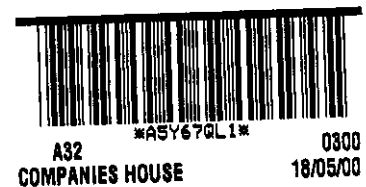


**LIBERTY PUBLISHING & MEDIA LIMITED**

**Registered Number: 3137730**

**ANNUAL REPORT  
YEAR ENDED 31 AUGUST 1999**

**PANNELL KERR FORSTER**



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# **Liberty Publishing & Media Limited**

## **Directors, Officers and Registered Office**

### **Directors**

R J Fallowfield  
J M Griffiths  
W C Najdecki  
J Byrne

### **Secretary**

R J Fallowfield

### **Auditors**

Pannell Kerr Forster  
Chartered Accountants  
New Garden House  
78 Hatton Garden  
London EC1N 8JA

### **Bankers**

Midland Bank plc  
PO Box 648  
Poultry & Princes Street  
London EC2P 2BX

### **Registered Office**

87-135 Brompton Road  
Knightsbridge  
London SW1X 7XL

## **DIRECTORS' REPORT**

The Directors present their report and the audited financial statements of the Company and Group for the year ended 31 August 1999, which show the state of the Group's affairs.

### **Review of Business**

Throughout the year efforts were focussed on improving the general awareness of the two core businesses, Punch and Liberty Radio. Punch has achieved a number of successes in breaking stories initially turned down by national media.

Liberty Radio continued to enhance awareness and has embarked upon a campaign of local events, sponsorship and promotions in furtherance of that.

### **Results and Dividends**

The Group loss after taxation for the year ended 31 August 1999 amounted to £3,612,000.

The Directors do not recommend the payment of a dividend and an amount of £3,612,000 has been transferred out of reserves.

### **Principal Activity**

The Company's principal activity is to acquire and manage trading businesses in publishing and broadcasting.

### **Directors and their Interests**

R J Fallowfield

N J Rodford (resigned 5 February 2000)

J M Griffiths (appointed 6 October 1998)

A F Neil (resigned 21 January 1999)

I Bogdaneris (appointed 6 October 1998, removed 15 April 1999)

W C Najdecki (appointed 23 April 1999)

J Byrne (appointed 7 February 2000)

In accordance with the Articles of Association, no Director is required to seek re-election at the forthcoming Annual General Meeting.

No Director in office at 31st August 1999 held any beneficial interest in the shares of Liberty Publishing and Media Limited, or any of its subsidiaries at 1st September 1998, or at the date of appointment, or at 31 August 1999.

No Director has had a material interest, directly or indirectly, at any time during the year in any contract significant to the business.

**DIRECTORS' REPORT**

**The Environment**

The Company has continued to adopt policies and procedures which take account of the need to preserve and protect the environment. The Directors are committed to compliance with environmental best practice in all aspects of the business.

**Policy on payment of creditors**

It is the Company's policy to agree payment terms as part of any formal contract with a supplier and to make every endeavour to abide by the agreed terms. Where a purchase is not covered by a formal contract, and no agreement is reached in advance of raising an order, the policy is that any valid invoice will be paid in full. The Company is sympathetic to, and pays particular attention to, the cash flow needs of its smaller suppliers.

The group takes on average 21 days to pay its creditors. (1998: 24 days)

**Auditors**

Pannell Kerr Forster have expressed their willingness to continue in office as Auditors to the Company and a resolution proposing their re-appointment and authorising the Directors to fix their remuneration will be put to the Annual General Meeting.

**BY ORDER OF THE BOARD**



R J Fallowfield  
Secretary  
11<sup>th</sup> April 2000

**Statement of Directors' Responsibilities**

The Directors are required by the Companies Act 1985 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 for the financial year.

The Directors have prepared the financial statements on pages 6 to 21 on a going concern basis and consider that the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**AUDITORS' REPORT TO THE SHAREHOLDER LIBERTY PUBLISHING  
AND MEDIA LIMITED**

We have audited the financial statements on pages 6 to 21 which have been prepared under the accounting policies set out on page 10 and 11.

**Respective Responsibilities of Directors and Auditors**

As described on page 4, 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 and the group'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.

*Going concern*

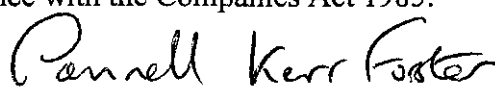
In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the continuing support that has been indicated by a fellow group company and the consequent adoption of the going concern basis for the preparation of the accounts.

