RCD1 LIMITED

GROUP REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001

04086466

24-10-02

RCD1 LIMITED

GROUP REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001

Contents

RCD1 LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

Mr. R.C. Desmond
Mr. R. Sanderson
Mr. M. S. Ellice
Mr. P. Ashford
Mr. S. Myerson

Secretary

Mr. M. S. Gill

Company Number

4086466 (England)

Auditors

PricewaterhouseCoopers
1 Embankment Place
London WC2N 6RH

Bankers

Bank of Scotland
38 Threadneedle Street
London EC2P 2EW

Registered Office

Ludgate House
245 Blackfriars Road
London SE1 9UX

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RCD1 LIMITED

REPORT OF THE DIRECTORS

For the Year Ended 31 December 2001

The directors submit their report and the audited financial statements for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

RCD1 Limited is the ultimate holding company of the Northern & Shell group of companies. Through its subsidiary, Northern & Shell Network Limited, it owns a group of companies principally engaged in newspaper publishing and printing, magazine publishing and television broadcasting. RCD1 Limited is also engaged in property rental.

It is the intention of company and the group to continue trading in these areas for the foreseeable future.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The results for the year reflect the costs incurred in restructuring Express Newspapers, which was acquired by the group in November 2000. The reduction in the cost base achieved by this restructuring has improved the operating result in the second half of the year and this benefit will continue to be realised during 2002.

Publishing activities have shown increased sales volume and have benefited from a stabilisation in paper prices towards the end of the year. With the ongoing development of digital television, the group's television broadcasting activities continue to expand.

Income from property rental has remained stable.

RESULTS AND DIVIDENDS

The group has achieved significant growth during the year with turnover from continuing operations increasing by 262% from £92 million to £333 million. Group operating profit has similarly shown significant growth of £17 million.

The group recorded profits after taxation of £18 million (2000: £5 million).

The directors do not recommend the payment of a dividend on the £1 ordinary share capital (2000 - £nil).

The Group is well placed to further improve its results and take advantage of new opportunities as they arise.

POST BALANCE SHEET EVENTS

During the year Express Newspapers received notice from the Telegraph Group Limited of its intention to compulsorily acquire Express Newspapers' 50% share in West Ferry Printers Limited. As a result, in accordance with the joint venture agreement, representatives from Express Newspapers were removed from the board of West Ferry Printers Limited. Subsequent to the year end Express Newspapers and the Telegraph Group Limited agreed to cease the compulsory acquisition, and representatives of Express Newspapers were re-appointed to the board of West Ferry Printers Limited during March 2002.

On the 6th February 2002 Newsprint Management and Supply Services Limited (NMSS), a joint venture between Express Newspapers and the Telegraph Group Limited was placed into voluntary liquidation

DIRECTORS AND THEIR INTERESTS

The present membership of the board is set out on page 2. No other directors served at any time during the year.

At the beginning and end of the year Mr. R C. Desmond was beneficially interested in the whole of the issued share capital of the company.

None of the other directors had an interest in the share capital of the company at the beginning or end of the year.

RCD1 LIMITED

REPORT OF THE DIRECTORS

For the Year Ended 31 December 2001 (continued)

POLICY ON PAYMENT OF CREDITORS

The Group and its subsidiaries agree terms and conditions for their business transactions with their suppliers. Payment is made on these terms, subject to these terms and conditions being met by the supplier.

The Group has approximately 67 days' purchases outstanding at 31 December 2001 based on the average daily amount invoiced by suppliers during the year (2000: 66 days).

EMPLOYEE INVOLVEMENT

During the year the company and group maintained their practice of keeping employees informed about current activities and progress using various methods including briefings. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring their views are taken into account where decisions are likely to affect their interests. This practice is reviewed regularly.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company and group continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

POLITICAL AND CHARITABLE DONATIONS

Political contributions to the Labour Party were made during the year amounting to £100,000 (2000 - £nil). Charitable contributions amounting to £122,465 (2000 - £118,955) were made during the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the group as at the end of the financial year and of the profit or loss of the group for that year. 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 presume that the company will continue in business;

The directors confirm that they have complied with the above requirements in preparing the financial statements. The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office and offer themselves for re-election in accordance with Section 385 of the Companies Act 1985.

Approved by the Board and signed on behalf of the Board

Mr. M. S. Gill
Secretary

Dated: 16 May 2002

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

RCD1 LIMITED

We have audited the financial statements, which comprise the profit and loss account, the balance sheets, the cash flow statement and the related notes.

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 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 United Kingdom auditing standards issued by the Auditing Practices Board.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises a list of the officers and professional advisors and the directors' report.

