signed an agreement with Football DataCo (the joint-venture company set up by the FA Premier League and Football League to manage its data rights) to be the official supplier of live match information for the English divisions and top flight Scottish football. This was followed by similar agreements with the British Greyhound Racing Board and the British Horseracing Board to be the official live data suppliers for their respective sports.

The company has continued to develop its international sports services and now has a team of reporters located across the world including all 51 countries within UEFA. The importance of sport is reflected in an annual revenue increase of 86%, as sport revenues have grown from £3.8 million to £7.1 million. This builds on the success of 2000, when revenues grew by 48%. We believe there is more to come as other agreements, particularly with governing bodies for the management and supply of data, are signed and begin to blossom.

PA Photos continued to grow in 2001. We signed agreements with a number of new international syndication partners and have expanded our presence into the United States, South America and Eastern Europe. Celebrity photography proved another growth area. We increased our supply of showbusiness pictures, both in the UK and abroad. Host photography and picture distribution for commercial customers has been similarly successful.

We are seeing increased demand from our customers for page-ready services and The Press Association is ideally placed to further develop its contract publishing division. In 2001 we signed contracts to produce Hello! magazine's '7' section (including the supply of features and photographic content) and The Sunday Business newspaper, which successfully re-launched as The Business.

In an agreement which Editor-in-Chief of The Business, Andrew Neil, described as "the template for the future", The Press Association has taken over page production of the whole newspaper, in addition to supplying the wire service. The Business and its sister newspaper The Scotsman have moved editorial teams into our London headquarters, joining a number of other media tenants, including Television News Release Limited, na europe and Taylor Nelson Sofres plc.

During the year we saw an increase in the number of companies using our commercial UNS wire to distribute press releases and we are now looking at ways of developing a range of services to enhance the flow of information between the PR community and journalists.

To this end, the UNS wire - renamed Mediapoint - is being developed to offer more flexibility to customers and powerful web applications, integrating text, pictures, video and audio, are being built. These moves will help to grow the number of our media end-users far beyond our traditional wire subscribers, enabling The Press Association to establish a central position in the industry.

The creation of a dedicated 24-hour customer services department underlines our strong commitment to clients

These key Enterprises areas - sports services, contract publishing, photos and media services - are the cornerstone of a changing Press Association. We believe that they offer the opportunity for substantial growth and a more diversified company.

Agency

While the expansion of Enterprises continues to build the company, the wire service remains the foundation upon which everything is built. Excellent journalism is - and will always be - fundamental to all that we do. The Press Association is dedicated to delivering first class news, pictures and sports information.

To further enhance our services, we appointed The Press Association's first Los Angeles based reporter in addition to our New York reporter. We also introduced a stronger UK regional news wire and supplied more sports pictures to provide full coverage of all FA Premier League matches. The newsroom continues to polish the wire in response to customers' requests.

Customers and People

To sustain our role at the centre of the media industry, The Press Association recognises the need for top class customer care. To ensure the service remains relevant and in tune with the needs of subscribers, we hold regular review meetings to gain their feedback and suggestions. The creation of a dedicated 24-hour customer services department in Howden has underlined this commitment.

Ensuring our customers make the best use of all our services is an important message to the industry. It enables them to free up resources and concentrate on making their products distinctive and successful. For example, our centralised copytaking service, PA CopyDirect, allows the industry to use a communal resource and by doing so reduce costs. A 95-strong team of excellent copytakers, based in Leeds and Howden, provides a 365 day-a-year service for all UK national newspapers together with an increasing number of regional publications.

None of our achievements would have been possible without the enormous dedication of our staff. They have shown flexibility and a 'can do' attitude which is a credit to themselves, the company and the industry.

We are committed to building on our staff's existing skills through a training programme which we believe is second to none in the media industry. It has enabled us to find and develop talented people in all areas of our business. We are now in a much stronger position to offer clear career paths within the company and hopefully to retain more of our home grown talent. However, we also recognise that given the quality of our staff and their natural ambition to widen their careers, they will continue to be in demand by the rest of the industry.

Group Performance

Two-Ten Communications - our Wetherby-based response and fulfilment business - had a record year with turnover increasing 15% to £4.8 million. Much of the increase comes from existing customers and has been generated by moving the business closer to The Press Association brand, particularly in sport.

Canada NewsWire, The Press Association's 50% owned Canadian news release business, performed well in a year that saw the North American economy move into recession. Increasing market share limited the year-on-year revenue decline to only 2% in local currency terms with pre-tax profits 3% lower. Favourable exchange rate movements contributed to pre-tax profits of £2.9 million for the year, equalling pre-tax profits in 2000. At the time of writing the outlook for 2002 remains uncertain and next year's results will clearly be influenced by the speed of recovery in the USA.

The Press Association's weather forecasting business, PA WeatherCentre, a joint venture with MeteoConsult, has made significant inroads into the UK weather report markets and for the first time moved into profit. Whilst continuing to supply the print

media with page-ready weather panels, the business has also seen an increase in demand for RoadCast, its specialist service for winter road maintenance. Toward the end of last year PowerCast, a new weather forecasting service for energy operations, was launched. We are confident of achieving further improvement in this sector.

Investment

The board is investing £10 million in our purpose built operations centre in Howden and our new multi-media editorial system, which is due to be introduced this summer. The editorial system, Jazbox, will bring together all of The Press Association's editorial services on to a common platform. It will allow us to deliver a simultaneous supply of editorial, data, pictures and audio to our customers and streamline many of our page production applications. It will also enable us to deliver a wider range of products more efficiently.

The first phase of the Howden building is due for completion in mid-2002 and the final phase the following year. When finished, the new Howden offices will house the entire sports operation (including the sports wire, sports data and sport international); the regional wire service; the page production department; the TV listings team; customer services; and a number of support functions such as IT and training. It will house up to 500 full and part time staff and has already helped to bring more than 400 new jobs to the area over the last two years.

As part of our restructuring programme we have continued to relocate services away from London. Our much-valued cuttings library, which contains a complete record of the events of the last century, has been moved to Leeds and our similarly-valued picture library will follow. However, London will remain the corporate HQ and heart of our news and picture gathering operation.

The Press Association continues to change and develop while respecting the principles of its founders. While upholding these

values we strive to run a commercially sound organisation that brings reward to our staff, relevance to our customers and value to our shareholders. Our mission was best summed up recently by former Editor of The Observer, Donald Treford, who described The Press Association as "Idealism and profits - a rare combination these days".

The Outlook

Although economic conditions remain tough and revenues have been under pressure in the first months of 2002, we share in the hope that the second half of the year will see markets improve. I believe The Press Association has performed well despite these difficulties and ended the year in good shape. Given some upturn and ongoing success in developing our Enterprises division, I am optimistic that we will be able to report further progress next year.

Finally I would like to thank our customers for their support, the board for its confidence and encouragement and our staff who continue to drive The Press Association forward with their talent and energy.

Paul Potts

Chief Executive and Editor-in-Chief

our people

Review of Operations

Central to the success of The Press Association is the quality of our people. We have always been able to attract some of the best in the media industry. Today we are privileged to have a wealth of talent who understand the ethos of the business and the quality of service we strive to provide to our customers.

are the best

editorial

The Press Association prides itself on the quality of its journalism - editorial excellence is paramount to everything we do.

News stories written by our journalists are transmitted on the wire to media newsrooms around the UK and Ireland. The stories we transmit are the items that will make today's news headlines and the pages of tomorrow's newspapers, covering general news, sport, politics, royalty and entertainment. We accompany our editorial with a daily stream of complementary news photographs taken by our network of photo-journalists and our news reporting covers breaking stories to in-depth topical reports.

In addition to the wire services, our editorial teams sub-edit the main news copy to produce tailored packages for websites, mobile phones and Teletext. However, our editorial operation extends beyond pure news reporting. We produce a wide array of feature content every week, from horoscopes and crosswords to gardening, motoring and health features.

Accuracy and integrity are the central tenets of The Press Association. We concentrate on source journalism and reporting the facts.

