

**ARCHANT LIFESTYLE PLC**

**Registered Number: 3550181**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2003**



**ARCHANT LIFESTYLE PLC**

Registered Number: 3550181

**DIRECTORS**

J A Fry  
A D Jeakings  
N G F Websper

**SECRETARY**

J O Ellison

**AUDITORS**

Ernst & Young LLP  
Compass House  
80 Newmarket Road  
Cambridge  
CB5 8DZ

**BANKERS**

Barclays Bank plc  
St Stephens Branch  
Red Lion Street  
Norwich  
NR1 3QH

**SOLICITORS**

Eversheds  
Holland Court  
The Close  
Norwich  
NR1 4DX

**REGISTERED OFFICE**

Prospect House  
Rouen Road  
Norwich  
NR1 1RE

## **ARCHANT LIFESTYLE PLC**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003**

The directors present their report together with the financial statements of the company for the year ended 31st December 2003.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £64,757 (2002: loss £1,326,915).

The directors do not recommend the payment of a dividend.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The company is the intermediate holding company for the magazine interests of the Archant group of companies.

Archant Life Limited, a subsidiary company, acquired Devon Life magazine on 1 May 2003 and French Property News Limited on 8 September 2003.

#### **DIRECTORS AND THEIR INTERESTS**

The names of the directors who served during the year are as follows:

J A Fry	
A D Jeakings	
N G F Websper	
P M Strong	resigned 16 May 2004
I A Davies	resigned 16 May 2004
J A E Hustler	resigned 16 May 2004

None of the directors had any interest in the share capital of the company at any time during the year.

Mr J A Fry, Mr A D Jeakings and Mr N G F Websper were also directors of the holding company at 31 December 2003 and have declared their interests in the shares of the holding company in that company's financial statements.

# ARCHANT LIFESTYLE PLC

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

### DIRECTORS AND THEIR INTERESTS (continued)

The other directors at 31 December 2003 had the following interests in the shares of the holding company:

	At 31 December 2002	At 31 December 2003
Ordinary shares of 20p each		
P M Strong	111,263	111,263
I A Davies	29,936	33,712
J A E Hustler	4,600	4,649

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period 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 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; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

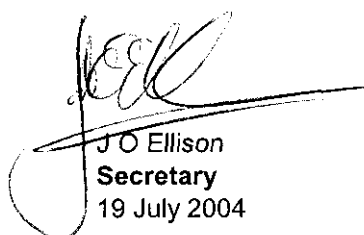
The directors confirm that the financial statements comply with the above requirements.

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 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

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board,

  
J O Ellison  
Secretary  
19 July 2004

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCHANT LIFESTYLE PLC**

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 15. These financial statements have been prepared on the basis of 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 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.

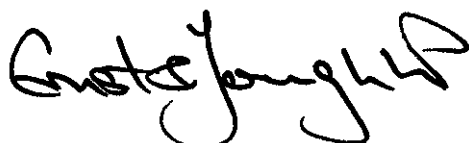
### **Basis of audit opinion**

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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Ernst & Young LLP**  
**Registered Auditor**  
**Cambridge**  
**19 July 2004**

**ARCHANT LIFESTYLE PLC**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003**

	Note	2003 £	2002 £
Investment income	2	1,425,000	1,500,000
Financing costs	3	(1,938,327)	(2,791,290)
Operating costs		(5,134)	(3,551)
Amounts written off investments	5	-	(870,526)
<b>(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(518,461)</b>	<b>(2,165,367)</b>
Tax credit on (loss) on ordinary activities	4	583,218	838,452
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>64,757</b>	<b>(1,326,915)</b>
<b>DIVIDENDS</b>		<b>-</b>	<b>-</b>
<b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	11	<b>64,757</b>	<b>(1,326,915)</b>

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

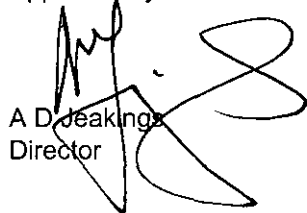
The notes on pages 7 to 10 form part of these financial statements.