In view of the significance of this matter we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group as at 31 August 1999 and the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London  
11<sup>th</sup> April 2000

  
PANNELL KERR FORSTER  
Registered Auditors

Liberty Publishing & Media Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
YEAR ENDED 31 AUGUST 1999

Note		Year to 31/8/99 £'000	30 Weeks to 31/8/98 £'000
2	TURNOVER	471	271
	External charges	(2,544)	(2,255)
3	Staff costs	(1,241)	(825)
	Depreciation	(191)	(141)
	Amortisation of Goodwill	(93)	(54)
4	OPERATING LOSS	(3,598)	(3,004)
5	Interest payable and similar charges	(14)	(1,038)
	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(3,612)	(4,042)
6	Tax on loss on ordinary activities	-	1,093
19	LOSS FOR THE FINANCIAL YEAR	<u>(3,612)</u>	<u>(2,949)</u>

All losses derive from continuing operations.

There were no recognised gains or losses other than those shown above. The movements on reserves are shown in Note 19.



Liberty Publishing & Media Limited

CONSOLIDATED BALANCE SHEET  
AS AT 31 AUGUST 1999

Note		As at 31/8/99 £'000	As at 31/8/98 £'000
	FIXED ASSETS		
8	Intangible assets	855	948
9	Tangible assets	375	573
		<u>1,230</u>	<u>1,521</u>
	CURRENT ASSETS		
11	Stock	31	57
12	Debtors (Amounts falling due within one year)	146	1,441
	Cash at bank and in hand	40	520
		<u>217</u>	<u>2,018</u>
14	CREDITORS (Amounts falling due within one year)	(407)	(1,358)
	NET CURRENT (LIABILITIES)/ASSETS	(190)	660
	TOTAL ASSETS LESS CURRENT LIABILITIES	1,040	2,181
15	CREDITORS (Amounts falling due after more than one year)	(3,692)	(20,574)
17	PROVISIONS FOR LIABILITIES AND CHARGES	(103)	-
		<u>(2,755)</u>	<u>(18,393)</u>
	CAPITAL AND RESERVES		
18	Called up share capital	19,250	-
19	Profit and loss account	(22,005)	(18,393)
20	SHAREHOLDERS' FUNDS	<u>(2,755)</u>	<u>(18,393)</u>

Approved by the Board on 11<sup>th</sup> April 2000.

  
W C Najdecki  
Director


The notes on pages 10 to 21 form an integral part of these accounts.

Liberty Publishing & Media Limited

**BALANCE SHEET**  
**AS AT 31 AUGUST 1999**

Note		As at 31/8/99 £'000	As at 31/8/98 £'000
	<b>FIXED ASSETS</b>		
8	Intangible assets	500	500
9	Tangible assets	26	53
10	Investments	-	948
		<u>526</u>	<u>1,501</u>
	<b>CURRENT ASSETS</b>		
12	Debtors (Amounts falling due within one year)	7	139
13	Debtors (Amounts falling due after more than one year)	188	289
	Cash at bank and in hand	8	489
		<u>203</u>	<u>917</u>
14	CREDITORS (Amounts falling due within one Year)	<u>(78)</u>	<u>(699)</u>
	NET CURRENT ASSETS	125	218
	TOTAL ASSETS LESS CURRENT LIABILITIES	651	1,719
15	CREDITORS (Amounts falling due after more than one year)	<u>(3,692)</u>	<u>(20,559)</u>
		<u>(3,041)</u>	<u>(18,840)</u>
	<b>CAPITAL AND RESERVES</b>		
18	Called up share capital	19,250	-
19	Profit and loss account	(22,291)	(18,840)
20	SHAREHOLDERS' FUNDS	<u>(3,041)</u>	<u>(18,840)</u>

Approved by the Board on 11<sup>th</sup> April 2000.

  
W C Najdeeki  
Director

The notes on pages 10 to 21 form an integral part of these accounts.