People trust The Press Association. The government and the Royal Family often release news to us and many politicians, business leaders and celebrities are comfortable speaking to our reporters. Earlier this year, The Press Association was given exclusive access to interview Prince William and Prince Harry, following the death of the Queen Mother. The interview was syndicated on the wire to all our subscribers, securing widespread coverage across the media.

The Press Association covered many major events in 2001. For much of the year, the news agenda was dominated by the Foot-and-Mouth crisis, with such serious implications that the General Election was postponed. The Press Association's expanded team of regional reporters, located throughout the UK and Ireland, provided detailed reports and comment from the countryside as the crisis took hold.

The decision to appoint our first New York reporter proved invaluable on September 11th when the World Trade Centre catastrophe occurred. Our reporter provided eye-witness accounts of the horrifying events, filing copy for The Press Association news wire within minutes of the attacks occurring.

Accuracy and integrity
are the guiding principles of our journalism

excellence

The Press Association provided blanket coverage of two of the year's biggest court cases - the Jeffrey Archer trial and the Jill Dando murder trial. In addition to reporting the daily events from court, we also provided full background of the trials together with analysis of the legal proceedings.

In 2001 Virgin Books published a detailed history of The Press Association. Written by our renowned former political editor, Chris Moncrieff, "Living On a Deadline" described the changing face of The Press Association since its establishment in 1868. Although the stories change from day-to-day, and technology allows us to deliver information faster and to more platforms than ever before, the fundamental principles of The Press Association remain the same - fast, accurate and impartial reporting.

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The Press Association Annual Report 2001

The Press Association's
Northern Editor Peter Beal,
together with a group of trainees

The Press Association is regarded as one of the best training grounds in the industry due to our much admired formal training scheme and the influence of working with highly-talented and experienced people

superb training

Few initiatives have done more to stimulate and build the modern Press Association than our training programme. In 2001, we enlisted 30 people on to our graduate scheme, a three-year, tailored programme of on-the-job training across different parts of the business. Many of these trainees already had some relevant experience and qualifications but, most importantly, combined this with talent, enthusiasm and a drive to succeed. Our scheme is considered to be one of the best of its kind and our employees continue to be held in high regard.

Ju-Lin Tan joined The Press Association in July 2000 as a news trainee and is currently working as a regional reporter out of our Leeds bureau. When she first joined The Press Association, Ju-Lin spent six months in London on the news desk, 12 weeks on the picture desk and a further 12 weeks reporting for our regional news wire. She also spent some time court reporting, with two-week spells at the Old Bailey, Crown Courts and the High Court. This experience proved valuable for Ju-Lin as she was sent to help cover the Selby Rail Crash trial for The Press Association at the end of last year. In addition to hard news gathering, Ju-Lin has also interviewed figures in the world of politics and showbusiness, including London Mayor Ken Livingstone, comedian Frank Skinner and actress Claire Sweeney.

Fellow trainee Vanessa O'Loughlin spent her first year as a general news trainee but has chosen to specialise in production journalism. Working in the page production department in Howden, Vanessa is responsible for making up many of the hundreds of regional and

national newspaper pages that The Press Association delivers to its customers every week. Her tasks range from sub-editing text and writing headlines to selecting pictures, while ensuring she meets the style guidelines of each individual newspaper. Vanessa says she enjoys the adrenaline rush of meeting daily deadlines and has learnt a great deal about the intricacies of newspaper production.

Sports reporter Alastair Moffitt is in his second year of the training programme. Unlike Ju-Lin and Vanessa, who joined The Press Association straight from college, Alastair was already working part-time in the sports department before joining the training scheme. One of his managers, spotting Alastair's potential, suggested he apply for the training programme. Since joining the scheme, Alastair has spent most of his time on the sports desk, writing and sub-editing news stories for all sports, particularly motor sport. In 2001 he covered the British Touring Car Championships, visiting all the circuits, and this year will be going to Holland to cover the World Superbikes.

We have established a dedicated training centre in Howden which provides a facility for all our staff to develop their existing skills and learn new ones, such as audio production. We have forged a close partnership with the East Coast Media Centre (part of Grimsby College) and have enrolled a number of our existing employees, who wish to learn production journalism, on to an NVQ day-release course. We continue to maintain close links with Sheffield University, Leeds University Business School and the University of Central Lancashire.

real-time

In today's information-hungry world, technology allows us to deliver content in an instant to a variety of platforms. As well as TV, radio and newspapers, information can be accessed on the Internet, mobile telephones and handheld devices. The Press Association serves all these media outlets, distributing information by satellite, ISDN and XML feeds.

Whether it's the latest football scores, lottery results, court verdicts, travel alerts, weather reports or the news as it breaks, The Press Association is supplying information faster than ever before, keeping people informed at home, in the office or on the move.

Every week, The Press Association sources scores, updates and results from sports events around the UK and abroad. It is information provided by The Press Association that powers the BBC 'Vidprinter', the running scores on Sky Sports 'Soccer Saturday' and the Teletext sports pages, as well as radio programmes and hundreds of betting shops around the UK and Ireland.

Last year The Press Association launched its Football Live service, following a successful season-long trial. The agency employs a team of ex-professional footballers who report from

the ground on matchdays, relaying the information as it happens, by mobile telephone, to the sports team in Howden. Using the latest point-and-click software, we process this information in real-time and deliver it to our customers. Within seconds of the ball hitting the back of the net, the media know who scored, how they scored and where from, all thanks to The Press Association.

Using this technology, we can provide Short Messaging Services (SMS) for mobile phones and real-time, running reports of matches for the Internet. The BBC is now broadcasting live match text commentaries on its website (www.bbc.co.uk/football), so that fans around the world can keep up to date with the action as it happens.

Following the success of Football Live, The Press Association has introduced similar services for rugby and cricket and we are also gathering and distributing official live race-day information for UK horseracing and greyhound racing.

However, it's not only sports fans who need instant information - the fast paced world of politics is also served by The Press Association.

We continue to develop information
gathering and distribution systems
that deliver news and sport as it happens

delivery

In 2001, we provided our fastest and most comprehensive coverage ever of the General Election campaign and results. With an expanded team of regional reporters, photographers and political commentators we provided results from all constituencies in real-time to more platforms than ever before. Our General Election service was four years in preparation. Specially designed software allowed us to provide reports in an instant. Our journalists fed the results into a central database, which also held historical election information. This data allowed us to produce instant formatted results packages for our media customers.

Whether it's the minute-by-minute delivery of breaking news to the UK media or special reporting of showpiece events, The Press Association is on hand to deliver the fullest, fastest coverage.

truly

multimedia

We feed news and information
in user-ready formats to all
traditional and new media simultaneously

News reporting has always been at the heart of The Press Association's business, but today our provision of news is far greater than just words and pictures. As the media available for news delivery has expanded, we are now providing our customers with not only text, but also video, audio and a wider range of photos and graphics.

Our network of talented photographers provides comprehensive pictorial coverage of the day's news stories. More than 700 pictures are taken each week covering every major news event and story, from pictures of a flood-stricken Britain and Tony Blair visiting farms hit by Foot-and-Mouth disease, to the Oscar winners and David Beckham celebrating his World Cup qualifying goal against Greece.

The growth of the Internet as an information platform has taken news to a new level. Many Internet sites now use audio reports, recorded by The Press Association, to enhance their news and sport output. Our recordings are a mixture of live event coverage, interviews and reports, and over the last year included Jeremy Hardy describing Israeli gunfire in the West Bank, Paul McCartney's reaction to George Harrison's death and the Archbishop of Canterbury's sermon at the Queen Mother's funeral. These clips can be found on sites such as Guardian Unlimited, voice portal eckoh and European ISP Tiscali.

Visual and audio elements are brought together by The Press Association's TV and Radio News team. Our TV crews cover news events across the country for both British and foreign TV companies. In the past year our broadcasters followed the Kilshaws' High Court Internet adoption battle, filmed Nelson Mandela's visit to 10 Downing Street and witnessed the launch of pop group Hear'Say. Our London TV studio was used to conduct a live two-way interview with West Ham star Paolo di Canio and an Italian TV station after his goal knocked Manchester United out of the FA Cup.

