

C M Publishing Limited

Report and Accounts

31 December 1998



C M Publishing Limited

Registered No. 1207531

DIRECTORS

T Stevenson (Chairman)

R Nicholls

G M Eagling

M J Farahar

SECRETARY

R Nicholls

AUDITORS

Ernst & Young

Cambridge House

26 Tombland

Norwich

NR3 1RH

REGISTERED OFFICE

8 Bevan Street

Lowestoft

Suffolk

NR32 2AA

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1998.

RESULTS AND DIVIDENDS

The company had no trading activities during the year. Dividends for the year on preference shares have been accrued.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The company is a holding company, whose subsidiary publishes newspapers. The directors will continue to seek improvement and develop the Group's activities in 1998.

DIRECTORS AND THEIR INTERESTS

The directors who have served during the year are shown on page 2.

The directors at 31 December 1998 who were not directors of the holding company and their interests in the share capital of the holding company were as follows:

	<i>At 31 December 1998 20p Ordinary shares</i>	<i>At 1 January 1998 20p Ordinary shares</i>
G M Eagling	1,652	771
R Nicholls	1,658	777
M J Farahar	5,510	7,944

The parent undertaking operates a savings scheme by which directors have the option to buy shares in Eastern Counties Newspapers Group Limited with their savings after a period of five years. The interests of directors who were not directors of the holding company were as follows:

	<i>At 1.1.98</i>	<i>Granted during year</i>	<i>Exercised/ Cancelled during year</i>	<i>At 31.12.98</i>
G M Eagling	6,900	—	—	6,900
R Nicholls	2,595	—	—	2,595
M J Farahar	4,041	—	—	4,041

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 to enable them to ensure that the accounts 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.

C M Publishing Limited

DIRECTORS' REPORT

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board

R Nicholls

R Nicholls
Secretary

10th September 1999

**REPORT OF THE AUDITORS
to the members of C M Publishing Limited**

We have audited the accounts on pages 6 to 9 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

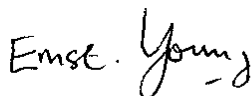
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Norwich

17 September 1999

C M Publishing Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1998

	Notes	1998 £	1997 £
Dividend received		—	—
Taxation		—	—
Profit on ordinary activities after taxation		—	—
Arrears of dividends on preference shares - non equity shares		100,000	100,000
Loss retained for the financial year	5	(100,000)	(100,000)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than those included in the profit and loss account above.

C M Publishing Limited

BALANCE SHEET

at 31 December 1998

	Notes	1998 £	1997 £
DEBTOR: amounts falling due after more than one year			
Loan to parent undertaking		252,000	252,000
TOTAL ASSETS LESS LIABILITIES		<u>252,000</u>	<u>252,000</u>

CAPITAL AND RESERVES

Called up share capital	2	102,000	102,000
Share premium account	4	150,000	150,000
Unpaid preference dividends	4	643,667	543,667
Profit and loss account	4	(643,667)	(543,667)
Shareholders' funds:			
Equity		(491,667)	(391,667)
Non-equity		743,667	643,667
		<u>252,000</u>	<u>252,000</u>

R Nicholls

R Nicholls

Director

10th September 1999

NOTES TO THE ACCOUNTS
at 31 December 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

2. SHARE CAPITAL

	<i>1998</i>	<i>Authorised</i>	<i>Allotted, called up</i>	<i>and fully paid</i>
	<i>No.</i>	<i>1997</i>	<i>1998</i>	<i>1997</i>
		<i>No.</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	2,000	2,000	2,000	2,000
100% cumulative preference shares of £1 each	100,000	100,000	100,000	100,000
	<u>102,000</u>	<u>102,000</u>	<u>102,000</u>	<u>102,000</u>

Arrears of cumulative preference dividends at 31 December 1998 amounted to £643,667 (1997 : £543,667).

The rights attached to cumulative preference shares are:

1. Fixed dividend of £1 per share.
2. No voting rights.
3. Repayment of amount subscribed, but no participation in any surplus on winding up.

3. HOLDING COMPANY

The parent undertaking for which group accounts are drawn up and of which the company is a member is Eastern Counties Newspapers Group Limited, registered in England and Wales. Copies of that company's accounts can be obtained from the Registrar, Companies House, Crown Way, Maindy, Cardiff.

The company has taken advantage of exemptions in respect of FRS 8 on the grounds that it is a wholly owned subsidiary.

NOTES TO THE ACCOUNTS
at 31 December 1998

4. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share Capital £</i>	<i>Unpaid Preference Dividends £</i>	<i>Share Premium Account £</i>	<i>Profit & Loss Account £</i>	<i>Total £</i>
<i>Equity Shareholders' funds</i>					
At 1 January 1998	2,000	—	150,000	(543,667)	(391,667)
Loss for the year	—	—	—	(100,000)	(100,000)
At 31 December 1998	2,000	—	150,000	(643,667)	491,667

	<i>Share Capital £</i>	<i>Unpaid Preference Dividends £</i>	<i>Share Premium Account £</i>	<i>Profit & Loss Account £</i>	<i>Total £</i>
<i>Non-equity Shareholders' funds</i>					
At 1 January 1998	100,000	543,667	—	—	643,667
Unpaid preference dividends	—	100,000	—	—	100,000
At 31 December 1998	100,000	643,667	—	—	743,667