

**Registered Number: 3550181**

**ARCHANT LIFESTYLE PLC**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2008**

TUESDAY



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28/07/2009  
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**ARCHANT LIFESTYLE PLC**

Registered Number: 3550181

**DIRECTORS**

B G McCarthy  
A D Jeakings  
J O Ellison

**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 2008**

The directors present their report together with the financial statements of the company for the year ended 31 December 2008.

### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £1,063,142 (2007: profit £915,273). 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.

On 22 February 2008, Archant Life Limited, a subsidiary of the company, acquired four free distribution magazines on the south coast of England. The magazines have an annual turnover of £1,100,000.

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

### **Treasury management, associated risks and uncertainties**

The bank facilities of the Archant group are managed centrally. The main risks that the Group faces from its treasury activities are liquidity risk and interest rate risk. The Group's treasury objective is to minimise borrowing costs and maximise returns on funds subject to short-term liquidity requirements.

Liquidity risk results from having insufficient financial resources to meet day-to-day fluctuations in working capital and cash flow. Ultimate responsibility for the Group's liquidity risk management rests with the Board of the parent company. The Group manages liquidity risk by maintaining adequate reserves, by regularly monitoring forecast and actual cash flows and by maintaining a mixture of long-term and short-term committed facilities that are designed to ensure the Group has sufficient available funds for operations and planned expansions.

### **DIRECTORS**

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

|              | Appointed       | Resigned        |
|--------------|-----------------|-----------------|
| J A Fry      |                 | 1 November 2008 |
| A D Jeakings |                 |                 |
| J O Ellison  |                 |                 |
| B G McCarthy | 1 November 2008 |                 |

## **ARCHANT LIFESTYLE PLC**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008**

#### **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.

#### **GOING CONCERN**

The directors believe that the Company has adequate resources and, as set out in Note 1 on page 8 to the financial statements, will have available to it sufficient future funding to enable it to continue in operational existence for the foreseeable future. Accordingly the directors have continued to adopt the going concern basis in preparing the accompanying financial statements.

#### **AUDITORS**

Ernst & Young LLP are deemed re-appointed as the company's auditor in accordance with section 487(2) Companies Act 2006.

By order of the board



J O Ellison  
Secretary

20 July 2009

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCHANT LIFESTYLE PLC

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 16. 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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

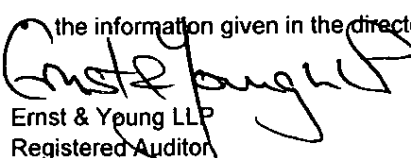
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



Ernst & Young LLP  
Registered Auditor  
Cambridge  
20 July 2009

**ARCHANT LIFESTYLE PLC****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008**

|  | Note | 2008<br>£        | 2007<br>£      |
|--|------|------------------|----------------|
| Investment income                                    | 2    | 3,715,000        | 2,735,000      |
| Financing costs                                      | 3    | (3,705,438)      | (2,595,794)    |
| Operating costs                                      |      | (3,313)          | (3,815)        |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |      | <b>6,249</b>     | <b>135,391</b> |
| Tax credit on profit on ordinary activities          | 4    | 1,056,893        | 779,882        |
| <b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>  | 12   | <b>1,063,142</b> | <b>915,273</b> |

All revenue and expenses included in the profit and loss account relate to continuing operations.

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 13 form part of these financial statements.

**ARCHANT LIFESTYLE PLC**

**BALANCE SHEET - 31 DECEMBER 2008**

|  | Note | 2008<br>£    | 2007<br>£    |
|--|------|--------------|--------------|
| <b>FIXED ASSETS</b>                          |      |              |              |
| Investment in subsidiary undertakings        | 5    | 88,178,214   | 88,178,214   |
| <b>CURRENT ASSETS</b>                        |      |              |              |
| Debtors                                      | 6    | 1,056,893    | 780,933      |
| <b>CREDITORS:</b>                            |      |              |              |
| Amounts falling due within one year          | 7    | (43,300,506) | (44,537,164) |
| <b>NET CURRENT LIABILITIES</b>               |      | (42,243,613) | (43,756,231) |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |      | 45,934,601   | 44,421,983   |
| <b>CREDITORS:</b>                            |      |              |              |
| Amounts falling due after more than one year | 10   | (25,663,484) | (25,214,008) |
| <b>NET ASSETS</b>                            |      | 20,271,117   | 19,207,975   |
| <b>CAPITAL AND RESERVES</b>                  |      |              |              |
| Called up share capital                      | 11   | 1,000,000    | 1,000,000    |
| Profit and loss account                      | 12   | 19,271,117   | 18,207,975   |
| <b>SHAREHOLDERS' FUNDS</b>                   | 12   | 20,271,117   | 19,207,975   |

Approved by the Board on 20 July 2009.