The implementation in 2002 of the new Jazbox editorial system will allow The Press Association to develop its multimedia capabilities even further. The new system will bring text, photos, graphics, page-ready material, audio and video together on to a single user interface, creating the newsroom for the 21st Century. Our journalists will be able to file material in all formats, wherever they are located, allowing more efficient, co-ordinated coverage of the news delivered straight to our customers' editorial systems. We are offering content in this wide range of formats to meet the needs of the different media our clients work with. Our aim is to make The Press Association a truly complete cross-platform news agency.

The trust that customers have in The Press Association has led to us providing a much wider range of services to our clients in a variety of ways

expanding services

The Press Association was founded on the principles of working together and serving the needs of our subscribers and these values are still of central importance to our business. Today, our customers are looking to us to provide them with more than the news and we have responded by offering a range of services to assist our customers with their day-to-day operations.

The growth of our contract publishing and page-ready division reflects the increasing demand from our customers to outsource specific areas of their operations and concentrate on adding value to their publications. In the past year we have taken on the production of Sport First, The Business and part of the '7' section in Hello!, as well as a growing number of formatted news, sports, finance and television pages.

Our agreement with weekly celebrity magazine Hello! broke new ground for The Press Association. Every week our feature writers, photographers and production staff produce complete pages on property, interiors, music, shopping, events, books, films and videos. Sport First, the UK sports newspaper, is also produced entirely by The Press Association, not just the page-setting but also features, news, reports, statistics, photography and sub-editing. In contrast, we are involved purely in the layout, design and sub-editing of The Business, with editorial written by the newspaper's in-house staff.

Based in Leeds, our Editorial Support Services division takes The Press Association's supporting role even further. Our CopyDirect team provides a centralised copytaking service for all the national newspapers and a number of regionals, using the principle that working together will provide a more efficient and reliable service. We also have a comprehensive news library of 14 million cuttings and a photo archive of six million images, many stored online, together providing a historical record of news and events from the beginning of the 20th century to the present day. Our archives are used by journalists and picture editors for researching and illustrating news, features and in-depth articles as well as a wide range of other customers looking for information and images.

As our services are expanding, so is our customer base. We now work with a large number of companies, apart from our media customers, who realise that The Press Association can support their business activities. Our breaking news feed is received in corporate and government press offices and PR agencies, via our internet-based NewsFile service. Many PR and marketing teams also use our Picselect website to distribute their publicity photos to a worldwide media audience. Our press release distribution system is also growing and we now hold the contract to distribute all government press releases via our wire.

The Board of Directors

1 Sir Harry Roche (68)

Chairman

Joined the board in 1988. (a) (b) (c)

2 Paul Potts (52)

Chief Executive and Editor-in-Chief

Appointed to the board and joined
The Press Association in 1995.

3 Tim Bowdler (54)

Joined the board in 2001.

Chief Executive, Johnston Press plc. (a)

4 Steven Brown (48)

Managing Director

Appointed to the board in 1996.

Joined The Press Association in 1995.

5 Chris Buckley (40)

Managing Director, PA Sport

Appointed to the board in 2002.

Joined The Press Association in 1996.

6 Alan Crosbie (47)

Joined the board in 2001.

Chairman, Examiner Publications
(Cork) Limited. (a)

7 Philip Graf (55)

Rejoined the board in 2000. Chief

Executive, Trinity Mirror plc. (a) (c) (d)

8 Charles Gregson (54)

Joined the board in 2001. Executive

Director, United Business Media plc. (a)

9 Les Hinton (58)

Joined the board in 1996. Executive

Chairman and Chief Executive Officer,
News International plc. (a) (b) (d)

10 Murdoch MacLennan (53)

Joined the board in 1998. Managing

Director, Associated Newspapers
Limited. (a) (b) (d)

11 Nick Teunon (36)

Finance Director

Appointed to the board in 2002.

Joined The Press Association in 2001.

Non executives (a)

Remuneration committee (b)

Audit committee (c)

Nominations committee (d)

Report of the Directors

The directors present their annual report together with the financial statements of the company and the group for the year ended 31 December 2001.

Principal activities and business review

The activities of the group remain principally those of providing news and information to the media and other customers. A review of the business is contained in the Chairman's statement and Chief Executive's report.

On 19 March 2001 the company acquired the remaining 56% share of Racing Pages Limited for a cash consideration of £1.4 million. On 12 October 2001 the group sold its 50% interest in its joint venture PA Sporting Life Limited for a cash consideration of £1.

Post balance sheet event

On 10 April 2002 the group acquired the entire share capital of International News Productions Limited for an initial cash consideration of £250,000 with a further payment of £250,000 contingent upon the achievement of future profit targets. The acquisition is discussed in detail in the Chairman's statement.

Results and dividend

The profit for the financial year was £7,145,000 (2000 restated: £71,021,000). It is recommended that a final dividend of £4 million, 50.21 pence per share (2000: £3 million, 37.66 pence per share) is paid in addition to the interim dividend of £20 million, 251.10 pence per share (2000: £25 million, 313.87 pence per share) and that the resulting sustained loss of £16,855,000 is deducted from reserves (2000 restated: £43,021,000 transferred to reserves).

Directors

The following were directors of The Press Association during the period:

Sir Harry Roche
 Mr TJ Bowdler (appointed 10.05.01)
 Mr SJ Brown
 Mr C Buckley (appointed 01.01.02)
 Mr GA Crosbie (appointed 10.05.01)
 Mr CP Graf
 Mr EA Graham (resigned 10.05.01)
 Mr CH Gregson (appointed 25.01.01)
 Mr LF Hinton
 Mr FPM Johnston CBE (resigned 10.05.01)
 Mr M MacLennan
 Mr CP Marshall (resigned 30.01.01)
 Mr PJ Potts
 Mr NJ Teunon (appointed 01.01.02)

In accordance with the Articles, resolutions ratifying the appointments of Mr Buckley and Mr Teunon will be presented at the Annual General Meeting.

Directors' interest in shares

According to the register required to be kept by the company under Section 325 of the Companies Act 1985, none of the directors had interests in shares of the company or its subsidiaries at any time during the financial year.

22 Report of the Directors

The Press Association Annual Report 2001

Employees

Under the group's general policy of decentralised management, it is the responsibility of the management in each subsidiary to encourage the involvement and participation of employees in their companies. Staff are directly involved, through their elected representatives and alongside senior management, in staff forums at each of the group's main sites. It continues to be group policy to provide equal opportunities for employment, training and career development for all employees. The policy for the employment of the disabled is that full and fair consideration should be given to their aptitudes and abilities. Copies of the annual report are available to all employees. Staff are also involved, through their elected representatives, in the conduct of the group's main pension scheme.

Contracts

The nature of the share ownership of The Press Association means that there are commercial relationships between the group and its shareholders. Some members of the board are also directors of shareholder companies. The board has established rules to deal with conflicts of interest when they arise, and in such situations the director withdraws from the meeting while the particular matter is discussed. In the board's opinion, there are no contracts with customers in which the directors have a personal interest that require disclosure in the financial statements.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year in accordance with applicable United Kingdom accounting standards which give a true and fair view of the affairs of the company and the group as at the end of the financial year and of the profit or loss and cash flows of the group for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- followed applicable United Kingdom accounting standards.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the United Kingdom Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of The Press Association website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the board on 25 April 2002



Richard Marjoribanks
Secretary

Independent Auditors' Report to the Shareholders of The Press Association Limited

We have audited the financial statements which comprise the Group Profit and Loss Account, the Balance Sheets, the Group Cash Flow Statement, the Statement of Total Group Recognised Gains and Losses and the related notes.

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.

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.

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 1985. We also report to you if, in our opinion, the Report of the Directors 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. The other information comprises only the Chairman's statement, the Chief Executive's report and the Report of the Directors.


Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company and the group at 31 December 2001 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

25 April 2002

Group Profit and Loss Account

for the year ended 31 December

	Notes	2001 continuing £000	2001 discontinued £000	2001 total £000	2000 continuing £000 restated	2000 discontinued £000 restated	2000 total £000 restated
Turnover: group and share of joint ventures	1	61,655	129	61,784	54,687	3,012	57,699
Less: share of joint ventures' turnover		(9,399)	(129)	(9,528)	(9,798)	(81)	(9,879)
Group turnover		52,256	—	52,256	44,889	2,931	47,820
Other operating income	2	1,526	—	1,526	1,066	—	1,066
		53,782	—	53,782	45,955	2,931	48,886
Staff costs	2	(29,293)	—	(29,293)	(25,781)	(1,711)	(27,492)
Depreciation	2	(3,012)	—	(3,012)	(2,951)	(89)	(3,040)
Other operating charges	2	(16,294)	—	(16,294)	(12,375)	(1,451)	(13,826)
Operating profit/(loss)	1,3	5,183	—	5,183	4,848	(320)	4,528
Share of operating profit/(loss) in joint ventures	5	2,985	(1,702)	1,283	2,931	(2,134)	797
Operating profit/(loss) including joint ventures	1	8,168	(1,702)	6,466	7,779	(2,454)	5,325
Profit on sale of subsidiaries	25			847			84,229
Loss on sale of interest in joint ventures	25			(25)			—
Goodwill reinstated on sale of interest in joint ventures	25			(82)			—
Net loss on sale of interest in joint ventures				(107)			—
Interest receivable	6			2,956			3,806
Interest payable				(160)			(19)
Profit on ordinary activities before tax				10,002			93,341
Tax on profit on ordinary activities	7			(2,857)			(22,320)
Profit for the financial year				7,145			71,021
Dividend	8			(24,000)			(28,000)
(Sustained loss)/retained profit for the financial year	19			(16,855)			43,021

Statement of Total Group Recognised Gains and Losses

for the year ended 31 December

	Notes	2001 £000	2000 £000 restated
(Sustained loss)/retained profit for the financial year	19		
Group		(17,417)	43,399
Share of profit/(loss) in joint ventures		562	(378)
		(16,855)	43,021
Goodwill reinstated on sale of interest in joint ventures	25	82	—
Unrealised surplus on revaluation of property	9	618	—
Currency translation difference on investment in joint venture	11	(97)	64
Total recognised (losses)/gains relating to the year		(16,252)	43,085
Prior year adjustment	19	2,139	
Total losses recognised since last annual report		(14,113)	

Group Balance Sheet

as at 31 December

	Notes	2001 £000	2001 £000	2000 £000 restated	2000 £000 restated
Fixed assets					
Tangible assets	9		23,531		21,154
Intangible assets	10		1,227		—
Investment in joint ventures	11				
Share of gross assets		3,370		4,184	
Share of gross liabilities		(1,348)		(5,770)	
		2,022		(1,586)	
Loans		210		3,020	
			2,232		1,434
			26,990		22,588
Current assets					
Stocks			47		67
Debtors	13				
Amounts falling due within one year		10,593		9,194	
Amounts falling due after more than one year		14,500		14,500	
			25,093		23,694
Short term deposits			37,301		62,476
Cash			2,926		253
			65,367		86,490
Creditors					
Amounts falling due within one year	14		(28,974)		(29,162)
Net current assets			36,393		57,328
Total assets less current liabilities			63,383		79,916
Provisions for liabilities and charges	16		(408)		(689)
Net assets			62,975		79,227
Capital and reserves					
Called up share capital	17		7,965		7,965
Property revaluation reserve	18		618		—
Profit and loss account	19		54,392		71,262
Equity shareholders' funds	20		62,975		79,227

These financial statements were approved by the board on 25 April 2002.



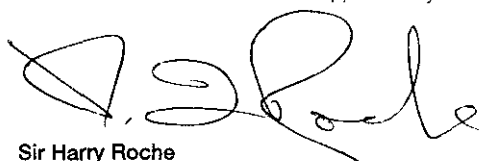
Sir Harry Roche
Director

Company Balance Sheet

as at 31 December

	Notes	2001 £000	2000 £000 restated
Fixed assets			
Tangible assets	9	16,567	15,055
Investments	12	63,700	78,700
		80,267	93,755
Current assets			
Debtors	13		
Amounts falling due within one year		4,196	6,327
Amounts falling due after more than one year		14,500	14,500
		18,696	20,827
Short term deposits		37,301	63,043
Cash		1,251	17
		57,248	83,887
Creditors			
Amounts falling due within one year	14	(28,953)	(30,316)
Net current assets		28,295	53,571
Total assets less current liabilities		108,562	147,326
Provision for liabilities and charges	16	(328)	(520)
Net assets		108,234	146,806
Capital and reserves			
Called up share capital	17	7,965	7,965
Property revaluation reserve	18	618	—
Profit and loss account	19	99,651	138,841
Equity shareholders' funds	20	108,234	146,806

These financial statements were approved by the board on 25 April 2002.



Sir Harry Roche
Director

Group Cash Flow Statement

for the year ended 31 December

	Notes	2001 £000	2000 £000
Net cash inflow from operating activities	22	7,333	6,464
Dividends from joint ventures		1,045	1,330
Net return on investment and servicing of finance	23	2,799	3,453
Tax paid		(16,467)	(9,846)
		(5,290)	1,401
Capital expenditure			
Payments for tangible fixed assets		(4,764)	(3,240)
Receipts from sale of tangible fixed assets		21	42
		(4,743)	(3,198)
Acquisitions and disposals			
Sale of subsidiaries	25	(2,550)	75,013
Net cash sold with subsidiaries		—	(1,401)
Purchase of subsidiaries	26	(1,215)	—
Net cash acquired with subsidiaries	26	185	—
Sale of interest in joint ventures	25	(261)	—
Payments in respect of joint ventures		(1,222)	(1,800)
		(5,063)	71,812
Equity dividends paid		(7,406)	(40,000)
Net cash (outflow)/inflow before management of liquid resources and financing		(22,502)	30,015
Management of liquid resources			
Movement in short term deposits	24	25,175	(29,486)
Financing			
Redemption of loan stock		—	(277)
Increase in cash	24	2,673	252
Reconciliation of net cash flow to movement in net funds			
Increase in cash	24	2,673	252
(Decrease)/increase in short term deposits		(25,175)	29,486
(Decrease)/increase in net funds		(22,502)	29,738
Net funds at 1 January		62,729	32,991
Net funds at 31 December	24	40,227	62,729

Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. Certain comparatives have been restated to reflect the adoption of FRS 19, Deferred Taxation, the disposal of PA Sporting Life Limited and the revised segmentation of the group. Further details of the impact of adopting FRS 19 are shown in note 19.

Basis of consolidation

The group financial statements are a consolidation of the audited financial statements of the company and its subsidiaries, the principal ones of which are listed in note 12. No profit and loss account is presented for The Press Association Limited as provided by Section 230 of the Companies Act 1985.

Turnover

Turnover comprises sales of news and other information, new media services, and response and fulfilment services and is recognised as services are provided to customers.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision is made for deferred taxation resulting from timing differences between profits computed for taxation purposes and profits stated in the financial statements to the extent that there is an obligation to pay more tax in the future as a result of the reversal of those timing differences. Deferred tax assets are recognised to the extent that they are expected to be recoverable.

Depreciation

Depreciation of fixed assets is provided, from the date assets are acquired, on a straight line basis calculated to write off each asset over the term of its useful life, at the following rates:

Freehold premises	2%
Building plant and equipment	5% - 10%
Other equipment and motor vehicles	20% - 33%

Depreciation is not provided on investment properties. This treatment may be a departure from the requirements of the United Kingdom Companies Act concerning depreciation of fixed assets, however these properties are held purely for investment and the directors consider that systematic annual depreciation would be inappropriate. As disclosed further in note 9 this change in accounting policy is therefore necessary for the financial statements to give a true and fair view.

Joint ventures

Joint ventures comprise investments in undertakings where the group holds an interest on a long-term basis and jointly controls the commercial and financial policy of the venture with one or more other venturers under a contractual arrangement. The group share of the result of its investment in joint ventures is included in the consolidated profit and loss account. In the consolidated balance sheet the investment in the joint ventures is included as the group share of the net assets of the venture at the year end. On acquisition, the excess of the cost of the investment over the group's share of the net assets attributed to the holding is capitalised as goodwill and amortised over its useful life.