**Liberty Publishing & Media Limited**

**CONSOLIDATED CASHFLOW STATEMENT  
YEAR ENDED 31 AUGUST 1999**

Note	Year to 31/8/99 £'000	30 Weeks to 31/8/98 £'000
21 Net cash outflow from operating activities	(3,919)	(2,197)
22 Returns on investments and servicing of finance	(14)	(1,038)
Taxation		
Group relief	1,133	2,682
22 Capital expenditure	<u>(26)</u>	<u>(46)</u>
Net cash outflow before financing	(2,826)	(599)
Financing		
(Repayment) /Increase of loans	(16,867)	1,014
Capital element of finance loans repayment	(37)	(26)
Issue of shares for cash	<u>19,250</u>	<u>-</u>
Net cash inflow from financing	2,346	988
(Decrease)/Increase in cash in the year	<u>(480)</u>	<u>389</u>
<b>Reconciliation of net cash flow to movement in net debt</b>		
Decrease in cash in the year	(480)	389
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	<u>16,904</u>	<u>(988)</u>
Movement in net debt in the year	16,424	(599)
Net debt at 1 September 1998	<u>(20,091)</u>	<u>(19,492)</u>
23 Net debt at 31 August 1999	<u>(3,667)</u>	<u>(20,091)</u>

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a) Accounting Convention

The financial statements have been prepared under the historical cost convention and comply with the disclosure requirements of the Companies Act 1985 and applicable accounting standards.

b) Going Concern

The Group has a deficit of shareholder's funds at 31<sup>st</sup> August 1999 and since that date the Group has continued to make losses. The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. In concluding that it is appropriate to adopt the going concern basis in preparing these financial statements the Directors have had regard to the indications received from Liberty Holdings Limited that continued funding will be made available to finance the Group's working capital requirements for the foreseeable future. Although there is no legal obligation for Liberty Holdings Limited to provide this continued support, the Directors are confident that such funding will be forthcoming.

c) Basis of Consolidation and accounting for Goodwill

The results of subsidiaries are consolidated from the date of acquisition. The financial statements incorporate the audited assets and liabilities and results of subsidiary undertakings for the year. Goodwill arising on consolidation of subsidiaries is capitalised and written off on a straight-line basis over its estimated useful life of 7 years.

d) Stocks

Stocks are stated at the lower of cost and net realisable value.

e) Depreciation

Depreciation is provided by the Company in order to write down to estimated residual value, if any, the cost or valuation of tangible fixed assets over their estimated useful lives by equal annual instalments, on the following basis:

Short leasehold improvements	10%
Machinery, fixtures and equipment	20% and 33%

**NOTES TO THE ACCOUNTS.....contd**

**1. ACCOUNTING POLICIES ...contd**

**f) Deferred Taxation**

Deferred taxation is provided in respect of differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Provision has been made where a tax liability is expected to crystallise.

**g) Leasing**

Assets acquired under finance leases and hire purchase contracts are capitalised and depreciated over their useful lives. The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

**h) Pension Costs**

The cost of defined contribution pensions represent the contributions payable by the company during the year.

**2. TURNOVER**

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

	<b>Year to 31.8.99 £'000</b>	<b>30 Weeks to 31.8.98 £'000</b>
Books	18	10
Radio Advertising	132	57
Magazine sales, advertising and Punch merchandise	321	204
	<u>471</u>	<u>271</u>

NOTES TO THE ACCOUNTS.....contd

3. STAFF COSTS

	Year to 31.8.99 £'000	30 Weeks to 31.8.98 £'000
Wages and salaries	1,103	697
Social Security costs	104	64
Other pension costs	34	64
	<u>1,241</u>	<u>825</u>

Average number employed by the group during the period:

	Number	Number
Editorial and Programming	24	22
Sales and Marketing	9	11
Finance and Administration	6	6
	<u>39</u>	<u>39</u>

	Year to 31/8/99 £'000	30 Weeks to 31/8/98 £'000
Directors' emoluments:		
Emoluments	<u>51</u>	<u>16</u>

Other directors, apart from the above, received no emoluments directly from the Company during the year, but were remunerated by other companies in the Harrods Holdings Group. These Directors' emoluments are disclosed in the financial statements of those companies.

4. OPERATING LOSS

	Year to 31/8/99 £'000	30 Weeks to 31/8/98 £'000
Operating Loss is stated after charging:		
Staff Costs	1,241	825
Depreciation of tangible fixed assets		
owned assets	173	131
Assets under lease	18	10
Auditors' remuneration		
Audit services	18	40
Operating lease rentals		
Land and buildings	177	104
Other	<u>18</u>	<u>13</u>

NOTES TO THE ACCOUNTS.....contd

5. INTEREST PAYABLE	Year to 31/8/99 £'000	30 Weeks to 31/8/98 £'000
Payable to group undertakings:		
Loans wholly or partly repayable after 5 years	5	1,033
Finance lease interest	9	5
	<u>14</u>	<u>1,038</u>

6. TAXATION

The taxation credit in the previous period of £1,093,000 results from the operation of group relief provisions. A UK Corporation Tax rate of 31% has been applied.

