

**LIBERTY PUBLISHING & MEDIA LIMITED**

**Registered Number: 3137730**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 AUGUST 2004**



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# **Liberty Publishing & Media Limited**

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

### **Directors**

R J Fallowfield

J Byrne

J B Lack

### **Secretary**

R J Fallowfield

### **Auditors**

PKF (UK) LLP

Farringdon Place

20 Farringdon Road

London

EC1M 3AP

### **Bankers**

National Westminster Bank plc

City of London Office

PO Box 12258

1 Princes Street

London

EC2R 8PA

### **Registered Office**

87-135 Brompton Road

Knightsbridge

London SW1X 7XL

## **Liberty Publishing & Media Limited**

### **DIRECTORS' REPORT**

The Directors present their report and the audited financial statements of the Company and Group for the year ended 31 August 2004, which show the state of the Group's affairs.

#### **Review of Business**

On 24 March 2004, the group completed the sale of the bulk of the Punch archive collection to a UK national institution for a figure in excess of historic cost whilst retaining the copyright in all material published in the printed magazine. A further sale was made in July 2004 to another institution. Punch continues to exploit that asset in its licensing activities.

The group's book-publishing activities continued with one major project being concluded profitably. With the retirement of a key employee, no further titles have been commissioned pending the outcome of a review of options for the business.

#### **Results and Dividends**

The Group Profit after taxation for the year ended 31 August 2004 amounted to £90,134.

The Directors are unable to recommend the payment of a dividend and an amount of £90,134 has been transferred to reserves.

#### **Principal Activity**

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

#### **Directors and their Interests**

R J Fallowfield  
J Byrne  
J B Lack

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 31 August 2004 held any beneficial interest in the shares of Liberty Publishing & Media Limited, or any of its subsidiaries at 1 September 2003, or at the date of appointment, or at 31 August 2004.

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 (Continued)**

**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**

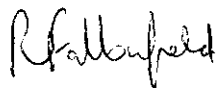
It is the Company's policy to agree payment terms as part of any formal contract with a supplier and to make every endeavour to abide by the agreed terms. Where a purchase is not covered by a formal contract, and no agreement is reached in advance of raising an order, the policy is that any valid invoice 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 9 days to pay its creditors (2003: 37 days).

**Auditors**

On 23 May 2005, PKF transferred their business to PKF (UK) LLP, a limited liability partnership. Under section 26(5) of the Companies Act 1989, the company consented to extend the audit appointment to PKF (UK) LLP from 23 May 2005. Accordingly, the audit report has been signed in the name of PKF (UK) LLP and a resolution for the reappointment of PKF (UK) LLP will be proposed at the forthcoming annual general meeting.

**BY ORDER OF THE BOARD**



R J Fallowfield  
Secretary  
15 June 2005

## **Liberty Publishing & Media Limited**

### **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 8 to 23 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.

The Directors are responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

## **Liberty Publishing & Media Limited**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIBERTY PUBLISHING & MEDIA LIMITED**

We have audited the financial statements of Liberty Publishing & Media Limited for the year ended 31 August 2004 which comprise a Consolidated Profit and Loss Account, Consolidated and Company Balance Sheets, a Cash Flow Statement and the related notes. 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 auditor's 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'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**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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.

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 to you 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **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.

**Liberty Publishing & Media Limited**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIBERTY  
PUBLISHING & MEDIA LIMITED (Continued)**

***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 the ultimate holding company and the ultimate controlling party 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 the affairs of the company and the group as at 31 August 2004 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PKF (UK) LLP*  
**PKF (UK) LLP**  
Registered Auditors

London, UK  
21 June 2005



**Liberty Publishing & Media Limited**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
YEAR ENDED 31 AUGUST 2004**

Note	Year to 31/8/04 £'000	Year to 31/8/03 £'000
2    TURNOVER	186	118
External charges	(214)	(247)
3    Staff costs	(248)	(260)
8    Restoration of impairment loss	65	-
9    Depreciation	(6)	(12)
	<hr/>	<hr/>
5    OPERATING LOSS	(217)	(401)
6    Net interest payable and similar charges	(16)	(45)
Exceptional item - Profit on sale of assets	323	-
	<hr/>	<hr/>
17   PROFIT/(LOSS) FOR THE FINANCIAL YEAR	<u>90</u>	<u>(446)</u>

The operating loss in the year is wholly contributable to continuing activities.