Foreign currencies

Assets and liabilities denominated in foreign currency are translated into sterling at the rate of exchange at the year end. Exchange differences arising from the restatement of the net investment in overseas joint ventures are taken directly to reserves. The trading results of overseas joint ventures are translated into sterling using the average exchange rate for the period and the difference in relation to closing rates is taken directly to reserves. All other currency differences are dealt with in the profit and loss account.

Pensions

The group operates a defined benefit scheme available to the majority of its employees, under which contributions are paid by group companies and employees to provide pension and other benefits expressed in terms of percentage of pensionable salary. The contribution payments made by the group are charged against profits on a basis that seeks to spread the cost over the average of the estimated working lives of all its contributing employees. The group also operates defined contribution schemes for a small number of senior employees.

Leasing

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Goodwill

Goodwill, representing the excess of cost over the fair value of assets acquired, is capitalised and amortised over 20 years, being the period that the directors estimate that the value of the underlying business acquired is expected to exceed the value of the assets acquired.

Investment properties

Investment properties are included in the balance sheet at their open market value at the balance sheet date on the basis of an annual valuation.

Notes to the Financial Statements

	Continuing £000	Discontinued £000	2001 Total £000	Continuing £000 restated	Discontinued £000 restated	2000 Total £000 restated
1. Segmental reporting						
Turnover including joint ventures						
Agency	15,503	—	15,503	15,613	—	15,613
Enterprises	46,152	129	46,281	39,074	3,012	42,086
Total	61,655	129	61,784	54,687	3,012	57,699
Group	52,256	—	52,256	44,889	2,931	47,820
Joint ventures	9,399	129	9,528	9,798	81	9,879
Total	61,655	129	61,784	54,687	3,012	57,699
Operating profit/(loss) including joint ventures						
Agency	588	—	588	1,560	—	1,560
Enterprises	7,580	(1,702)	5,878	6,219	(2,454)	3,765
Total	8,168	(1,702)	6,466	7,779	(2,454)	5,325
Group	5,183	—	5,183	4,848	(320)	4,528
Joint ventures	2,985	(1,702)	1,283	2,931	(2,134)	797
Total	8,168	(1,702)	6,466	7,779	(2,454)	5,325

The Agency segment of the business represents the core subscription-based news and sports wire service supplied to the traditional newspaper and broadcast markets on a non-exclusive communal basis. Enterprises covers the other products and bespoke services including sports data services, photo syndication, editorial services and includes the group's response and fulfilment business along with the joint ventures.

Discontinued operations relate solely to PA Sporting Life Limited.

	Continuing £000	Discontinued £000	2001 Total £000	Continuing £000	Discontinued £000	2000 Total £000
2. Staff costs, depreciation and other operating income and charges						
Wages and salaries	26,050	—	26,050	22,832	1,533	24,365
Social security costs	2,136	—	2,136	1,804	117	1,921
Other pension costs	1,107	—	1,107	1,145	61	1,206
Total	29,293	—	29,293	25,781	1,711	27,492
Depreciation	3,012	—	3,012	2,951	89	3,040
Other operating income	1,526	—	1,526	1,066	—	1,066
Other operating charges	16,294	—	16,294	12,375	1,451	13,826

Notes to the Financial Statements

	2001 £000	2000 £000
3. Operating profit		
Operating profit is stated after charging		
Group audit fee	45	41
Company audit fee	10	10
Payments to the auditors for non-audit services	66*	62*
Operating lease rentals		
- land and buildings	672	659
- motor vehicles and other equipment	387	307
Amortisation of goodwill	47	—
Loss on sale of tangible fixed assets	2	387

* a further £17,000 (2000: £1.6 million) is included against profit on sale of investments.

	2001 £000	2000 £000
4. Directors and employees		
Group emoluments of the company's directors		
Aggregate emoluments	504	3,008
Amounts in respect of the highest paid director		
Emoluments	214	1,260

The highest paid director* had an accrued pension at the year end of £17,900 (2000: £86,000). Retirement benefits are accruing to two directors (2000: three) under defined benefit schemes and payments totalling £62,400 (2000: £20,100) were made in respect of two of these directors (2000: two) to a defined contributions scheme. Amounts include bonuses payable in respect of the profit on sale of subsidiaries in 2000 which have been charged against those profits in 2000 and 2001.

* The highest paid director in 2001 was a different director to that disclosed in 2000.

	2001 number	2000 number restated
Average number of directors and staff employed by the group during the year		
Agency	287	277
Enterprises	708	595
Central support	192	180
	1,187	1,052

	2001 £000	2000 £000
5. Income from interest in joint ventures		
Share of operating profit in joint ventures	1,283	797
The above results include		
Canada NewsWire Ltd		
Turnover	8,609	8,689
Profit before tax	2,892	2,868
Tax	(1,207)	(1,280)
Profit after tax	1,685	1,588
PA Sporting Life Limited		
Turnover	129	81
Loss before tax	(1,702)	(2,134)
Tax	482	133
Loss after tax	1,220	(2,001)

The share of operating loss in PA Sporting Life Limited relates to the period from 1 January 2001 to 12 October 2001, the date when the group sold its interest in the joint venture.

	2001 £000	2000 £000
6. Interest receivable		
Interest on deposits	2,956	3,806

	2001 £000	2000 £000 restated
7. Tax on profit on ordinary activities		
Corporation tax		
Current year at 30% (2000: 30%)	1,903	22,692
Payments in respect of losses claimed from joint ventures	—	507
Double tax relief	(542)	(665)
Overprovision in respect of previous years	—	(73)
	1,361	22,461
Overseas tax	104	124
Share of joint ventures' tax	721	1,174
Total current tax	2,186	23,759
Deferred tax		
Origination and reversal of timing differences	671	(1,439)
Tax on profit on ordinary activities	2,857	22,320

The above charges reconcile with the standard rate of corporation tax in the UK as follows.

	2001 £000	2000 £000
Profit on ordinary activities before tax	10,002	93,341
At standard rate of corporation tax of 30% (2000: 30%)	3,001	28,002
Effects of		
Overseas tax rates in excess of 30% (2000: 30%)	442	420
Group relief received without payment	(527)	(55)
Profit on sale of subsidiaries not taxable	(222)	(6,487)
Overprovision in respect of previous years	—	(73)
Excess of depreciation over capital allowances	60	189
(Utilisation)/origination of general provisions and other timing differences	(731)	1,250
Other	163	513
	2,186	23,759

	2001 £000	2000 £000
8. Dividend		
Equity dividend		
Interim dividend paid 251.10 pence per share (2000: 313.87 pence)	20,000	25,000
Final dividend proposed 50.21 pence per share (2000: 37.66 pence)	4,000	3,000
	24,000	28,000

Notes to the Financial Statements

	Freehold property £000	Long leasehold property £000	Computers and other equipment £000	Assets under construction £000	Total £000	
9. Tangible assets						
Group						
Cost or valuation						
At 1 January 2001	16,480	234	18,761	—	35,475	
Additions during the year	140	—	3,724	900	4,764	
Reclassification as investment property	(677)	—	—	—	(677)	
Revaluation during the year	618	—	—	—	618	
On purchase of subsidiaries	—	—	30	—	30	
Disposals during the year	—	—	(3,024)	—	(3,024)	
At 31 December 2001	16,561	234	19,491	900	37,186	
Depreciation						
At 1 January 2001	1,429	36	12,856	—	14,321	
Provided during the year	147	2	2,863	—	3,012	
Reclassification as investment property	(677)	—	—	—	(677)	
Adjustments for disposals	—	—	(3,001)	—	(3,001)	
At 31 December 2001	899	38	12,718	—	13,655	
Net book amount						
At 31 December 2001	15,662	196	6,773	900	23,531	
At 31 December 2000	15,051	198	5,905	—	21,154	
Company						
Cost or valuation						
At 1 January 2001	16,480	—	88	—	16,568	
Additions during the year	140	—	4	900	1,044	
Reclassification as investment property	(677)	—	—	—	(677)	
Revaluation during the year	618	—	—	—	618	
Disposals during the year	—	—	(36)	—	(36)	
At 31 December 2001	16,561	—	56	900	17,517	
Depreciation						
At 1 January 2001	1,429	—	84	—	1,513	
Provided during the year	147	—	3	—	150	
Reclassification as investment property	(677)	—	—	—	(677)	
Adjustments for disposals	—	—	(36)	—	(36)	
At 31 December 2001	899	—	51	—	950	
Net book amount						
At 31 December 2001	15,662	—	5	900	16,567	
At 31 December 2000	15,051	—	4	—	15,055	
			Group 2001 £000	Group 2000 £000	Company 2001 £000	Company 2000 £000
Analysis of land and buildings						
Freehold property at cost			10,811	16,480	10,811	16,480
Investment property at valuation			5,750	—	5,750	—
Long leasehold property at cost			234	234	—	—
			16,795	16,714	16,561	16,480

The freehold investment property was valued by Allsop and Co. LLP, Chartered Surveyors, as at 31 December 2001 on the basis of open market value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. The property is one owned but no longer occupied by The Press Association and was reclassified as an investment property at 1 January 2001 on the basis of a directors' valuation.

