

**Company Registration No. 269663**



**PORTSMOUTH & SUNDERLAND  
NEWSPAPERS LIMITED**

**Report and Financial Statements**

**31 December 2004**

# **PORTSMOUTH & SUNDERLAND NEWSPAPERS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2004**

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# **PORTSMOUTH & SUNDERLAND NEWSPAPERS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2004**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

Mr T J Bowdler  
Mr P R Cooper  
Mr S R Paterson

#### **SECRETARY**

Mr P R Cooper

#### **REGISTERED OFFICE**

The News Centre  
Hilsea  
Portsmouth  
PO2 9TG

#### **INDEPENDENT AUDITORS**

Deloitte & Touche LLP  
Edinburgh

# PORTSMOUTH & SUNDERLAND NEWSPAPERS LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

### ACTIVITIES

The principal activity of the company is a holding company.

### REVIEW OF DEVELOPMENTS

Results and retained profit were as follows:

	2004 £'000
Retained profit at beginning of year	9,666
Retained profit for year	393
Retained profit at end of year	<u>10,059</u>

### DIVIDENDS

The directors do not recommend payment of a dividend (2003 – £nil).

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year and to the date of this report are shown on page 1.

The director's interests in the shares of the company are as follows:

Non Beneficial	Ordinary shares of 25p each			
	2004		2003	
	Shares	Options	Shares	Options
P R Cooper*	1	-	1	-

\* Held jointly with Johnston Press plc

The interests of those directors who are also directors of the ultimate parent company, Johnston Press plc, in the shares of the ultimate parent company, are shown in that company's financial statements.

The remaining director's interests in the shares of the ultimate parent company are as follows:

	Ordinary Shares of 10p each					
	2004 Shares Number	2004 Options Number	2004 Matching Award Number	2003 Shares Number	2003 Options Number	2003 Matching Award Number
P R Cooper	5,034	56,608	2,837	4,978	48,373	2,837

# PORTSMOUTH & SUNDERLAND NEWSPAPERS LIMITED

## DIRECTORS' REPORT (CONTINUED)

### DIRECTORS AND THEIR INTERESTS (CONTINUED)

The above options are exercisable as follows:

	Number	Option Price	Date Exercisable From	Expiry Date
P R Cooper	15,635	356.50p	24 April 2005	23 April 2012
	22,838	347.00p	21 March 2006	20 March 2013
	18,135	539.00p	26 April 2007	25 April 2014

Since 31 December 2004, Mr Cooper has been awarded 60 shares through the Share Incentive Plan free share scheme.

The matching award above granted within the Share Matching Plan is exercisable between 30.05.06 and 29.05.13 for a nominal total payment of £1. The matching factor ranges from 0.5 times to a maximum of 1.5 times the number of shares awarded in line with performance criteria.

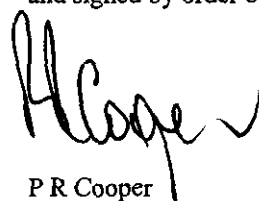
In addition, on 30 June 2005, further share options were granted to the executives as follows:

	Number	Option Price	Date Exercisable From	Expiry date
P R Cooper	20,851	470.00p	30 June 2008	29 June 2015

### AUDITORS

Deloitte & Touche LLP have indicated their willingness to continue in office and a resolution to reappoint Deloitte & Touche LLP as the auditors of the company will be proposed at the next Annual General Meeting.

Approved by the Board of Directors  
and signed by order of the Board



P R Cooper

Secretary

22 August 2005

## **PORTSMOUTH & SUNDERLAND NEWSPAPERS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PORTSMOUTH & SUNDERLAND NEWSPAPERS LIMITED**

We have audited the financial statements of Portsmouth & Sunderland Newspapers Limited for the year ended 31 December 2004, which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with 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 judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Edinburgh

25 August 2005

# PORTSMOUTH & SUNDERLAND NEWSPAPERS LIMITED

## PROFIT AND LOSS ACCOUNT For the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Investment income	2	393	1,396
<b>Profit on ordinary activities before taxation</b>	3	393	1,396
Tax on profit on ordinary activities	4	-	14
<b>PROFIT FOR THE FINANCIAL YEAR</b>	12	393	1,410

The current and prior year results have been wholly derived from continuing operations.

