

3550181

Orient Publishing PLC

Report and Accounts

31 December 1998

LRNSI & JOUNC



Orient Publishing PLC

Registered No. 3550181

DIRECTORS

P M Strong
G H C Copeman
R W Jewson
C H Lawrence

SECRETARY

C H Lawrence

AUDITORS

Ernst & Young
Cambridge House
26 Tombland
Norwich
NR3 1RH

SOLICITORS

Eversheds
Holland Court
The Close
Norwich
NR1 4DX

REGISTERED OFFICE

Prospect House
Rouen Road
Norwich
NR1 1RE

Orient Publishing PLC

DIRECTORS' REPORT

The directors present their report and accounts for the period from 16 April 1998 to 31 December 1998.

INCORPORATION

The company was incorporated on 16 April 1998.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £3,216,446. The directors do not recommend payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The company is an investment holding company for the Eastern Counties Newspapers Group. During the period the company acquired Home Counties Newspapers Holdings PLC.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period were:

	<i>Date of appointment</i>	<i>Date of resignation</i>
Severnside Nominees Limited	16.04.98	16.04.98
Severnside Secretarial Limited	16.04.98	16.04.98
P M Strong	16.04.98	
G H C Copeman	16.04.98	
R W Jewson	16.04.98	
C H Lawrence	16.04.98	

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

P M Strong, G H C Copeman, R W Jewson and C H Lawrence are all directors of the holding company and have declared their interests in the shares of the holding company in that company's accounts.

YEAR 2000

The company is a wholly owned subsidiary of Eastern Counties Newspapers Group Limited (ECNG), and its transactions are recorded using ECNG computing facilities. Accordingly, the directors have obtained assurance from ECNG that they have undertaken a complete review of their operations, have in place programmes of work to ensure that all business critical systems are compliant, and that contingency plans will be in place to cover unexpected failures.

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts 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 accounts 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 reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board

 27/7/99

C H Lawrence
Secretary

REPORT OF THE AUDITORS
to the members of Orient Publishing PLC

We have audited the accounts on pages 6 to 11, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst Young

Ernst & Young
Registered Auditor
Norwich

28 July 1999

Orient Publishing PLC

PROFIT AND LOSS ACCOUNT

for the period from 16 April 1998 to 31 December 1998

	<i>Notes</i>	<i>1998</i> <i>£</i>
Dividends received	2	5,000,000
Interest received		37,528
Financing costs	3	(2,611,438)
Bank charges		(25)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,426,065
Taxation (credit)	4	790,381
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE FINANCIAL PERIOD		3,216,446

RECOGNISED GAINS AND LOSSES

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

Orient Publishing PLC

BALANCE SHEET

at 31 December 1998

	Notes	1998 £
FIXED ASSETS		
Investments in subsidiary undertakings	5	58,645,875
CURRENT ASSETS		
Debtors	6	3,281,231
Cash at bank and in hand		116,402
		<u>3,397,633</u>
CREDITORS: amounts falling due within one year		
Other creditors	7	216,335
Unsecured loan notes 2008	8	24,197,894
		<u>24,414,229</u>
NET CURRENT LIABILITIES		<u>(21,016,596)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>37,629,279</u>
CREDITORS: amounts falling due after more than one year		
	9	33,412,833
		<u>4,216,446</u>
CAPITAL AND RESERVES		
Called up share capital	10	1,000,000
Profit and loss account	11	3,216,446
SHAREHOLDERS' FUNDS - EQUITY INTERESTS		<u>4,216,446</u>

Director

Christopher Cooperman
21/1/99

NOTES TO THE ACCOUNTS

at 31 December 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing difference will reverse.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Basis of consolidation

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

2. DIVIDENDS RECEIVED

	1998 £
Dividend received from subsidiary undertaking	5,000,000

3. FINANCING COSTS

	1998 £
Unsecured loan notes 2008	1,012,265
Convertible unsecured loan stock 2000	1,574,854
Amortisation of loan issue costs	24,319
	2,611,438

4. TAXATION

	1998 £
Based on profit for the period:	
Corporation tax credit	790,381

The charge for taxation is lower than expected due to dividends received under a Group Income Election.