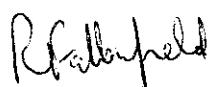
There were no recognised gains or losses other than those shown above. The movements on reserves are shown in note 17.

Liberty Publishing & Media Limited

CONSOLIDATED BALANCE SHEET  
AS AT 31 AUGUST 2004

Note		As at 31/8/04 £'000	As at 31/8/03 £'000
	FIXED ASSETS		
8	Intangible assets	1	-
9	Tangible assets	23	15
		<u>24</u>	<u>15</u>
	CURRENT ASSETS		
11	Stocks	-	21
12	Debtors (Amounts falling due within one year)	73	29
	Cash at bank and in hand	21	16
		<u>94</u>	<u>66</u>
13	CREDITORS (Amounts falling due within one year)	(150)	(895)
	NET CURRENT LIABILITIES	<u>(56)</u>	<u>(829)</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES	(32)	(814)
14	CREDITORS (Amounts falling due after more than one year)	(8,410)	(7,709)
15	PROVISIONS FOR LIABILITIES AND CHARGES	-	(9)
		<u>(8,442)</u>	<u>(8,532)</u>
	CAPITAL AND RESERVES		
16	Called up share capital	19,250	19,250
18	Profit and loss reserves	(27,692)	(27,782)
19	SHAREHOLDERS' FUNDS	<u>(8,442)</u>	<u>(8,532)</u>

Approved by the Board on 15 June 2005



R.J. Fallowfield

Director

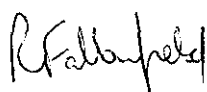
The notes on pages 12 to 23 form an integral part of these accounts.

**Liberty Publishing & Media Limited**

**COMPANY BALANCE SHEET  
AS AT 31 AUGUST 2004**

Note	As at 31/8/04 £'000	As at 31/8/03 £'000
<b>FIXED ASSETS</b>		
8 Intangible assets	-	-
9 Tangible assets	22	13
10 Investments	-	-
	<u>22</u>	<u>13</u>
<b>CURRENT ASSETS</b>		
12 Debtors (Amounts falling due within one year)	66	14
Cash at bank and in hand	1	5
	<u>67</u>	<u>19</u>
13 CREDITORS (Amounts falling due within one Year)	<u>(122)</u>	<u>(864)</u>
<b>NET CURRENT LIABILITIES</b>	<u>(55)</u>	<u>(845)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	(33)	(832)
15 CREDITORS (Amounts falling due after more than one year)	(8,410)	(7,709)
	<u>(8,443)</u>	<u>(8,541)</u>
<b>CAPITAL AND RESERVES</b>		
16 Called up share capital	19,250	19,250
17 Profit and loss reserves	(27,693)	(27,791)
18 <b>SHAREHOLDERS' FUNDS</b>	<u>(8,443)</u>	<u>(8,541)</u>

Approved by the Board on 15 June 2005



R.J. Fallowfield  
Director

The notes on pages 12 to 23 form an integral part of these accounts.

**Liberty Publishing & Media Limited**

**CONSOLIDATED CASHFLOW STATEMENT  
YEAR ENDED 31 AUGUST 2004**

Note	Year to 31/8/04 £'000	Year to 31/8/03 £'000
19 Net cash outflow from operating activities	(1,053)	(180)
20 Returns on investments and servicing of finance	(16)	(45)
20 Capital expenditure and financial investments	<u>373</u>	<u>(13)</u>
Net cash outflow before financing	(696)	(238)
Financing		
Increase in loans	701	227
Increase/(Decrease) in cash in the year	<u>5</u>	<u>(11)</u>
<b>Reconciliation of net cash flow to movement in net debt</b>		
Increase/(Decrease) in cash in the year	5	(11)
Cash inflow from increase in debt	<u>(701)</u>	<u>(227)</u>
Movement in net debt in the year	(696)	(238)
Net debt at 1 September 2003	<u>(7,693)</u>	<u>(7,455)</u>
21 Net debt at 31 August 2004	<u>(8,389)</u>	<u>(7,693)</u>