There were no recognised gains or losses other than the profit for each year shown above and so no Statement of Total Recognised Gains and Losses is presented.



# PORTSMOUTH & SUNDERLAND NEWSPAPERS LIMITED

## BALANCE SHEET 31 December 2004

	Note	2004 £'000	2003 £'000
<b>FIXED ASSETS</b>			
Investments	6	23,627	23,638
<b>CURRENT ASSETS</b>			
Debtors – due within one year	7	2,090	1,718
<b>CREDITORS: Amounts falling due within one year</b>	8	(8,705)	(8,705)
<b>NET CURRENT LIABILITIES</b>		(6,615)	(6,987)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		17,012	16,651
<b>CREDITORS: Amounts falling due after more than one year</b>	9	(997)	(997)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	10	(310)	(342)
<b>NET ASSETS</b>		15,705	15,312
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	11	4,755	4,755
Share premium account	12	483	483
Profit and loss account	12	10,059	9,666
Revaluation reserve	12	402	402
Capital redemption reserve	12	6	6
<b>TOTAL SHAREHOLDERS' FUNDS</b>	13	15,705	15,312
<b>Total shareholders' funds can be analysed as:</b>			
Equity interests		13,955	13,562
Non-equity interests		1,750	1,750
<b>TOTAL SHAREHOLDERS' FUNDS</b>		15,705	15,312

These financial statements were approved by the Board of Directors on 22 August 2005.

Signed on behalf of the Board of Directors



Director

# PORTSMOUTH & SUNDERLAND NEWSPAPERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

As permitted by section 228 of the Companies Act 1985 the company has not produced consolidated financial statements. The group financial statements of Johnston Press plc consolidate the results of the company and its associated undertakings and are publicly available. These financial statements, therefore, present information about the company and not the group.

#### (b) Investments

Fixed asset investments are shown at cost less provision for impairment except for listed investments, which are shown at current market value.

#### (c) Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax assets and liabilities are not discounted.

#### (d) Related party transactions

The company is exempt from the requirement of FRS 8 to include details of transactions with related parties who are fellow group undertakings as it is a wholly owned subsidiary of Johnston Press plc whose financial statements are publicly available.

#### (e) Post retirement benefits

The expected cost of providing post retirement benefits, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of the employees in such a way that the cost is a substantially level percentage of current and expected future pensionable payroll.

### 2. INVESTMENT INCOME

	2004 £'000	2003 £'000
Dividend receivable	404	663
Amounts written off investments	(11)	-
Inter-company payables forgiven	-	733
	<u>393</u>	<u>1,396</u>

# PORTSMOUTH & SUNDERLAND NEWSPAPERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

### 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

There were no employees during the current year or preceding year.

The directors received no remuneration during the year (2003 – £nil).

The auditors' remuneration in both the current and preceding year was borne by another group undertaking.

### 4. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax credit comprises:

	2004 £'000	2003 £'000
UK corporation tax at 30% (2003 – 30%)	-	(14)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	393	1,396
Tax on profits at standard UK corporation tax rate of 30% (2003 – 30%)	118	419
Effects of:		
Income not taxable	(118)	(419)
Capital allowances in excess of depreciation	-	(3)
Movement on short term timing differences	-	(11)
Current tax credit for the year	-	(14)

### 5. DIVIDENDS

The preference shareholders waived their rights to a dividend during both the current and preceding years.

### 6. INVESTMENTS

	2004 £'000	2003 £'000
Listed investments	-	11
Unlisted investments	770	770
Subsidiary undertakings	22,857	22,857
	23,627	23,638

# PORTSMOUTH & SUNDERLAND NEWSPAPERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

### 6. INVESTMENTS (CONTINUED)

The movement during the year was as follows:

	Listed investments £'000	Unlisted investments £'000	Shares in Subsidiary undertakings £'000	Loans to Subsidiary undertakings £'000	Total £'000
<b>Cost or valuation</b>					
At 1 January 2004 and 31 December 2004	352	770	18,015	13,073	32,210
<b>Provisions for impairment</b>					
At 1 January 2004	341	-	1,982	6,249	8,572
Written off during year	11	-	-	-	11
<b>At 31 December 2004</b>	<b>352</b>	<b>-</b>	<b>1,982</b>	<b>6,249</b>	<b>8,583</b>
<b>Net book value</b>					
At 1 January 2004	11	770	16,033	6,824	23,638
At 31 December 2004	-	770	16,033	6,824	23,627

The company has investments in the following subsidiary undertakings. To avoid a statement of excessive length, details of subsidiary undertakings that are dormant have been omitted.