Orient Publishing PLC

NOTES TO THE ACCOUNTS

at 31 December 1998

5. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	1998 £
Additions at cost	58,645,874
Inter group transfer	1
At 31 December 1998	<u>58,645,875</u>

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	Ordinary shares
Home Counties Newspapers Limited*	Newspaper publishing	Ordinary shares
The South Essex Recorders Limited*	Newspaper publishing	Ordinary shares
The Hampstead and Highgate Express Printing and Publishing Company Limited*	Newspaper publishing	Ordinary shares
ECNG Investment Co Limited	Investment holding company	Ordinary shares

*Investment indirectly owned

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

6. DEBTORS

	1998 £
Amounts owed by parent company	2,490,850
Corporation tax recoverable	790,381
	<u>3,281,231</u>

7. OTHER CREDITORS

	1998 £
Income tax payable	202,453
Other creditors	13,882
	<u>216,335</u>

Orient Publishing PLC

NOTES TO THE ACCOUNTS

at 31 December 1998

8. UNSECURED LOAN NOTES 2008

The loan notes are floating rate, guaranteed, unsecured loan notes 2008, and were issued as part of the consideration for the acquisition of Home Counties Newspapers Holdings PLC. 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 notice. The earliest day on which the loan note holders could require payment is 30 June 1999, and therefore the loans have been treated as falling due within one year. The loan notes are guaranteed by Barclays Bank Plc.

	1998 £
Total loan notes outstanding	24,392,148
Less issue costs	(194,254)
	<u>24,197,894</u>

9. CREDITORS: amounts falling due after more than one year

	1998 £
Convertible unsecured loan stock 2000 - intra group:	
Loan stock issued - nominal value £39,500,000	33,101,000
Loan stock redeemed - nominal value £900,000	(754,200)
	<u>32,346,800</u>
Financing cost	1,103,506
	<u>33,450,306</u>
Loan stock issue costs	(37,473)
	<u>33,412,833</u>

The discounted convertible loan stock remaining at 31 December 1998 can be converted into 5,813,160 ordinary shares of £1 each on 29 December 2000 at the option of the investor.

10. SHARE CAPITAL

	Authorised 1998 No.	Allotted, called up and fully paid 1998 £
Ordinary shares of £1 each	6,950,000	1,000,000

At incorporation, the authorised share capital was £50,000, comprising 50,000 ordinary shares of £1 each.

Orient Publishing PLC

NOTES TO THE ACCOUNTS

at 31 December 1998

Two ordinary shares of £1 each were issued to the subscribers on the date of incorporation, and the remaining 49,998 shares were issued to the parent company on 17 April 1998 for cash. On 21 May 1998, the company increased the authorised share capital by special resolution to £6,950,000 by the creation of an additional 6,900,000 ordinary shares of £1 each. On 26 May 1998, 950,000 shares were issued to the parent company for cash.

11. RECONCILIATION OF SHAREHOLDERS' FUNDS

Attributable to equity interests:

	£
Shares issued	1,000,000
Profit for the period	3,216,446
At 31 December 1998	<u>4,216,446</u>

12. HOLDING COMPANY

The parent undertaking, for which group accounts are drawn up and of which the company is a member, is Eastern Counties Newspapers Group Limited, registered in England and Wales. Copies of that company's accounts can be obtained from The Registrar, Companies House, Crown Way, Maindy, Cardiff.

The company has taken advantage of exemptions in respect of FRS8 on the grounds that it is a wholly owned subsidiary.

13. STATEMENT OF CASH FLOWS

The statement of cash flows has been incorporated within the consolidated accounts of Eastern Counties Newspapers Group Limited.