NOTES TO THE ACCOUNTS

**1. ACCOUNTING POLICIES**

**a) Basis of preparation**

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 shareholders' funds at 31 August 2004 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 written indications received from the ultimate parent company, Liberty Holdings Limited, and the verbal indications received from the ultimate controlling party, Mr M. Al. Fayed, 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 either Liberty Holdings Limited or Mr Al. Fayed to provide this continued support, the Directors are confident that such funding will be forthcoming.

**c) Basis of Consolidation**

The financial statements incorporate the assets and liabilities, results and cash flows of subsidiary undertakings for the year.

**d) Stocks**

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

**e) Depreciation**

Depreciation is provided in order to write down to estimated residual value, if any, the cost 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%

Website development costs have been charged to the profit and loss account in accordance with the provisions of UTIF abstract 29 – Website Development Costs.

NOTES TO THE ACCOUNTS.....contd

1. ACCOUNTING POLICIES ...contd

f) **Deferred Taxation**

Deferred taxation is provided on material timing differences between the incidence of income and expenditure for taxation and accounts purposes using a full provision basis in accordance with the provisions set out in Financial Reporting Standard No 19 "Deferred Tax". Deferred tax assets are only recognised when they arise from timing differences where their recoverability in the short-term is regarded as more likely than not. Deferred tax balances are not discounted.

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 group during the year.

i) **Foreign Currency**

Transactions denominated in foreign currency are translated at exchange rates ruling at the transaction date. Realised gains and losses are dealt with in the profit and loss account.

2. **TURNOVER**

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

	Year to 31/8/04 £'000	Year to 31/8/03 £'000
Books	118	51
Accounting Services	12	16
Magazine sales, advertising and Punch merchandise	56	51
	<u>186</u>	<u>118</u>

# Liberty Publishing & Media Limited

## NOTES TO THE ACCOUNTS.....contd

### 3. STAFF COSTS

	Year to 31/8/04 £'000	Year to 31/8/03 £'000
Wages and salaries	212	225
Social Security costs	21	22
Other pension costs	15	13
	<u>248</u>	<u>260</u>
Average number employed by the group during the year:		
	Year to 31/8/04 Number	Year to 31/8/03 Number
Editorial and Programming	1	1
Finance and Administration	6	6
	<u>7</u>	<u>7</u>
Directors' emoluments:		
	Year to 31/8/04 £'000	Year to 31/8/03 £'000
Emoluments	<u>-</u>	<u>-</u>

There are no directors (2003: nil) to whom retirement benefits are accrued.

### 4. TAXATION

No taxation charge has been provided in the accounts, based on the results of the year (2003: £nil). This can be reconciled to the theoretical tax credit based on the standard rate of corporation tax as follows:

	2004 Total £'000	2003 Total £'000
Profit/(Loss) on ordinary activities before tax	<u>90</u>	<u>(446)</u>
Profit/(Loss) on ordinary activities multiplied by the Standard rate of corporation tax in the UK (30%)	27	(134)
Effects of:		
Expenses not deductible for taxation purposes	-	2
Credits not taxable for taxation purposes	(20)	-
Capital allowances in the year in excess of depreciation	(6)	(4)
Losses carried forward	96	148
Losses brought forward and utilised	-	(12)
Gains on fixed assets covered by capital loss	(97)	-
Current tax charge for period (note 1 (a))	<u>-</u>	<u>-</u>

# Liberty Publishing & Media Limited

## NOTES TO THE ACCOUNTS.....contd

### 4. TAXATION (continued)

The amount of trading losses available for utilisation against any future trading profits is currently uncertain and therefore the potential deferred tax asset cannot be quantified.