9. Tangible assets (continued)

If the revalued assets were stated on the historical cost basis, the amounts would be

	Group 2001 £000	Group 2000 £000	Company 2001 £000	Company 2000 £000
At cost	5,809	5,809	5,809	5,809
Aggregate depreciation	(752)	(677)	(752)	(677)
	5,057	5,132	5,057	5,132

Goodwill
£000

10. Intangible assets

Cost	
At 1 January 2001	—
Additions	1,274
At 31 December 2001	1,274
Amortisation	
At 1 January 2001	—
Provided during the year	47
At 31 December 2001	47
Net book amount	
At 31 December 2001	1,227
At 31 December 2000	—

Goodwill created in the year arises on the purchase of Racing Pages Limited as disclosed in note 26.

11. Investment in joint ventures

	2001 £000	2000 £000
Share of net (liabilities)/assets		
At 1 January	(1,586)	57
Currency translation difference	(97)	64
Share of retained net losses after dividends received of £1,045,000 (2000: £1,330,000)	(483)	(1,707)
Transfers out		
on purchase of remaining shares in Racing Pages Limited	(136)	—
on sale of interest in PA Sporting Life Limited	4,324	—
At 31 December	2,022	(1,586)
Loans		
At 1 January	3,020	1,220
Movement in the year	(2,810)	1,800
At 31 December	210	3,020
Total investment in joint ventures	2,232	1,434

Notes to the Financial Statements

11. Investment in joint ventures (continued)

The joint ventures are as follows

Company	Activity	Parent and group interest in ordinary shares and voting rights
Canada NewsWire Ltd (incorporated in Canada)	Communications and distribution	50%
PA WeatherCentre Limited	Meteorological data and information	50%

During the year the company purchased the remaining 56% of shares in Racing Pages Limited as disclosed in note 26 which as a result became a 100% subsidiary. £136,000 was transferred from investment in joint ventures in recognition of the recategorisation of Racing Pages Limited as a subsidiary.

In addition during the year the group disposed of its interest in PA Sporting Life Limited as disclosed in note 25.

During the year group companies provided services to the joint ventures amounting to £616,000 (2000: £512,000), and incurred cost of sales of £18,000 (2000: £17,000). Amounts due from, and to, joint ventures at the year-end are included in debtors and creditors (see notes 13 and 14).

	2001 £000	2000 £000
Analysis of group share of net assets in principal joint venture		
Canada NewsWire Ltd		
Fixed assets	802	638
Current assets	2,359	2,450
Liabilities due within less than one year	(983)	(1,453)
	2,178	1,635

	Subsidiaries £000	Joint ventures £000	Total £000
12. Investments			
Cost			
At 1 January 2001	63,700	30,500	94,200
Disposals (note 25)	—	(30,500)	(30,500)
At 31 December 2001	63,700	—	63,700
Amounts provided			
At 1 January 2001	—	15,500	15,500
Disposals	—	(15,500)	(15,500)
At 31 December 2001	—	—	—
Net book amount			
At 31 December 2001	63,700	—	63,700
At 31 December 2000	63,700	15,000	78,700

12. Investments (continued)

The principal trading subsidiary undertakings are as follows

Company	Activity	Parent and group interest in ordinary shares and voting rights
PA News Limited	News	100%
PA Photos Limited	Photo syndication	100%
Racing Pages Limited	Horse racing data and information	100%
Two-Ten Communications Limited	Response and fulfilment	100%

The shares in Canada NewsWire Ltd (see note 11) are held by an investment holding company, PA News Investments Limited, that is a direct subsidiary undertaking of the company.

Prior to 19 March 2001 the group held a 44% investment in Racing Pages Limited. On that date the remaining 56% of shares were purchased by PA News Limited for a cash consideration of £1,371,000 as disclosed in note 26. The company disposed of its interest in PA Sporting Life Limited on 12 October 2001 to ukbetting plc as disclosed in note 25.

	Group 2001 £000	Group 2000 £000 restated	Company 2001 £000	Company 2000 £000 restated
13. Debtors				
Amounts falling due within one year				
Trade debtors	4,807	3,989	175	23
Amount owed by subsidiary undertakings	—	—	—	793
Amount owed by joint ventures	3	418	3	2,874
Other debtors	1,142	799	651	302
Prepayments and accrued income	2,208	1,849	675	666
Corporation tax recoverable	965	—	1,738	—
Deferred tax asset (note 15)	1,468	2,139	954	1,669
	10,593	9,194	4,196	6,327
Amounts falling due after more than one year				
Other debtors	14,500	14,500	14,500	14,500

The balance due after more than one year relates to deferred consideration receivable in respect of the 2000 disposal of Ananova Limited.

	Group 2001 £000	Group 2000 £000	Company 2001 £000	Company 2000 £000
14. Creditors: amounts falling due within one year				
Trade creditors	1,268	225	65	42
Amount owed to subsidiary undertakings	—	—	5,973	8,392
Amount owed to joint ventures	122	—	—	—
Corporation tax	—	13,959	—	12,352
Other taxes and social security	1,218	2,025	60	811
Other creditors	2,955	4,446	2,443	4,218
Accruals and deferred income	3,817	5,507	818	1,501
Dividends payable	19,594	3,000	19,594	3,000
	28,974	29,162	28,953	30,316

Notes to the Financial Statements

	Group £000	Company £000
15. Deferred tax asset		
At 1 January 2001 as previously reported	—	—
Prior year adjustment	2,139	1,669
At 1 January 2001 restated	2,139	1,669
Transfer to profit and loss account	(671)	(715)
At 31 December 2001	1,468	954
The deferred tax asset comprises		
Fixed asset timing differences	500	49
Other timing differences	968	905
	1,468	954

Factors that may affect future tax charges

Based on current capital expenditure plans, the group expects current timing differences to reverse, hence the deferred tax asset is recognised in full under FRS 19.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet dates.

The directors estimate that no tax liability would arise in the group if the revalued assets were disposed of at the valuation stated in the financial statements.

	Long term incentive plan £000	Arising on sale of subsidiary £000	Other £000	Total £000
16. Provisions for liabilities and charges				
Group				
At 1 January 2001	—	560	129	689
Utilised in the year	—	(369)	(89)	(458)
Transfer from profit and loss account	177	—	—	177
At 31 December 2001	177	191	40	408
Company				
At 1 January 2001	—	520	—	520
Utilised in the year	—	(369)	—	(369)
Transfer from profit and loss account	177	—	—	177
At 31 December 2001	177	151	—	328

The long term incentive plan rewards senior executives based on improved group performance over a minimum five year period. Provision is made in the year to the extent that current profits have increased the value of units issued under the plan to senior executives at the balance sheet date. The first payments under the plan are expected to be made in 2006.

Provisions arising on sale of subsidiary relate to costs in connection with the disposal made in 2000 which are likely to be incurred within the next two years.