7. LOSS FOR THE FINANCIAL PERIOD

No profit and loss account is presented for Liberty Publishing & Media Limited in accordance with the exemption provided by Section 230 of the companies Act 1985. The company's loss for the financial period amounts to £3,451,000.

8. INTANGIBLE ASSETS

Group	Goodwill	Publishing Rights and Archive	Total
<b>Cost</b>			
At 1.9.98 and 31.8.99	648	500	1,148
<b>Amortisation</b>			
At 1.9.98	200	-	200
Provided during period	93	-	93
At 31.8.99	293	-	293
<b>Net Book Value</b>			
At 31.8.99	355	500	855
At 31.8.98	448	500	948

Goodwill arises on the acquisition of Viva Radio Limited.

Punch publishing rights and archives are recorded at acquisition cost and not amortised. Based on annual reviews, any permanent impairment in value of these assets is written off against earnings.

NOTES TO THE ACCOUNTS .....contd

8. INTANGIBLE ASSETS (Continued)

**Company**

Punch publishing rights and archives are recorded at acquisition cost of £500,000 and not amortised. Based on annual reviews, any permanent impairment in value of these assets is written off against earnings.

9. TANGIBLE ASSETS

<b>Group</b>	<b>Short leasehold improvements £'000</b>	<b>Machinery, fixtures and equipment £'000</b>	<b>Total £'000</b>
<b>Cost:</b>			
At 31.8.98	391	1,103	1,494
Additions	-	28	28
Disposals	(18)	(49)	(67)
At 31.8.99	373	1,082	1,455
<b>Depreciation:</b>			
At 31.8.98	321	600	921
Provision for year	14	177	191
Disposals	(5)	(27)	(32)
At 31.8.99	330	750	1,080
<b>Net book amount</b>			
At 31.8.99	43	332	375
At 31.8.98	70	503	573
<b>Company</b>			
<b>Cost:</b>			
At 31.8.98	17	104	121
Additions	-	15	15
Disposals	(17)	(27)	(44)
At 31.8.99	-	92	92
<b>Depreciation:</b>			
At 31.8.98	4	64	68
Provision for year	1	18	19
Disposals	(5)	(16)	(21)
At 31.8.99	-	66	66
<b>Net Book amount</b>			
At 31.8.99	-	26	26
At 31.8.98	13	40	53



NOTES TO THE ACCOUNTS .....contd

10. INVESTMENTS

<b>Cost</b>	<b>£'000</b>
At 31.8.98	948
Capitalisation of loans	20,910
At 31.8.99	<u>21,858</u>
Provision at 1.9.98	-
Transferred from provision against loans	18,691
Provided during period	3,167
Provision at 31.8.99	<u>21,858</u>
Net book amount	
At 31.8.99	-
At 31.8.98	<u>948</u>

The Company's subsidiary undertakings, which are 100% owned, are as follows:

	<b>Activity</b>
Liberty Radio Limited	Broadcasting
Punch Limited	Publishing
Brompton Press Limited	Publishing
The Liberty Broadcasting Company Limited	Broadcasting
LBC Group Limited	Non-trading
LBC News Limited	Non-trading
LBC Newstalk Limited	Non-trading
LBC Radio Limited	Non-trading
Liberty Entertainments Limited	Non-trading
Liberty Films Limited	Non-trading
Liberty Sounds Limited	Non-trading
Liberty Videos Limited	Non-trading

11. STOCKS

	<b>As at 31/8/99</b>	<b>As at 31/8/98</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group</b>		
Raw materials and consumables	13	22
Work in Progress	13	11
Finished goods for resale	5	24
	<u>31</u>	<u>57</u>

The company has no stock.