Name of company	Country of incorporation	Proportion ordinary share capital held	Nature of business
Portsmouth Publishing & Printing Limited	England	100%	Newspaper publishers and printers
Northeast Press Limited	England	100%	Newspaper publishers and printers

### 7. DEBTORS: DUE WITHIN ONE YEAR

	2004 £'000	2003 £'000
Amounts owed by group undertakings	2,090	1,701
UK corporation tax recoverable	-	17
	<b>2,090</b>	<b>1,718</b>

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £'000	2003 £'000
Amounts owed to other group undertakings	8,704	8,704
Other creditors	1	1
	<b>8,705</b>	<b>8,705</b>

# PORTSMOUTH & SUNDERLAND NEWSPAPERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

### 9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004 £'000	2003 £'000
Amounts owed to other group undertakings	997	997

### 10. PROVISIONS FOR LIABILITIES AND CHARGES

	2004 £'000	2003 £'000
Provision for post retirement healthcare costs	310	342

The movement in the year was as follows:

	£'000
At 1 January 2004	342
Premiums paid in year	(32)
At 31 December 2004	310

### 11. CALLED-UP SHARE CAPITAL

	2004 £'000	2003 £'000
<b>Authorised</b>		
<i>Equity shares:</i>		
20,000,000 ordinary shares of 25p each	5,000	5,000
<i>Non-equity shares:</i>		
250,000 6% cumulative non-redeemable preference shares of £1 each	250	250
1,500,000 11.5% second cumulative non-redeemable preference share of £1 each	1,500	1,500
	6,750	6,750
<b>Allotted, called-up and fully paid:</b>		
<i>Equity shares:</i>		
12,020,000 ordinary shares of 25p each	3,005	3,005
<i>Non-equity shares:</i>		
250,000 6% cumulative non-redeemable preference shares of £1 each	250	250
1,500,000 11.5% second cumulative non-redeemable preference share of £1 each	1,500	1,500
	4,755	4,755

# PORTSMOUTH & SUNDERLAND NEWSPAPERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

### 12. RESERVES

	Share premium account £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2004	483	6	402	9,666	10,557
Retained profit for the year	-	-	-	393	393
<b>At 31 December 2004</b>	<b>483</b>	<b>6</b>	<b>402</b>	<b>10,059</b>	<b>10,950</b>

### 13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £'000	2003 £'000
Profit for the financial year	393	1,410
Net increase in shareholders' funds	393	1,410
Opening shareholders' funds	15,312	13,902
<b>Closing shareholders' funds</b>	<b>15,705</b>	<b>15,312</b>

### 14. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

#### (a) Contingent liabilities

The company has provided a debenture, bond, floating charge, unlimited inter-company guarantee and letter of set-off to the group's bankers. Details on the indebtedness of Johnston Press plc and its subsidiaries are contained in the financial statements of Johnston Press plc.

#### (b) Post-retirement health costs

The company provides private health insurance for certain retired employees and widows. In determining the total future obligation, following advice from independent consultants, the company has assumed that future health cost will rise by 10% for subsequent years. In addition, it has been assumed that further rises of 20% in premium rates will take place at both age 70 and 75 for all eligible retired employees and widows following current practice rate increases. The investment rate used in determining the amount of the obligation is 7.8% reflecting long-term interest rates at the time of the last review.

# **PORTSMOUTH & SUNDERLAND NEWSPAPERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2004**

### **15. CASH FLOW STATEMENT**

The company is exempt from the requirement of FRS1 (revised) to include a cash flow statement as part of its financial statements because it is a subsidiary of Johnston Press plc whose financial statements contain a consolidated cash flow statement and are available to the public.

### **16. ULTIMATE PARENT COMPANY**

The company's immediate and ultimate parent company is Johnston Press plc, a company incorporated in Scotland.

The only group in which the results of the company are consolidated is that headed by Johnston Press plc. The financial statements of Johnston Press plc are available to the public and may be obtained from Johnston Press plc, 53 Manor Place, Edinburgh, EH3 7EG.