	2001 £000	2000 £000
17. Called up share capital		
7,965,000 (8,000,000 authorised) ordinary shares of £1 each fully paid	7,965	7,965

	Group £000	Company £000
18. Property revaluation reserve		
At 1 January 2001	—	—
Revaluation in year	618	618
At 31 December 2001	618	618

	Group £000	Company £000
19. Profit and loss account		
At 1 January 2001 as previously reported	69,123	137,172
Prior year adjustment - FRS 19	2,139	1,669
At 1 January 2001 as restated	71,262	138,841
Currency translation difference on investment in joint venture	(97)	—
Goodwill reinstated on sale of interest in joint ventures	82	—
Sustained loss for the financial year	(16,855)	(39,190)
At 31 December 2001	54,392	99,651

Included in the group profit and loss account is a sustained loss of £2,330,000 (2000: £1,749,000) in respect of sustained losses of the joint ventures. Cumulative goodwill written off directly to group reserves prior to the implementation of FRS 10, Goodwill and intangible assets, is £12,885,000 (2000: £12,967,000).

Prior year adjustment

The prior year adjustment reflects the adoption of FRS 19, Deferred Taxation, with effect from 1 January 2001. FRS 19 requires deferred tax assets to be recognised to the extent that they are expected to be recoverable. Prior to 1 January 2001, the group's accounting policy for deferred tax was in accordance with SSAP 15, which required deferred tax assets to be recognised only to the extent that they were expected to be recoverable without replacement by an equivalent asset. The recognition of deferred tax assets has been accounted for by way of a prior year adjustment, creating deferred tax assets of £2,139,000 at 1 January 2001. The implementation of FRS 19 has resulted in a reduction of £671,000 (2000: increase of £1,439,000) in profit after tax.

	Group 2001 £000	Group 2000 £000 restated	Company 2001 £000	Company 2000 £000 restated
20. Reconciliation of movements in equity shareholders' funds				
(Sustained loss)/retained profit for the financial year	(16,855)	43,021	(39,190)	112,238
Goodwill reinstated on sale of interest in joint ventures	82	—	—	—
Unrealised surplus on the revaluation of property	618	—	618	—
Currency translation difference on investment in joint venture	(97)	64	—	—
Net (reduction in)/addition to equity shareholders' funds	(16,252)	43,085	(38,572)	112,238
Opening equity shareholders' funds (originally £77,088,000 before prior year adjustment)	79,227	36,142	146,806	34,568
Closing equity shareholders' funds	62,975	79,227	108,234	146,806

Notes to the Financial Statements

	2001 £000	2000 £000
21. Financial commitments		
Operating lease commitments		
The group is committed to make the following payments next year under operating leases		
Land and buildings, leases expiring		
One to five years	12	12
Beyond five years	658	656
	670	668
Motor vehicles and equipment, leases expiring		
Within one year	72	41
One to five years	334	255
	406	296
Capital expenditure contracted for but not provided	7,330	—

Capital expenditure commitments are in respect of the group's new editorial system and new building project, both of which are discussed in detail in the reports of the Chairman and Chief Executive.

	2001 £000	2000 £000
22. Reconciliation of group operating profit to net cash flow from operating activities		
Continuing operations		
Operating profit	5,183	4,848
Depreciation and amortisation	3,059	2,951
Increase in provisions	88	25
Loss on sale of tangible fixed assets	2	371
Decrease/(increase) in stocks	20	(13)
Increase in debtors	(911)	(2,101)
(Decrease)/increase in creditors	(108)	502
	7,333	6,583
Discontinued operations		
Operating loss	—	(320)
Depreciation charge	—	89
Loss on sale of tangible fixed assets	—	16
Increase in debtors	—	(400)
Increase in creditors	—	496
	—	(119)
	7,333	6,464

	2001 £000	2000 £000
23. Net return on investment and servicing of finance		
Interest received	2,959	3,472
Interest paid	(160)	(19)
	2,799	3,453

	1 January 2001 £000	Cash flow £000	31 December 2001 £000
24. Analysis of net funds			
Cash	253	2,673	2,926
Short term deposits	62,476	(25,175)	37,301
Net funds	62,729	(22,502)	40,227

At 31 December 2001 all short term deposits mature within 4 weeks (2000: £26 million within 4 weeks, balance within 6 months). Short term deposits include all funds that are not immediately available to the group without interest penalty.

25. Sale of subsidiaries and associates

- a) On 12 October 2001, the group sold its 50% interest in PA Sporting Life Limited, a joint venture, for cash consideration of £1.
b) In addition to the above, the 2001 results include a further profit of £847,000 in respect of the 2000 and 1999 disposals of wholly owned subsidiaries Ananova Limited and Tellex Monitors Limited respectively, following adjustments to the amounts receivable and costs payable in respect of those transactions.

	PA Sporting Life £000	Prior Years Disposals £000	Total £000
Share of net liabilities disposed of	(292)	—	(292)
Reinstatement of goodwill written off to reserves	82	—	82
	(210)	—	(210)
Net (loss)/profit on disposal	(107)	847	740
	(317)	847	530
Satisfied by			
Consideration	—	811	811
Disposal costs	(317)	36	(281)
	(317)	847	530
Cashflow in the year in respect of the disposal			
Consideration	—	941	941
Disposal costs	(261)	(3,491)	(3,752)
	(261)	(2,550)	(2,811)

There is no net tax liability arising on the above gains or losses.

Notes to the Financial Statements

26. Purchase of subsidiaries

On 19 March 2001 the group purchased the remaining 56% of shares in Racing Pages Limited, previously a 44% associate company, for a cash consideration of £1,371,000, all but £179,000 of which was payable immediately. The provisional fair value of the assets acquired and the goodwill thus arising on the transaction is summarised below.

	Book value £000	Fair value adjustment £000	Fair value £000
Fixed assets	30	—	30
Debtors	377	(50)	327
Creditors	(286)	—	(286)
Cash	185	—	185
	306	(50)	256
Share of assets already held as associate			(136)
Goodwill			1,274
			1,394
Satisfied by			
Consideration			1,371
Acquisition costs			23
			1,394
Cashflow in the year in respect of the acquisition			
Consideration			1,192
Acquisition costs			23
			1,215

Goodwill arising on the acquisition is to be amortised over 20 years, being the period that the directors estimate that the value of the underlying business acquired is expected to exceed the value of the assets acquired (see note 10).

The fair value adjustment represents a write down of debtors following the assessment of the realisable value of acquired debtors.

27. Pensions

The group operates a pension scheme for its employees in the UK. The scheme is of the defined benefit type and has assets in separate trustee administered funds. The group also operates defined contribution schemes for a small number of senior executives and directors.

The main scheme funds are administered by trustees and are independent of the group's finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuarial advisor.

In line with the requirements of FRS 17, published by the Accounting Standards Board in November 2000, details in respect of the scheme are provided below in accordance with both SSAP 24 and FRS 17. The group will not be adopting FRS 17 earlier than the mandatory requirement to do so and therefore the figures in the financial statements reflect the SSAP 24 details below.

SSAP 24

Formal actuarial valuations of the main pension scheme are carried out triennially by Lane Clark & Peacock LLP, consulting actuaries, using the projected unit method. The most recent investigation was carried out as at 31 December 1999. The principal assumptions adopted in the valuation were that, over the long term:

- the annual rate of return on investments backing pre-retirement liabilities would be 7.5% pa;
- the annual rate of return on investments backing post-retirement liabilities would be 6% pa;
- the growth in pensionable pay would be 5.5% pa;
- inflation would be 3% pa;
- increases in pensions would be 3% pa;
- expenses of management would be 1% of pensionable pay;
- assets would be notionally re-invested 40% in UK equities and 60% in index-linked gilts; and
- increases in dividends, taken net to reflect the removal of ACT credits, would be 4.25% pa.

The market value of the fund's assets at 31 December 1999 was £94.6 million, and the actuarial value of those assets represented 102% of the value of the benefits accrued to members allowing for expected future increases in earnings and pensions.

For accounting purposes, actuarial assumptions were adopted as for the most recent valuation of the fund, as set out above, except that the annual rate of return on investments backing pre-retirement liabilities is assumed to be 8.5% pa, and the net increases to dividends is assumed to be 4.75% pa. On these assumptions, the regular pension cost for group companies and members was 16% of members' pensionable pay. Members contribute at a rate of 6% of pensionable pay. The pension cost in note 2, equivalent to 9% of such pay, is net of the group's share of the surplus amortised on the percentage-of-payroll spreading method. The contributions paid by the group to the fund have always equalled pension costs, so there is no prepayment or provision in regard to pensions under the main scheme to be included in the balance sheet.

