

2005

**ARCHANT LIFESTYLE PLC**

**Registered Number: 3550181**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2005**



**ARCHANT LIFESTYLE PLC**

Registered Number: 3550181

**DIRECTORS**

J A Fry  
A D Jeakings

**SECRETARY**

J O Ellison

**AUDITORS**

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

**REGISTERED OFFICE**

Prospect House  
Rouen Road  
Norwich  
NR1 1RE

## **ARCHANT LIFESTYLE PLC**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005**

The directors present their report together with the financial statements of the company for the year ended 31st December 2005.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £14,995,597 (2004: profit £582,744).

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.

During 2005, Archant Specialist Limited acquired the Romsey Publishing group and Archant Life Limited acquired Highbury Local Publications Limited (initially purchased by Archant Holdings Limited in March 2005), Derbyshire Life magazine and Oracle magazine.

The company and its subsidiaries will continue to make acquisitions where they can add value to the group's existing portfolios.

#### **POST BALANCE SHEET EVENTS**

Archant Life Limited have acquired five subsidiaries (each the publisher of a local magazine in London) from Metropolis Publishing Limited in January 2006, and Advent Media Limited in April 2006, publisher of eight magazines in the Midlands. The consideration for these acquisitions was £5,460,000.

#### **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

resigned 10 February 2006

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 2005 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 2005**

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

The directors are responsible for preparing this report and the financial statements in accordance with applicable law and Generally Accepted Accounting Practice.

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 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 ;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who were members of the board at the time of approving this report are listed on page 2. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirm that:

to the best of their knowledge and belief, there is no information relevant to the preparation of this report of which the company's auditors are unaware: and

they have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

#### **AUDITORS**

Ernst & Young LLP will be re-appointed as the company's auditor in accordance with the elective resolution passed by the company under section 386 Companies Act 1985.

By order of the board



J O Ellison  
Secretary

24 July 2006

## **Independent auditors' report to the members of Archant Lifestyle Plc**

We have audited the financial statements of Archant Lifestyle Plc for the year ended 31 December 2005 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 18. 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 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**

*The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 International Standards on Auditing (UK and Ireland).

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 other transactions 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.

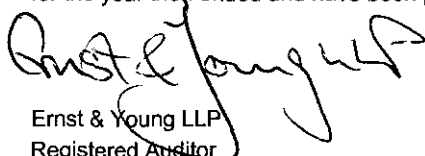
### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 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  
24 July 2006

**ARCHANT LIFESTYLE PLC****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	2005 £	2004 £
Investment income	2	16,414,191	1,860,000
<i>Financing costs</i>	3	(2,020,956)	(1,818,147)
Operating costs		(5,607)	(4,394)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>14,387,628</b>	<b>37,459</b>
Tax credit on profit on ordinary activities	4	607,969	545,285
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	13	<b>14,995,597</b>	<b>582,744</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 8 to 12 form part of these financial statements.

**ARCHANT LIFESTYLE PLC**

**BALANCE SHEET - 31 DECEMBER 2005**

	Note	2005 £	2004 £
<b>FIXED ASSETS</b>			
Investment in subsidiary undertakings	5	88,178,214	83,170,654
<b>CURRENT ASSETS</b>			
Debtors	6	609,766	548,744
<b>CREDITORS:</b>			
Amounts falling due within one year	7	(45,951,866)	(41,330,823)
<b>NET CURRENT LIABILITIES</b>			
		(45,342,100)	(40,782,079)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		42,836,114	42,388,575
<b>CREDITORS:</b>			
Amounts falling due after more than one year	11	(25,456,282)	(40,004,340)
<b>NET ASSETS</b>			
		17,379,832	2,384,235
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1,000,000	1,000,000
Profit and loss account	13	16,379,832	1,384,235
<b>SHAREHOLDERS' FUNDS</b>			
	13	17,379,832	2,384,235

Approved by the Board on 24 July 2006.

A D Jeakings  
Director

The notes on pages 8 to 12 form part of these financial statements.

# **ARCHANT LIFESTYLE PLC**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005**

### **1 ACCOUNTING POLICIES**

**(a) Basis of preparation**

The financial statements are prepared under the historical cost convention and are drawn up in accordance with United Kingdom Generally Accepted Accounting Practice.

