

Registered Number: 3550181

ARCHANT LIFESTYLE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2010

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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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their annual report together with the financial statements of the company for the year ended 31 December 2010

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £472,020 (2009 profit £479,145) 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

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

A D Jeakings
J O Ellison
B G McCarthy

ARCHANT LIFESTYLE PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Group will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and 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.

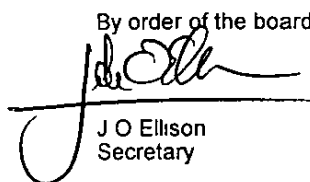
GOING CONCERN

The directors believe that the Company has adequate resources and 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

17 June 2011

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

We have audited the financial statements of Archant Lifestyle Plc for the year ended 31 December 2010 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 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 explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of the profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

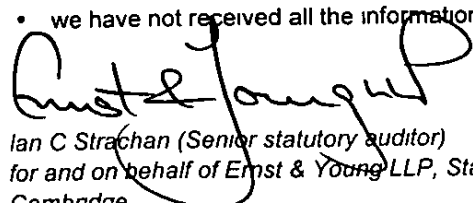
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.


Ian C Strachan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge

21 June 2011

ARCHANT LIFESTYLE PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
Investment income	2	1,150,000	1,235,000
Financing costs	3	(941,639)	(1,049,798)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	208,361	185,202
Tax credit on profit on ordinary activities	5	263,659	293,943
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	472,020	479,145

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

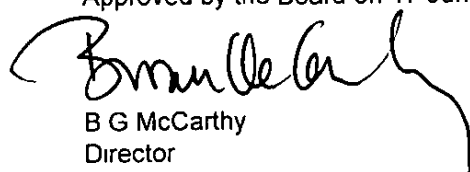
The notes on pages 8 to 13 form part of these financial statements

ARCHANT LIFESTYLE PLC

BALANCE SHEET - 31 DECEMBER 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Investment in subsidiary undertakings	6	88,178,214	88,178,214
CURRENT ASSETS			
Debtors	7	263,659	293,943
CREDITORS:			
Amounts falling due within one year	8	(43,300,000)	(43,300,000)
NET CURRENT LIABILITIES		(43,036,341)	(43,006,057)
TOTAL ASSETS LESS CURRENT LIABILITIES		45,141,873	45,172,157
CREDITORS:			
Amounts falling due after more than one year	10	(23,919,591)	(24,421,895)
NET ASSETS		21,222,282	20,750,262
CAPITAL AND RESERVES			
Called up share capital	11	1,000,000	1,000,000
Profit and loss account	12	20,222,282	19,750,262
SHAREHOLDERS' FUNDS	12	21,222,282	20,750,262

Approved by the Board on 17 June 2011


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 2010

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 financial statements have been prepared on the going concern concept as the ultimate parent undertaking has agreed to continuing financial support for the foreseeable future to enable the company to meet its obligations

The Archant Group meets its day to day working capital requirements through an overdraft facility repayable on demand, and a term revolving advances facility, which expires in April 2013

The Group has considerable financial resources available, together with long-term contracts with principal suppliers. The Group's forecasts and projections show that the Group should be able to operate within the level of its current facilities, and that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook

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, the directors have continued 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 408 of the Companies Act 2006 from preparing consolidated financial statements. Therefore, these financial statements represent the state of affairs of the company only

ARCHANT LIFESTYLE PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

2 INVESTMENT INCOME	2010	2009
	£	£
Dividends received from subsidiary undertakings	<u>1,150,000</u>	<u>1,235,000</u>
3 FINANCING COSTS	2010	2009
	£	£
Inter company loans	<u>941,639</u>	<u>1,049,798</u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**Auditors' remuneration**

Auditors' remuneration for both audit and non-audit services has been borne by other group companies

Directors' remuneration

The directors of the company are also directors of the holding company and fellow subsidiaries. The directors received total remuneration for the year, including defined contribution pension contributions but excluding accrued defined benefit pension entitlements, of £857,540 (2009 £969,261), all of which was paid by the holding company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies. Mr AD Jeakings and Mr JO Ellison are members of the Archant defined benefit pension scheme, and Mr BG McCarthy is a member of the Archant defined contribution pension scheme. The accrued pension entitlements of Mr AD Jeakings are disclosed in the directors' remuneration report in the 2010 annual report of Archant Limited. Mr JO Ellison's accrued pension entitlement at 31 December 2010 was £62,359 (2009 £60,196).