NOTES TO THE ACCOUNTS .....contd

12. DEBTORS (Amounts falling due within one year)

	Group 31/8/99 £'000	Group 31/8/98 £'000	Company 31/8/99 £'000	Company 31/8/98 £'000
Trade debtors	37	41	-	-
Other debtors	15	137	3	136
Amounts owed by group undertakings	-	1,133	-	-
Prepayments and accrued income	94	130	4	3
	<u>146</u>	<u>1,441</u>	<u>7</u>	<u>139</u>

13. DEBTORS (Amounts falling due after more than one year)

	Group 31/8/99 £'000	Group 31/8/98 £'000	Company 31/8/99 £'000	Company 31/8/98 £'000
Amounts owed by group undertakings	<u>-</u>	<u>-</u>	<u>188</u>	<u>289</u>

14. CREDITORS (Amounts falling due within one year)

	Group 31/8/99 £'000	Group 31/8/98 £'000	Company 31/8/99 £'000	Company 31/8/98 £'000
Trade creditors	132	166	17	2
Amounts owed to parent undertaking	-	-	-	527
Other creditors	80	620	50	50
Accruals and deferred income	180	535	11	120
Finance Lease Obligations	15	37	-	-
	<u>407</u>	<u>1,358</u>	<u>78</u>	<u>699</u>

NOTES TO THE ACCOUNTS .....contd

**15. CREDITORS (Amounts falling due after more than one year)**

	<b>Group 31/8/99 £'000</b>	<b>Group 31/8/98 £'000</b>	<b>Company 31/8/99 £'000</b>	<b>Company 31/8/98 £'000</b>
Finance Leases	-	15	-	-
Amounts owed to parent undertaking	3,692	20,559	3,692	20,559
	<u>3,692</u>	<u>20,574</u>	<u>3,692</u>	<u>20,559</u>

**16. FINANCE LEASES**

<b>Group</b>	<b>31/8/99 £'000</b>	<b>31/8/98 £'000</b>
<b>Gross rentals payable:</b>		
Within 1 year	19	47
between 1 and 5 years	-	19
after 5 years	-	-
All future finance charges	(4)	(14)
	<u>15</u>	<u>52</u>

The Company has no finance lease obligations.

**17. PROVISIONS**

	<b>Legal costs £'000</b>	<b>Property £'000</b>	<b>Total £'000</b>
Balance at 1 <sup>st</sup> September 1998	-	-	-
Transferred from accruals	15	-	15
Charge for the year	35	53	88
Balance at 31 <sup>st</sup> August 1999	<u>50</u>	<u>53</u>	<u>103</u>

Provision has been made for the outstanding lease and other associated costs for the Castlereagh Street premises and the legal costs associated with the publication of Punch Magazine.

NOTES TO THE ACCOUNTS ....contd

<b>18. SHARE CAPITAL</b>	<b>31/8/99</b>	<b>31/8/98</b>
	<b>£</b>	<b>£</b>
Authorised:		
20,000,000 ordinary shares of £1 each	<u>20,000,000</u>	<u>1,000</u>
Allotted and fully paid:		
19,250,100 ordinary shares of £1 each	<u>19,250,100</u>	<u>100</u>
On 3 September 1998 the authorised share capital of the Company was increased by £19,999,000 shares of £1 each. On the same date, Harrods (UK) plc were issued with 19,250,000 shares at their par value. The consideration for the new shares was the simultaneous extinguishing of £19,250,000 of loans made by Harrods (UK) plc to the Company.		
<b>19. PROFIT AND LOSS RESERVES</b>	<b>Group</b>	<b>Company</b>
	<b>£'000</b>	<b>£'000</b>
At 1 September 1998	(18,393)	(18,840)
Transfer from profit and loss account for the year	(3,612)	(3,451)
At 31 August 1999	<u>(22,005)</u>	<u>(22,291)</u>
<b>20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</b>	<b>Group</b>	<b>Company</b>
	<b>£'000</b>	<b>£'000</b>
Loss for the financial year	(3,612)	(3,451)
New share capital allotted	19,250	19,250
Net reduction in shareholders' funds	<u>15,638</u>	<u>15,799</u>
Opening shareholders' funds	(18,393)	(18,840)
Closing shareholders' funds	<u>(2,755)</u>	<u>(3,041)</u>
<b>21. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS</b>	<b>Year to</b>	<b>Year to</b>
	<b>31/8/99</b>	<b>31/8/98</b>
	<b>£'000</b>	<b>£'000</b>
Operating loss	(3,598)	(3,004)
Depreciation charge	191	141
Amortisation of goodwill	93	54
Loss on disposal of tangible assets	33	1
Pension Provision	-	43
Decrease in stock	26	53
Decrease in debtors	162	19
(Decrease)/Increase in creditors	(929)	496
Provisions for property costs	103	-
Net cash outflow from operating activities	<u>(3,919)</u>	<u>(2,197)</u>