5. OPERATING LOSS	Year to 31/8/04 £'000	Year to 31/8/03 £'000
Operating Loss is stated after charging:		
Staff Costs	247	260
Restoration of impairment of intangible assets	(65)	-
Depreciation of tangible fixed assets		
owned assets	6	12
Auditors' remuneration		
Audit services	10	16
Non audit services	4	6
Operating lease rentals		
Land and buildings	5	44
Other	<u>1</u>	<u>1</u>

6. INTEREST	Year to 31/8/04 £'000	Year to 31/8/03 £'000
Payable		
Payable to group undertakings:		
Loans wholly or partly repayable after 5 years	<u>(16)</u>	<u>(45)</u>
Net Interest	<u>(16)</u>	<u>(45)</u>

### 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 profit for the financial period amounts to £97,865



# Liberty Publishing & Media Limited

## NOTES TO THE ACCOUNTS.....contd

### 8. INTANGIBLE ASSETS

Group	Publishing Rights	Archive	Total
Cost	£'000	£'000	£'000
At 31.8.03	435	65	500
Disposal	-	(64)	(64)
At 31.8.04	435	1	436
<b>Amortisation</b>			
At 31.8.03	(435)	(65)	(500)
Restoration of impairment	-	65	65
At 31.8.04	(435)	-	(435)
<b>Net Book Value</b>			
At 31.8.04	-	1	1
At 31.8.03	-	-	-

During the period the Group sold the bulk of the Punch archive to a UK national institution. The Punch publishing rights are recorded at acquisition cost of £435,000. In accordance with the provisions of FRS11 - Impairment of fixed assets and goodwill, the directors have conducted a review of the carrying value of the publishing rights and have concluded that it is appropriate to make a full provision against the carrying value.

### INTANGIBLE ASSETS

Company	Publishing Rights	Archive	Total
Cost	£'000	£'000	£'000
At 31.8.03	435	65	500
Disposal	-	(65)	(65)
At 31.8.04	435	-	435
<b>Amortisation</b>			
At 31.8.03	(435)	(65)	(500)
Restoration of impairment	-	65	65
At 31.8.04	(435)	-	(435)
<b>Net Book Value</b>			
At 31.8.04	-	-	-
At 31.8.03	-	-	-

# Liberty Publishing & Media Limited

## NOTES TO THE ACCOUNTS.....contd

### 9. TANGIBLE ASSETS

Group	Short leasehold improvements £'000	Machinery, fixtures and equipment £'000	Total £'000
Cost:			
At 31.8.03	13	77	90
Additions	-	14	14
Disposals	-	(24)	(24)
At 31.8.04	13	67	80
Depreciation:			
At 31.8.03	1	74	75
Provision for year	1	5	6
Disposals	-	(24)	(24)
At 31.8.04	2	55	57
Net book amount			
At 31.8.04	11	12	23
At 31.8.03	12	3	15

### Company

Cost:			
At 31.8.03	11	30	41
Additions	-	14	14
Disposals	-	(24)	(24)
At 31.8.04	11	20	31
Depreciation:			
At 31.8.03	1	27	28
Provision for year	1	4	5
Disposals	-	(24)	(24)
At 31.8.04	2	7	9
Net Book amount			
At 31.8.04	9	13	22
At 31.8.03	10	3	13

# Liberty Publishing & Media Limited

## NOTES TO THE ACCOUNTS.....contd

### 10. INVESTMENTS

<b>Cost</b>	<b>£'000</b>
At 31.8.03	11,270
At 31.8.04	11,270
Provision at 1.9.03	11,270
Provision at 31.8.04	11,270
Net book amount	
At 31.8.04	-
At 31.8.03	-

The Company's subsidiary undertakings at 31 August 2004, which are all 100% owned, are as follows:

	<b>Activity</b>
Punch Limited	Publishing
Brompton Press Limited	Publishing
Multinet Recruitment Limited	Recruitment
The Liberty Broadcasting Company Limited	Non-trading