**ARCHANT LIFESTYLE PLC**

**BALANCE SHEET - 31 DECEMBER 2003**

	Note	2003 £	2002 £
<b>FIXED ASSETS</b>			
Investment in subsidiary undertakings	5	83,170,654	83,170,654
<b>CURRENT ASSETS</b>			
Debtors	6	1,460,063	8,894,647
Cash at bank and in hand		-	29,959
		<u>1,460,063</u>	<u>8,924,606</u>
<b>CREDITORS:</b>			
Amounts falling due within one year	7	(2,988,930)	(19,732,417)
<b>NET CURRENT LIABILITIES</b>			
		<u>(1,528,867)</u>	<u>(10,807,811)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		81,641,787	72,362,843
<b>CREDITORS:</b>			
Amounts falling due after more than one year	8	(79,840,296)	(70,626,109)
		<u>1,801,491</u>	<u>1,736,734</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	1,000,000	1,000,000
Profit and loss account	11	801,491	736,734
<b>EQUITY SHAREHOLDERS' FUNDS</b>			
	11	<u>1,801,491</u>	<u>1,736,734</u>

Approved by the Board on 19 July 2004.

  
 A D Jeakings  
 Director

The notes on pages 7 to 10 form part of these financial statements.

**ARCHANT LIFESTYLE PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2003**

**1 ACCOUNTING POLICIES**

**(a) Accounting convention**

The financial statements are prepared under the historical cost convention and are drawn up in accordance with applicable Accounting Standards.

**(b) Basis of consolidation**

The company has taken advantage of exemptions conferred by section 228 of the Companies Act 1985 from preparing consolidated financial statements. Therefore, these financial statements represent the state of affairs of the company only.

**2 INVESTMENT INCOME**

	2003 £	2002 £
Dividend received from subsidiary undertaking	1,425,000	1,500,000
	<u>1,425,000</u>	<u>1,500,000</u>

**3 FINANCING COSTS**

	2003 £	2002 £
Unsecured loan notes 2003	197,260	600,000
Unsecured loan notes 2005	1,544,000	1,736,517
Unsecured loan notes 2008	141,842	324,533
Bank guarantee commission	37,696	54,000
Amortisation of loan issue costs	17,529	76,240
	<u>1,938,327</u>	<u>2,791,290</u>

**4 TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES**

	2003 £	2002 £
UK corporation tax		
current year credit	583,038	838,452
prior year credit	180	-
	<u>583,218</u>	<u>838,452</u>

**Factors affecting current tax credit**

The tax credit assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002 - 30%). The differences are reconciled below.

(Loss) on ordinary activities before tax	<u>(518,461)</u>	<u>(2,165,367)</u>
(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002 - 30%)	(155,538)	(649,610)
Non taxable income	(427,500)	(450,000)
Amounts written off investments	-	261,158
Adjustments in respect of prior periods	(180)	-
Total current tax above	<u>(583,218)</u>	<u>(838,452)</u>



# **ARCHANT LIFESTYLE PLC**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003**

### **5 INVESTMENT IN SUBSIDIARY UNDERTAKINGS**

	2003 £	2002 £
<b>Cost</b>		
At 1 January	84,041,180	83,244,152
Inter group acquisition	-	1,172,599
Inter group disposal	-	(1)
Adjustment to purchase consideration	-	(375,570)
At 31 December	84,041,180	84,041,180
<b>Amounts provided</b>		
At 1 January	870,526	-
Provided in the year	-	870,526
At 31 December	870,526	870,526
<b>Net book value</b>		
At 31 December	83,170,654	83,170,654

The company's principal subsidiary undertakings, all of which are wholly owned and incorporated in England are:

<i>Company</i>	<i>Activity</i>	<i>Holding</i>
Home Counties Newspapers Holdings Plc	Holding company	100% ord. shares
Home Counties Newspapers Limited *	Dormant	100% ord. shares
The South Essex Recorders Limited *	Dormant	100% ord. shares
The Hampstead and Highgate Express Printing and Publishing Company Limited *	Dormant	100% ord. shares
Archant Specialist Limited	Magazine publishing	100% ord. shares
Pilot Publishing Company Limited *	Magazine publishing	100% ord. shares
Archant Life Limited	Magazine publishing	100% ord. shares
French Property News Limited *	Magazine publishing	100% ord. shares
Archant Dialogue Limited	Contract publishing	100% ord. shares
Archant Life (North) Limited	Dormant	100% ord. shares
Picture House Publishing Limited *	Dormant	100% ord. shares

\* denotes investment indirectly owned

In the opinion of the directors the value of the investments is not less than their book value.