NOTES TO THE ACCOUNTS ....contd

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT	Year to 31/8/99 £'000	Year to 31/8/98 £'000
<b>Returns on investment and servicing of finance</b>		
Interest paid	(5)	(1,032)
Interest element of finance lease repayments	(9)	(6)
Net cash outflow from returns on investment and servicing of finance	<u>(14)</u>	<u>(1,038)</u>
<b>Capital expenditure</b>		
Purchase of equipment	28	54
Proceeds from sale of assets	(2)	(8)
	<u>26</u>	<u>46</u>

23. ANALYSIS OF NET DEBT

	At 1/9/98 £'000	Cash flow £'000	At 31/8/99 £'000
Cash at bank and in hand	520	(480)	40
Debt due after one year	(20,559)	16,867	(3,692)
Finance leases	(52)	37	(15)
	<u>(20,091)</u>	<u>16,424</u>	<u>(3,667)</u>

24. OPERATING LEASE COMMITMENTS

The Group had annual commitments under non-cancellable operating leases as set out below:

	Group 31/8/99 £'000	Group 31/8/98 £'000	Company 31/8/99 £'000	Company 31/8/98 £'000
Rent within 1 year	34	37	-	-
Other operating leases which expire				
Within 1 year	1	1	-	1
Between 2 and 5 years	12	21	12	18
	<u>47</u>	<u>59</u>	<u>12</u>	<u>19</u>

NOTES TO THE ACCOUNTS ....contd

25. RELATED PARTIES

As part of their employment, Directors and senior employees of the Group can purchase goods from Harrods Store using a staff account card. The amounts of goods purchased by the Directors are not considered to be material either to the Group or the individuals. There are no other transactions between these individuals and the Group, other than as shown in Note 3 to the financial statements.

At the balance sheet date there were arm's length agreements between the Group and various related companies to provide management, security, property and maintenance services. These companies have directors in common with the Group. The value of these transactions during the period were:-

	Year to 31/8/99		30 Weeks to 31/8/98	
	Purchases	Sales	Purchases	Sales
	£	£	£	£
Genavco Insurance Ltd	56,638	-	5,923	-
Harrods UK plc	320,815	-	203,969	-
Harrods Limited	81,331	6,925	65,831	390
Metro Business Aviation Ltd	3,378	17,837	3,783	3,787
The People's Trust	12,412	1,498	3,685	75
Hyde Park Residence	6,967	1,686	16,864	-
Fulham Football Leisure Ltd	3,639	43,677	3,199	110,620
FL Property Management Ltd	-	76	-	-
Ritz Hotel (Paris)	-	3,450	-	750
ACF Sevenoaks	-	1,911	-	-
Air Harrods	-	-	-	2,715
Fulham Stadium Ltd	-	-	-	181
	485,180	77,060	303,254	118,518

No disclosure has been made of any transactions within these financial statements with subsidiaries in accordance with the exemptions allowed under Financial Reporting Standard No. 8.

During the year Liberty Holdings Limited advanced £3,692,017 to the Company.

**NOTES TO THE ACCOUNTS ....contd**

**26. PENSIONS**

The Group participated in the Harrods Group Pension Plan until 31<sup>st</sup> December 1998. This scheme operates as a defined benefit group pension scheme in the United Kingdom. Thereafter the Group participated in the Liberty Publishing and Media Group Personal Pension Plan, which is a money purchase scheme.

The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge of £34,320 (1998: £63,677) represents contributions by the Group to the pension funds.

**27. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

At 31 August 1999 the ultimate parent undertaking of Liberty Publishing and Media Limited was Liberty Holdings Limited, a company incorporated in Jersey, which is owned and controlled by M. Al Fayed, the ultimate controlling party.

**Liberty Publishing & Media Limited**

**COMPANY PROFIT AND LOSS ACCOUNT  
YEAR ENDED 31 AUGUST 1999  
FOR CONSOLIDATION PURPOSES ONLY**

	<b>Year to 31/8/99 £'000</b>	<b>30 Weeks to 31/8/98 £'000</b>
<b>TURNOVER</b>		
Other operating Income	<u>350</u>	<u>252</u>
External charges	(115)	(101)
Staff Costs	(98)	(85)
Depreciation	(19)	(17)
Provision for diminution in value of investments	(3,564)	(3,781)
<b>OPERATING LOSS</b>	<u>(3,446)</u>	<u>(3,732)</u>
Net interest payable	<u>(5)</u>	<u>(121)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	(3,451)	(3,853)
Tax on loss on ordinary activities	-	12
<b>LOSS FOR THE FINANCIAL YEAR</b>	<u><u>(3,451)</u></u>	<u><u>(3,841)</u></u>