### 11. STOCKS

	<b>As at 31/8/04</b>	<b>As at 31/8/03</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group</b>		
Work in Progress	-	21

### 12. DEBTORS (Amounts falling due within one year)

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>31/8/04</b>	<b>31/8/03</b>	<b>31/8/04</b>	<b>31/8/03</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	26	9	13	-
Other debtors	9	12	41	10
Prepayments and accrued income	38	8	12	4
	<u>73</u>	<u>29</u>	<u>66</u>	<u>14</u>

# Liberty Publishing & Media Limited

## NOTES TO THE ACCOUNTS.....contd

### 13. CREDITORS (Amounts falling due within one year)

	Group 31/8/04 £'000	Group 31/8/03 £'000	Company 31/8/04 £'000	Company 31/8/03 £'000
Trade creditors	7	30	5	13
Other creditors	114	830	114	830
Accruals and deferred income	29	35	3	21
	<u>150</u>	<u>895</u>	<u>122</u>	<u>864</u>

### 14. CREDITORS (Amounts falling due after more than one year)

	Group 31/8/04 £'000	Group 31/8/03 £'000	Company 31/8/04 £'000	Company 31/8/03 £'000
Amounts owed to parent undertaking	<u>8,410</u>	<u>7,709</u>	<u>8,410</u>	<u>7,709</u>

### 15. PROVISIONS FOR LIABILITIES AND CHARGES

	Legal costs £'000
Balance at 1 September 2003	9
Unutilised and written off to the profit & loss account	<u>(9)</u>
Balance at 31 August 2004	<u>-</u>

Provisions had been made for legal costs associated with the publication of Punch Magazine.

### 16. SHARE CAPITAL

	31/8/04 £	31/8/03 £
Authorised:		
20,000,000 ordinary shares of £1 each	<u>20,000,000</u>	<u>20,000,000</u>
Allotted and fully paid:		
19,250,100 ordinary shares of £1 each	<u>19,250,100</u>	<u>19,250,100</u>

### 17. PROFIT AND LOSS RESERVES

	Group £'000	Company £'000
At 1 September 2003	(27,782)	(27,791)
Transfer from profit and loss account for the year	90	98
At 31 August 2004	<u>(27,692)</u>	<u>(27,693)</u>

# Liberty Publishing & Media Limited

## NOTES TO THE ACCOUNTS.....contd

18.	<b>RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</b>	<b>Group £'000</b>	<b>Company £'000</b>	
	Profit for the financial year	90	98	
	Opening shareholders' funds	(8,532)	(8,541)	
	Closing shareholders' funds	8,442	(8,443)	
19.	<b>RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS</b>			
		<b>Year to 31/8/04 £'000</b>	<b>Year to 31/8/03 £'000</b>	
	Operating loss	(217)	(401)	
	Restoration of impairment loss	(65)	-	
	Depreciation charge	6	12	
	Decrease/(increase) in stock	21	(19)	
	(Increase)/decrease in debtors	(44)	47	
	(Decrease)/increase in creditors	(745)	283	
	Provisions	(9)	(102)	
	Net cash outflow from operating activities	(1,053)	(180)	
20.	<b>ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT</b>	<b>Year to 31/8/04 £'000</b>	<b>Year to 31/8/03 £'000</b>	
	<b>Returns on investment and servicing of finance</b>			
	Interest paid	(16)	(45)	
	Net cash outflow from returns on investment and servicing of finance	(16)	(45)	
	<b>Capital expenditure and Financial Investments</b>			
	Proceeds on disposals of fixed assets	388	-	
	Purchase of equipment	(15)	(13)	
		373	(13)	
21.	<b>ANALYSIS OF NET DEBT</b>			
		<b>At 1/9/03 £'000</b>	<b>Cash flow £'000</b>	<b>At 31/8/04 £'000</b>
	Cash at bank and in hand	16	5	21
	Debt due after one year	(7,709)	(701)	(8,410)
		(7,693)	(696)	(8,389)