B G McCarthy  
Director

The notes on pages 8 to 13 form part of these financial statements.

## ARCHANT LIFESTYLE PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

#### 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.

The Archant Group meets its day to day working capital requirements through two overdraft facilities which are both repayable on demand, and a five-year revolving advances facility which expires in December 2009. The current economic conditions create uncertainty particularly over the level of demand for the Group's products and the availability of bank finance in the foreseeable future.

The Group's forecasts and projections show that the Group should be able to operate within the level of its current facilities. The Group has held discussions with its bankers about its future borrowing needs, and has opened renewal negotiations. At this stage the Group has not sought any written commitment that the facilities will be renewed but no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

##### (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                             | 2008<br>£        | 2007<br>£        |
|---|------------------|------------------|
| Dividends received from subsidiary undertakings | <u>3,715,000</u> | <u>2,735,000</u> |



# **ARCHANT LIFESTYLE PLC**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008**

| <b>3 FINANCING COSTS</b>         | <b>2008</b>      | <b>2007</b>      |
|----------------------------------|------------------|------------------|
|                                  | <b>£</b>         | <b>£</b>         |
| Inter company loan               | 3,666,440        | 2,512,966        |
| Unsecured loan notes 2008        | 24,096           | 71,902           |
| Bank guarantee commission        | 5,052            | 8,746            |
| Amortisation of loan issue costs | 9,850            | 2,180            |
|                                  | <u>3,705,438</u> | <u>2,595,794</u> |

| <b>4 TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES</b> | <b>2008</b>      | <b>2007</b>    |
|--|------------------|----------------|
|  | <b>£</b>         | <b>£</b>       |
| UK corporation tax                                   |                  |                |
| current year credit                                  | 1,056,893        | 779,883        |
| adjustment in respect of prior years                 | -                | (1)            |
|  | <u>1,056,893</u> | <u>779,882</u> |

### **Factors affecting current tax credit**

The tax credit assessed on the profit on ordinary activities for the year is lower than the effective standard rate of corporation tax in the UK of 28.5% (2007 - 30%). The differences are reconciled below.

|  |                    |                  |
|--|--------------------|------------------|
| Profit on ordinary activities before tax   | <u>6,249</u>       | <u>135,391</u>   |
| Profit on ordinary activities multiplied by the effective standard rate of corporation tax in the UK of 28.5% (2007 - 30%) | 1,781              | 40,617           |
| Non taxable income   | (1,058,674)        | (820,500)        |
| Adjustment in respect of prior years   | -                  | 1                |
| Total current tax above  | <u>(1,056,893)</u> | <u>(779,882)</u> |

**ARCHANT LIFESTYLE PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008**

| <b>5 INVESTMENT IN SUBSIDIARY UNDERTAKINGS</b> | <b>2008</b> | <b>2007</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| <b>Cost</b>                                    |             |             |
| At 1 January and at 31 December                | 89,048,740  | 89,048,740  |
| <b>Amounts provided</b>                        |             |             |
| At 1 January and at 31 December                | 870,526     | 870,526     |
| <b>Net book value</b>                          |             |             |
| At 31 December                                 | 88,178,214  | 88,178,214  |