### **6 DEBTORS**

	2003 £	2002 £
Amounts owed by subsidiary undertakings	-	7,960,959
Amounts owed by other group companies	1	1
Corporation tax recoverable	1,454,981	929,099
Other debtors	5,081	4,588
	1,460,063	8,894,647

**ARCHANT LIFESTYLE PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2003**

<b>7 CREDITORS: Amounts falling due within one year</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Bank overdraft	17,804	-
Unsecured loan notes 2003 (Note 9)	-	12,392,000
Unsecured loan notes 2008 (Note 9)	2,957,000	5,140,573
Amounts owed to fellow subsidiary undertakings	-	2,149,579
Income tax payable	12,951	48,119
Other creditors	1,175	2,146
	<hr/>	<hr/>
	2,988,930	19,732,417

<b>8 CREDITORS: amounts falling due after more than one year</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Unsecured loan notes 2005 (Note 9)	38,600,000	38,600,000
Amounts owed to parent undertaking	41,240,296	32,026,109
	<hr/>	<hr/>
	79,840,296	70,626,109

**9 UNSECURED LOAN NOTES**

**Unsecured loan notes 2008**

The loan notes are floating rate, guaranteed, unsecured loan notes 2008. The financing cost is payable half yearly on 30 June and 31 December at a rate of 1% below the base rate of Barclays Bank Plc on the first business day in the period. The loan notes can be redeemed by the holders at 30 June and 31 December in any year up to 2007, subject to giving the required 30 days notice. The loan notes are guaranteed by Barclays Bank PLC.

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Total loan notes outstanding	2,980,738	5,181,840
Less issue costs	(23,738)	(41,267)
	<hr/>	<hr/>
	2,957,000	5,140,573

**Unsecured loan notes 2003**

The unsecured loan notes 2003 were issued during 2001 as part of the considerations for the acquisitions during the year. The loan notes were fixed rate, with interest payable at the rate of 5% on £12,000,000 with the remaining loan notes interest free. The loan notes were guaranteed by Barclays Bank PLC.

	<hr/>	<hr/>
-		12,392,000

**Unsecured loan notes 2005**

The unsecured loan notes 2005 were issued to the parent company in settlement of the liability arising on the redemption of convertible unsecured loan stock 2001. The loan notes bear interest at the rate of LIBOR payable annually in arrears.

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38,600,000	38,600,000

# **ARCHANT LIFESTYLE PLC**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003**

<b>10 CALLED UP SHARE CAPITAL</b>		<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
<b>Authorised</b>			
6,950,000 ordinary shares of £1 each		6,950,000	6,950,000
<b>Allotted, called up and fully paid</b>			
1,000,000 ordinary shares of £1 each		1,000,000	1,000,000
<b>11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>			
	<b>Share capital</b>	<b>Profit &amp; loss account</b>	<b>Shareholders' funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 31 December 2001	1,000,000	2,063,649	3,063,649
Loss for the year	-	(1,326,915)	(1,326,915)
At 31 December 2002	1,000,000	736,734	1,736,734
Profit for the year	-	64,757	64,757
At 31 December 2003	1,000,000	801,491	1,801,491

## **12 CONTINGENT LIABILITY**

All companies in the Group have provided a cross guarantee, by way of a debenture, in relation to the overdraft facility with Barclays Bank Plc. Details of the overdraft facility are contained in the Archant Limited group financial statements.

## **13 RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemptions in FRS 8 from disclosing transactions with related parties that are part of the Archant Limited group.

## **14 ULTIMATE PARENT UNDERTAKING**

At 31 December 2003, the parent undertaking for which group financial statements are drawn up and of which the company was a member was Archant Limited, registered in England and Wales. Copies of that company's financial statements can be obtained from The Registrar, Companies House, Crown Way, Maindy, Cardiff.

## **15 STATEMENT OF CASH FLOWS**

The statement of cash flows has been incorporated within the consolidated financial statements of Archant Limited.