ARCHANT LIFESTYLE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

5 TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES	2010	2009
	£	£
UK corporation tax		
current year credit	<u>263,659</u>	<u>293,943</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% (2009 - 28%) The differences are reconciled below

Profit on ordinary activities before tax	<u>208,361</u>	<u>185,202</u>
Profit on ordinary activities multiplied by the effective standard rate of corporation tax in the UK	58,341	51,857
Non taxable income	<u>(322,000)</u>	<u>(345,800)</u>
Total current tax above	<u>(263,659)</u>	<u>(293,943)</u>

Factors that may affect future tax charges

The Finance (No 2) Act 2010 reduced the main rate of UK Corporation Tax from 28% to 27% from 1 April 2011

In his budget on 23 March 2011, the Chancellor of the Exchequer announced legislation will be introduced in the Finance Bill 2011 to reduce the main rate of UK corporation tax from 28% to 26% from 1 April 2011 There will be further reductions in the main rate of corporation tax enacted annually in the following three years to bring the rate down to 23% from 1 April 2014 These changes had not been substantively enacted at the balance sheet date and consequently are not included in these financial statements

The above changes to tax rates will impact the amount of future tax payments

ARCHANT LIFESTYLE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

6 INVESTMENT IN SUBSIDIARY UNDERTAKINGS	2010 £	2009 £
Cost		
At 1 January and at 31 December	89,048,740	89,048,740
Amounts provided		
At 1 January and at 31 December	870,526	870,526
Net book value		
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

7 DEBTORS	2010 £	2009 £
Group relief receivable	263,659	293,943

ARCHANT LIFESTYLE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

8 CREDITORS: Amounts falling due within one year	2010	2009
	£	£
Unsecured loan (Note 9)	38,600,000	38,600,000
Amounts owed to fellow subsidiary undertakings	4,700,000	4,700,000
	<u>43,300,000</u>	<u>43,300,000</u>

9 UNSECURED LOAN	2010	2009
	£	£
Loan balance outstanding	<u>38,600,000</u>	<u>38,600,000</u>

The loan is repayable to the parent company at three months' notice, and carries interest at 1% above the bank's base rate payable annually in arrears

10 CREDITORS: amounts falling due after more than one year	2010	2009
	£	£
Loan from parent undertaking	<u>23,919,591</u>	<u>24,421,895</u>

This loan carries interest at 1% above the bank's base rate payable annually in arrears

11 CALLED UP SHARE CAPITAL	2010	2009
	£	£
Allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

ARCHANT LIFESTYLE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Profit & loss account £	Shareholders' funds £
At 31 December 2008	1,000,000	19,271,117	20,271,117
Profit for the year	-	479,145	479,145
At 31 December 2009	<u>1,000,000</u>	<u>19,750,262</u>	<u>20,750,262</u>
Profit for the year	-	472,020	472,020
At 31 December 2010	<u>1,000,000</u>	<u>20,222,282</u>	<u>21,222,282</u>

13 CONTINGENT LIABILITY

The company, together with certain other companies in the Archant Group, has provided a floating charge over the undertaking, property, assets and rights of the company, and a cross guarantee to secure sums drawn by the Archant Group under the revolving credit facilities with The Royal Bank of Scotland plc. Details of the RBS facility are 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.

15 ULTIMATE PARENT UNDERTAKING

At 31 December 2010, 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, Mandy, 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.