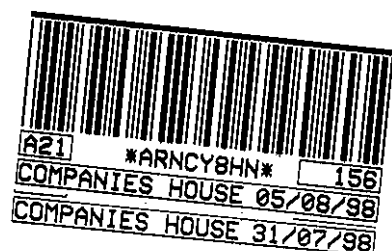


Company Registration No. 3253100

3123053

**NEWSQUEST EMPLOYEE TRUSTEES
LIMITED**

**Directors' Report and Financial Statements
for the year ended 31 December 1997**



NEWSQUEST EMPLOYEE TRUSTEES LIMITED

REPORT AND FINANCIAL STATEMENTS 1997

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NEWSQUEST EMPLOYEE TRUSTEES LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity continues to be that of holding investments and acting as a trustee.

RESULTS AND DIVIDENDS

The company does not trade. The directors do not recommend the payment of a dividend (1996 - £ nil).

DIRECTORS

The directors who served during the year are listed below. The interests of Messrs Davidson, Robbins and Stuart in the shares of Newsquest plc, the ultimate parent company, are detailed in the report and financial statements of that company. The interests of Mr Robinson in the shares of Newsquest plc are detailed in the report and financial statements of Newsquest Media Group Limited.

P Davidson
C S Robbins
E J M Robinson
S M Stuart

AUDITORS

The auditors, Deloitte & Touche, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the Board on 24 July 1998 and signed on its behalf.



Jo Glass
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 year. In preparing those financial statements, the directors are required to:

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

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

AUDITORS' REPORT TO THE SHAREHOLDERS OF NEWSQUEST EMPLOYEE TRUSTEES LIMITED

We have audited the financial statements on pages 4 to 6 which have been prepared under the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1997 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
London
EC4A 3TR

24 July 1998

NEWSQUEST EMPLOYEE TRUSTEES LIMITED

BALANCE SHEET 31 December 1997

	Note	1997 £	1996 £
CURRENT ASSETS			
Investments			
Called up share capital not paid	2	190,791	221,000
Debtors - amounts due from group companies		1	1
		5,620	-
		<u>196,412</u>	<u>221,001</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	3	<u>(196,411)</u>	<u>(221,000)</u>
NET CURRENT ASSETS		1	1
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1</u>	<u>1</u>
CAPITAL AND RESERVES			
Called up share capital			
Profit and loss account	4	1	1
		-	-
SHAREHOLDERS' FUNDS - All equity		<u>1</u>	<u>1</u>

The financial statements were approved by the Board on 24 July 1998 and signed on its behalf

P Davidson
Director



NOTES TO THE ACCOUNTS
Year ended 31 December 1997

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and include the results of the company's operations which are described in the Directors' Report and all of which are continuing. The accounts reflect the assets and liabilities of the company as trustee.

Cash flow statement

At 31 December 1997 the company was a wholly owned subsidiary of an ultimate parent company established under the law of a member State of the European Union.

Therefore, a cash flow statement is not required under Financial Reporting Standard 1(revised 1996).

2. INVESTMENTS

	1997 £	1996 £
Shares in Newsquest plc		
Cost and net book value	190,791	221,000

3. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Income tax	2,625	-
Employee rights	188,078	112,503
Amounts owed to trust	5,708	-
Amounts owed to group undertaking	-	108,497
	<u>196,411</u>	<u>221,000</u>

4. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
1 ordinary shares of £1	1	1

5. RELATED PARTIES

The company is included in the consolidated financial statements of its ultimate parent company. These financial statements are publicly available, therefore, the company has taken advantage of the exemption in FRS 8 paragraph 3 (c) from disclosure of transactions with entities that are part of the group or investees of the group qualifying as related parties.

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

6. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Newsquest plc, a company incorporated in Great Britain and registered in England and Wales. The annual report and consolidated financial statements of Newsquest plc can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

NEWSQUEST EMPLOYEE TRUSTEES LIMITED

The information that follows relates to the transactions where the Company is a trustee.

NEWSQUEST EMPLOYEE TRUSTEES LIMITED

TRUST ACCOUNTS

For the year ended 31 December 1997

	Year ended 31 December 1997 £	Period from 7 November 1995 to 31 December 1996 £
Contributions received - Sharematch offer	1,134,025	-
Payments to purchase shares - Sharematch offer	(1,134,025)	-
Profit on disposal of investment	8,333	-
INCOME BEFORE TAXATION	<u>8,333</u>	<u>-</u>
Income tax	(2,625)	-
INCOME AFTER TAXATION	<u>5,708</u>	<u>-</u>
Non cash transaction		
Investments vested in employees	30,209	-
Employee rights satisfied	(30,209)	-
	<u>-</u>	<u>-</u>