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 *          | Non trading           | 100% ord. shares |
| Eastern Counties Newspapers Group Limited * | Non trading           | 100% ord. shares |
| Community Media Limited *                   | Non trading           | 100% ord. shares |
| Archant Specialist Limited                  | Magazine publishing   | 100% ord. shares |
| Archant Leisure Limited *                   | Title holding company | 100% ord. shares |
| Archant Imaging Limited *                   | Title holding company | 100% ord. shares |
| Archant Style Limited *                     | Title holding company | 100% ord. shares |
| Archant Travel Limited *                    | Title holding company | 100% ord. shares |
| Archant Life Limited *                      | Magazine publishing   | 100% ord. shares |
| Archant Community Magazines Limited *       | Title holding company | 100% ord. shares |
| Archant France Magazines Limited *          | Title holding company | 100% ord. shares |
| Archant Urban Publications Limited *        | Title holding company | 100% ord. shares |
| Archant Dialogue Limited                    | Contract publishing   | 100% ord. shares |
| The Derbyshire Countryside Limited          | Dormant               | 100% ord. shares |
| The British Connection Inc *                | Magazine distribution | 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>2008</b>      | <b>2007</b>    |
|-------------------------|------------------|----------------|
|                         | <b>£</b>         | <b>£</b>       |
| Group relief receivable | 1,056,893        | 779,883        |
| Other debtors           | -                | 1,050          |
|                         | <u>1,056,893</u> | <u>780,933</u> |

**ARCHANT LIFESTYLE PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008**

| <b>7 CREDITORS: Amounts falling due within one year</b> | <b>2008</b>       | <b>2007</b>       |
|---|-------------------|-------------------|
|   | <b>£</b>          | <b>£</b>          |
| Unsecured loan notes 2008 (Note 8)                      | -                 | 1,227,148         |
| Unsecured loan (Note 9)                                 | 38,600,000        | 38,600,000        |
| Amounts owed to fellow subsidiary undertakings          | 4,700,000         | 4,700,000         |
| Income tax payable                                      | -                 | 7,753             |
| Other creditors   | 506               | 2,263             |
|   | <u>43,300,506</u> | <u>44,537,164</u> |

**8 UNSECURED LOAN NOTES 2008**

The loan notes were floating rate, guaranteed, unsecured loan notes 2008, and were redeemed on 26 May 2008, together with interest accrued to that date. The financing cost had been 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 were guaranteed by Barclays Bank PLC.

|                              | <b>2008</b> | <b>2007</b>      |
|------------------------------|-------------|------------------|
|                              | <b>£</b>    | <b>£</b>         |
| Total loan notes outstanding | -           | 1,236,998        |
| Less issue costs             | -           | (9,850)          |
|                              | <u>-</u>    | <u>1,227,148</u> |

**9 UNSECURED LOAN**

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

|                          |                   |                   |
|--------------------------|-------------------|-------------------|
| Loan balance outstanding | <u>38,600,000</u> | <u>38,600,000</u> |
|--------------------------|-------------------|-------------------|

| <b>10 CREDITORS: amounts falling due after more than one year</b> | <b>2008</b>       | <b>2007</b>       |
|---|-------------------|-------------------|
|   | <b>£</b>          | <b>£</b>          |
| Loan from parent undertaking                                      | <u>25,663,484</u> | <u>25,214,008</u> |

There is no formal agreement covering the terms of this loan. From 1 January 2008, interest has been charged at 1% above the base rate of Barclays Bank Plc payable annually in arrears.

# **ARCHANT LIFESTYLE PLC**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008**

|   |             |             |
|---|-------------|-------------|
| <b>11 CALLED UP SHARE CAPITAL</b>         | <b>2008</b> | <b>2007</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   |

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

|                     | Share<br>capital<br>£ | Profit & loss<br>account<br>£ | Shareholders'<br>funds<br>£ |
|---------------------|-----------------------|-------------------------------|-----------------------------|
| At 31 December 2006 | 1,000,000             | 17,292,702                    | 18,292,702                  |
| Profit for the year | -                     | 915,273                       | 915,273                     |
| At 31 December 2007 | 1,000,000             | 18,207,975                    | 19,207,975                  |
| Profit for the year | -                     | 1,063,142                     | 1,063,142                   |
| At 31 December 2008 | 1,000,000             | 19,271,117                    | 20,271,117                  |

## **13 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.

## **14 RELATED PARTY TRANSACTIONS**

Advantage has been taken of the exemption in paragraph 3 of FRS 8 "Related Party Disclosures" not to disclose transactions with entities that are part of the Archant Limited group and its associates.

## **ARCHANT LIFESTYLE PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008**

#### **15 ULTIMATE PARENT UNDERTAKING**

At 31 December 2008, 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.

#### **16 STATEMENT OF CASH FLOWS**

The Company has taken advantage of the dispensation under FRS 1 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.