The executive defined benefit scheme reported on in the 2000 financial statements is in the process of being wound-up, ceased to accrue benefits to serving members on 1 March 2001 and had neither assets nor liabilities at 31 December 2001. During 2001, payments were made by the group and the executive fund in order to transfer or buy out all liabilities in respect of accrued benefit entitlements under the scheme. The assessed pension cost for the year amounted to £8,039 (2000: £1,599,500) of which £nil (2000: £1,500,000) was accrued at the year end.

Contributions to defined contribution arrangements totalled £119,700 (2000: £36,500) of which £nil (2000: £nil) was accrued at the year-end.

The group has no material liability for post-retirement benefits other than pensions.

Notes to the Financial Statements

27. Pensions (continued)

FRS 17

The actuarial valuation was updated to 31 December 2001 by an independent qualified actuary in accordance with the transitional arrangements of FRS 17. As required by FRS 17, the defined benefit liabilities have been measured using the projected unit method and both the assets and liabilities include the value of pensions in payment, which are secured with insured annuities.

The following table sets out the key FRS 17 assumptions used for the scheme. The table also sets out as at 31 December 2001 the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRS 17 liabilities, the surplus of assets above the FRS 17 liabilities, and the gross pension asset/(liability).

Main assumptions

Inflation	2.5%
Pension increases	2.5%
Salary growth	5.0%
Discount rate	6.0%

Asset distributions and expected returns	Expected Return	Fair value £ million
Equities	8.5%	65.7
Bonds	6.0%	3.8
Gilts	4.9%	16.8
Property	6.7%	3.5
Other	5.0%	3.2
		93.0
Present value of liabilities		(79.3)
Gross pension asset - UK		13.7
Gross pension liability - Canada		(0.1)
Deferred tax		(4.0)
		9.6

Under FRS 17, the group schemes would be represented on the group balance sheet as an asset of £13.6 million (or £9.6 million net of deferred tax). Over the year to 31 December 2001, contributions were made to the main scheme of £1.1 million. It has been agreed with trustees that employer contributions will continue at 9% of annual pensionable salary.

The group's net assets, including the disclosed FRS 17 balance sheet item above, would be £72.6 million at 31 December 2001.

28. Post balance sheet event

On 10 April 2002 the group acquired the entire share capital of International News Productions Limited for a cash consideration of £250,000 with a further payment of £250,000 contingent upon the achievement of future profit targets. International News Productions Limited acts as the UK bureau for a number of European and International broadcasters, with a network of television crews in the UK and overseas providing bespoke news video and audio services to a wide range of customers.

29. Related party transactions

The company has taken advantage of the exemption under FRS 8, Related Party Transactions, not to disclose transactions with other group companies. In the period following the disposal of PA Sporting Life Limited, the group made sales to PA Sporting Life Limited of £137,000, of which £81,000 was unpaid at year end.

Five Year Financial Summary

for the year ended 31 December

	2001 £000	2000 £000 restated	1999 £000 restated	1998 £000 restated	1997 £000 restated
Results					
Turnover including group share of joint ventures	61,784	57,699	59,789	55,992	48,383
Operating profit including joint ventures	6,466	5,325	4,164	2,343	1,439
Profit before tax*	9,262	9,112	5,181	2,846	2,605
Profit attributable to ordinary shareholders*	6,405	7,978	3,553	1,319	1,363
Net assets					
Fixed assets	26,990	22,588	23,580	25,775	24,254
Net current assets	36,393	57,328	12,729	7,644	8,197
Long term creditors	—	—	—	—	(400)
Provisions	(408)	(689)	(104)	(726)	(592)
	62,975	79,227	36,205	32,693	31,459
Operating profit including joint ventures as a percentage of turnover	10.5%	9.2%	7.0%	4.2%	3.0%
Profit before tax as a percentage of turnover*	15.0%	15.8%	8.7%	5.1%	5.4%
Earnings per ordinary share*	80.5p	100.2p	44.6p	16.6p	17.1p
Trading dividends per ordinary share	50.2p	37.7p	—	—	—

*These figures exclude the profit on disposal of subsidiaries and of interest in joint ventures.

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Summary of Photography

Cover (t-b, l-r)

The coffin of the Queen Mother arrives at London's Westminster Hall.

A US flag flies from the remains of the World Trade Centre.

Prince William talking to The Press Association, ahead of the commencement of his course at St Andrews University.

Prime Minister Tony Blair and his wife Cherie after securing a historic second Labour landslide victory.

Two members of rock band U2 after winning the award for Best Irish Rock Act at The Meteor Ireland Music Awards in Dublin.

Manchester United's David Beckham is carried off against Deportivo La Coruna during their European Champions League Quarter Final match.

Protesters clash with police in Oxford Street, where crowds converged during a day of anti-capitalist action.

Halle Berry with her Best Actress Oscar for the film *Monsters Ball* and Denzel Washington with his Best Actor award for the film *Training Day*.

Inside Flap (t-b, l-r)

A rider in the Bradford Novices Selling Hurdle at Catterick racecourse.

The railcrash scene at Great Heck near Selby, North Yorkshire.

Prince Harry, the Prince of Wales and Prince William at a photocall on the first day of their skiing holiday in Klosters.

Lennox Lewis knocks out USA's Hasim Rahman during the Heavyweight title re-match at Mandalay Bay Hotel, Las Vegas.

Chart toppers Hear'Say during a press conference where their new band member was unveiled.

France's captain Fabien Galthie celebrates their Grand Slam after defeating Ireland in the Lloyds TSB Six Nations Championship.

Police using horses and vans block Oxford Street where protesters converged during a day of anti-capitalist action.

Deputy Prime Minister John Prescott involved in a scuffle after an egg throwing incident.

A burning pit on Netherplace Farm in the centre of Lockerbie, the first Scottish farm struck by Foot-and-Mouth disease.

Sir Thomas Lipton's famous J class yacht *Shamrock V* and *Endeavour* pound through heavy seas in the Solent, off Cowes, on the first day of racing at the America's Cup Jubilee.

William Hague dramatically announces he is to quit as Tory leader following his party's heavy election defeat.

Pierce Brosnan during a photocall at Pinewood Studios for the 20th Bond film.

Geri Halliwell at South Camp during a concert put on for members of the British Forces on exercise in the desert of Oman.

Tony Blair meeting US President George W Bush.

England's Michael Owen celebrates after scoring against Germany.

Members of the Royal Family watch as pallbearers carry the coffin of the Queen Mother.

The newly modified British Airways Concorde arriving at Shannon Airport, in the Republic of Ireland.

USA's Tiger Woods tees off at Royal Lytham & St Annes golf course.

A young Catholic child is escorted to the Holy Cross Primary School in the republican Ardoyne district of Belfast, Northern Ireland.

Kylie Minogue performing on stage during the Smash Hits T4 Poll Winners Party.

England's Andrew Caddick watches as New Zealand's Adam Parore scores past James Foster during the final Test match at Eden Park.

Ghurkhas attached to the Highlanders wield their kukri knives as they take part in an exercise in Oman.

Pop Idol winner Will Young from Hungerford, Berkshire.

A message from The Queen sits on top of her mother's coffin.

Pg 10-11

The Royal Family attending the funeral of the Queen Mother.

Members of the Merseyside Ambulance decontamination team lead away postal workers (in white) who came in contact with a suspicious substance at a sorting office in Liverpool.

Prime Minister Tony Blair talks during a meeting of farmers' leaders, food industry bosses and environmental groups.

Pg 14-15

Connor O'Dwyer falls off Wicked Crack at the first fence during the Martell Grand National at Aintree.

Reaction to the Lockerbie verdict.

Lord Archer with wife Mary leaving the Old Bailey.

Pg 16

England's David Beckham celebrates after scoring the equaliser against Greece during the FIFA World Cup European Qualifying Group Nine match at Old Trafford, Manchester.

Pg 18-19

Halle Berry shares her delight on receiving the Best Actress award at this year's Oscars.

Paul McCartney interviewed for radio shortly after the death of his friend and colleague George Harrison.

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