**(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**

	2005 £	2004 £
Dividends received from subsidiary undertakings	16,414,191	1,860,000

### **3 FINANCING COSTS**

	2005 £	2004 £
Unsecured loan notes 2005	1,905,392	1,697,731
Unsecured loan notes 2008	100,183	103,779
Bank guarantee commission	12,163	14,617
Amortisation of loan issue costs	3,218	2,020
	<u>2,020,956</u>	<u>1,818,147</u>

### **4 TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES**

	2005 £	2004 £
UK corporation tax		
current year credit	607,969	546,762
prior year charge	-	(1,477)
	<u>607,969</u>	<u>545,285</u>

**Factors affecting current tax credit**

The tax credit assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2004 - 30%). The differences are reconciled below.

Profit on ordinary activities before tax	14,387,628	37,459
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 - 30%)	4,316,288	11,238
Non taxable income	(4,924,257)	(558,000)
Adjustments in respect of prior periods	-	1,477
Total current tax above	<u>(607,969)</u>	<u>(545,285)</u>



# **ARCHANT LIFESTYLE PLC**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005**

<b>5 INVESTMENT IN SUBSIDIARY UNDERTAKINGS</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Cost</b>		
At 1 January	84,041,180	84,041,180
Investment in the year	5,007,560	-
At 31 December	<u>89,048,740</u>	<u>84,041,180</u>
<b>Amounts provided</b>		
At 1 January and at 31 December	<u>870,526</u>	<u>870,526</u>
<b>Net book value</b>		
At 31 December	<u>88,178,214</u>	<u>83,170,654</u>

The company's principal subsidiary undertakings, all of which are wholly owned, are listed below. With the exception of The British Connection Inc, which is incorporated in the United States of America, all such subsidiary undertakings are incorporated in England.

<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
Romsey Publishing Group Limited *	Dormant	100% ord. shares
Romsey Publishing Company Limited *	Dormant	100% ord. shares
The British Connection Inc *	Magazine distribution	100% ord. shares
Bulldog Magazines 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.

<b>6 DEBTORS</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Group relief receivable	607,969	546,762
Other debtors	1,797	1,982
	<u>609,766</u>	<u>548,744</u>

**ARCHANT LIFESTYLE PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005**

<b>7 CREDITORS: Amounts falling due within one year</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Bank overdraft	-	10,909
Unsecured loan notes 2008 (Note 8)	2,304,622	2,705,399
Unsecured loan notes 2005 (Note 9)	-	38,600,000
Unsecured loan (Note 10)	38,600,000	-
Amounts owed to fellow subsidiary undertakings	5,032,599	-
Income tax payable	9,556	11,467
Other creditors	5,089	3,048
	<u>45,951,866</u>	<u>41,330,823</u>

**8 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>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Total loan notes outstanding	2,323,122	2,727,117
Less issue costs	(18,500)	(21,718)
	<u>2,304,622</u>	<u>2,705,399</u>

**9 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.

	<u>-</u>	<u>38,600,000</u>
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**10 UNSECURED LOAN**

The unsecured loan was issued to the parent company on conversion of the unsecured loan notes 2005. The loan is repayable at three months' notice, and carries interest at 1% above the base rate of Barclays Bank Plc payable annually in arrears.

	<u>38,600,000</u>	<u>-</u>
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**11 CREDITORS: amounts falling due after more than one year**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Amounts owed to parent undertaking	<u>25,456,282</u>	<u>40,004,340</u>

# **ARCHANT LIFESTYLE PLC**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005**

12 CALLED UP SHARE CAPITAL	2005 £	2004 £
<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

## **13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Share capital £	Profit & loss account £	Shareholders' funds £
At 31 December 2003	1,000,000	801,491	1,801,491
Profit for the year	-	582,744	582,744
At 31 December 2004	1,000,000	1,384,235	2,384,235
Profit for the year	-	14,995,597	14,995,597
At 31 December 2005	1,000,000	16,379,832	17,379,832

## **14 CONTINGENT LIABILITY**

Certain 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.

In addition, certain of the companies in the Group have provided a cross guarantee in relation to the revolving credit facilities with The Royal Bank of Scotland plc. Details of the overdraft facility are also contained in the Archant Limited group financial statements.

## **15 POST BALANCE SHEET EVENTS**

Archant Life Limited have acquired five subsidiaries (each the publisher of a local magazine in London) from Metropolis Publishing Limited in January 2006, and Advent Media Limited in April 2006, publisher of eight magazines in the Midlands. The consideration for these acquisitions was £5,460,000.

## **ARCHANT LIFESTYLE PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005**

#### **16 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.

#### **17 ULTIMATE PARENT UNDERTAKING**

At 31 December 2005, 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.

#### **18 STATEMENT OF CASH FLOWS**

The Company has taken advantage of the dispensation under FRS1 Section 8 ( c ) not to publish a cash flow statement. The cash flow statement of the Group is published in the financial statements of Archant Limited.