# Liberty Publishing & Media Limited

## NOTES TO THE ACCOUNTS.....contd

### 22. OPERATING LEASE COMMITMENTS

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

	Group 31/8/04 £'000	Group 31/8/03 £'000	Company 31/8/04 £'000	Company 31/8/03 £'000
Operating leases which expire				
Between 2 and 5 years	2	2	2	2

### 23. 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 31/8/04		Year to 31/8/03	
	Purchases	Sales	Purchases	Sales
	£	£	£	£
Liberty Holdings Ltd	-	112,462	-	-
Genavco Insurance Ltd	11,629	-	4,643	-
Harrods (UK) Ltd	227,990	-	319,847	-
Harrods Ltd	44,490	3,700	84,691	60,303
Harrods Aviation Ltd (formerly Metro Business Aviation Ltd)	2,099	136	675	54
Harrods Leisure Ltd	-	7,928	-	-
Jasmine Di Milo Ltd	-	5,705	-	-
Gallant Minerals Services Ltd	-	9,030	-	20,662
Fulham Football Leisure Ltd	-	101	-	226
Globexplorer Inc.	-	-	-	3,998
ACF Sevenoaks	-	8	-	15
Allied Stars Ltd	-	15	-	-
Kurt Geiger Ltd	-	-	-	53
Scintilla Ltd (Formerly Harrods Online Ltd)	6,975	1,446	-	25,497
The Map Factory Inc.	-	2,993	-	306
	293,183	143,524	409,856	111,114

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.

# Liberty Publishing & Media Limited

## NOTES TO THE ACCOUNTS.....contd

### 24. RELATED PARTIES (continued)

At the balance sheet date the Debtors, Creditors and Advances for the Group included the following balances:

	Debtor £	Creditor £	Advances £
ACF Sevenoaks	8	-	-
Allied Stars Limited	15	-	-
Fulham Football Leisure Ltd	86	-	-
Gallant Minerals Services Ltd	1,408	-	-
Harrods Aviation Ltd (formerly Metro Business Aviation Ltd)	155	-	-
Harrods Leisure Ltd	1,175		1,325
Harrods Limited	-	11,544	-
Harrods (UK) Limited	-	31,145	-
Jasmine Di Milo Ltd	6,672	-	12,293
Scintilla Ltd (formerly Harrods Online Ltd)	474	-	201
The Map Factory Inc	3,230	-	
The Ritz Hotel Limited	300	-	-
	<u>13,523</u>	<u>42,689</u>	<u>13,819</u>

Liberty Publishing & Media Limited acts as a paying agent for three related companies that did not have a bank account during the year. The Company receives cash advances from the parent companies of the related parties in order to pay their creditors. The advance balances above is the cash on hand at the year end and is included in other creditors at note 13.

Analysis of the movement of the loan from Liberty Holdings Limited:

	31/8/04 £	31/8/03 £
Advances made during the year	1,252,705	226,497
Repayment of loan	(551,201)	-
Net increase in loan	<u>701,504</u>	<u>226,497</u>
Opening balance	7,708,538	7,482,041
Closing balance	<u>8,410,042</u>	<u>7,708,538</u>

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

**25. PENSIONS**

The Group participated in the Liberty Publishing & 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 £15,692 (2003: £13,547) represents contributions by the Group to the pension fund.

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

At 31 August 2004 the ultimate parent undertaking of Liberty Publishing & 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 2004  
FOR MANAGEMENT PURPOSES ONLY**

	Year to 31/8/04 £'000	Year to 31/8/03 £'000
<b>TURNOVER</b>		
Other operating Income	87	247
External charges	(49)	(65)
Staff costs	(80)	(90)
Restoration of impairment of loss	65	-
Depreciation	(5)	(3)
Provision for diminution in value of investments	96	(625)
<b>OPERATING PROFIT/(LOSS)</b>	<u>114</u>	<u>(536)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST</b>	<u>114</u>	<u>(536)</u>
Net interest payable	(16)	(45)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>98</u>	<u>(581)</u>
Tax on loss on ordinary activities	-	-
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	<u><u>98</u></u>	<u><u>(581)</u></u>