BASIS OF AUDIT 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 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 and the group as at 31 December 2001 and of the profit and cashflows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
Dated: 16 May 2002

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RCD1 LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Year Ended 31 December 2001

	Notes	2001 £'000	2000 £'000
Turnover			
Turnover (including share of joint ventures)	2		
Continuing		333,321	92,022
Discontinued		39,956	4,489
		373,277	96,511
Less: share of joint venture turnover			
Continuing		(8,098)	(719)
Discontinued		(39,956)	(4,489)
Turnover		325,223	91,303
Cost of sales		(182,761)	(53,384)
Gross profit		142,462	37,919
Distribution costs		(19,431)	(6,274)
Administrative expenses – other		(92,596)	(22,839)
Administrative expenses – exceptional items	3	(7,134)	(2,280)
		(99,730)	(25,119)
Other operating income		1,427	1,142
Group operating profit	4	24,728	7,698
Share of operating (loss) / profit of joint ventures		(328)	66
Total operating profit		24,400	7,764
Income from fixed asset investments		8,186	-
Profit on ordinary activities before interest and taxation		32,586	7,764
Interest receivable and similar income	6	556	194
Interest payable and similar charges	7	(12,371)	(2,730)
Profit on ordinary activities before taxation		20,771	5,228
Tax on profit on ordinary activities	8	(3,047)	(337)
Profit on ordinary activities after taxation		17,724	4,891
Dividends – non equity	9	(43)	(40)
Dividends – equity		-	-
Retained profit for the financial year		17,681	4,851

There is no difference between the reported profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The Group has no significant recognised gains or losses other than profits and losses above and therefore no separate statement of total recognised gains or losses has been presented.

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RCD1 LIMITED

GROUP BALANCE SHEET

As at 31 December 2001

	Notes	2001 £'000	2000 £'000
Fixed assets			
Intangible assets	11	9,424	8,242
Tangible assets	12	85,111	55,471
Investments	13		
Interests in joint ventures			
Share of gross assets		2,118	12,018
Share of gross liabilities		(1,628)	(11,297)
Goodwill arising on acquisition		8,768	9,753
		9,258	10,474
Other		29,815	85
		39,073	10,559
		133,608	74,272
Current assets			
Stocks	14	3,346	1,915
Debtors	16	46,293	51,071
Current asset investments	15	14	67,264
Cash at bank and in hand		18,681	25,524
		68,334	145,775
Creditors: amounts falling due within one year	17	(85,712)	(161,652)
Net current liabilities		(17,378)	(15,877)
Total assets less current liabilities		116,230	58,395
Creditors: amounts falling due after more than one year	18	(66,684)	(26,437)
Provisions for liabilities and charges	19	(18,171)	(17,864)
Net assets		31,375	14,094
Capital and reserves			
Called up share capital	23	110	110
Profit and loss account	24	27,305	9,624
Other reserves	24	3,860	3,860
Total shareholders' funds	24	31,275	13,594
Minority interest – Non equity		100	500
		31,375	14,094
Analysis of shareholders' funds			
Equity		31,275	13,594
Non-equity		100	500
		31,375	14,094

Approved by the Board of Directors:

Mr. R.C. Desmond

Dated: 16 May 2002

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RCD LIMITED

COMPANY BALANCE SHEET

As at 31 December 2001

	Notes	2001 £'000	2000 £'000
Fixed assets			
Tangible fixed assets	12	10,500	10,500
Investments	13	110	110
		10,610	10,610
Current assets			
Debtors	16	27,953	25,918
Cash at bank and in hand		3	-
		27,956	25,918
Creditors: amounts falling due within one year	17	(20,299)	(416)
Net current assets		7,657	25,502
Total assets less current liabilities		18,267	36,112
Creditors: amounts falling due after more than one year	18	(7,005)	(25,466)
Net assets		11,262	10,646
Capital and reserves			
Called up share capital	23	110	110
Profit and loss account		11,152	10,536
Total shareholders' funds		11,262	10,646

Approved by the Board of Directors:

Mr. R.C. Desmond

Dated: 16 May 2002

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RCD1 LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 31 December 2001

	Notes	2001 £'000	2000 £'000
Net cash inflow from continuing operating activities	25	23,739	27,594
Dividends received from equity accounted joint ventures		826	-
Returns on investments and servicing of finance			
Interest received		556	194
Interest paid		(5,795)	(1,102)
Issue costs of new bank loans		(864)	-
Dividends received from fixed asset investments		8,186	-
Interest element of finance lease rentals		(151)	(65)
Dividends paid to minority interests		(43)	(40)
		1,889	(1,013)
Taxation		(41)	-
Capital expenditure			
Payments to acquire intangible fixed assets		-	(41)
Payments to acquire tangible fixed assets		(2,534)	(2,293)
Receipts from disposal of tangible fixed assets		509	1,143
		(2,025)	(1,191)
Acquisitions and disposals			
Purchase of subsidiary undertakings		-	(125,000)
Acquisition expenses		-	(825)
Net cash acquired with purchase		-	366
Acquisition of minority interest in subsidiary undertaking		(500)	-
Recapitalisation of subsidiary undertaking prior to disposal		(1,094)	-
Receipts from disposal of subsidiary undertakings		580	-
Receipts from disposal of joint ventures		25	-
		(989)	(125,459)
Net cash inflow/(outflow) before management of liquid resources and financing		23,399	(100,069)
Management of liquid resources			
Payments to acquire short term investments		-	(1,706)
Receipts arising from sale of marketable securities		-	3,025
		-	1,319
Financing			
Borrowings undertaken		70,000	102,534
Loan repayments		(98,845)	-
Issue of preferred ordinary shares in subsidiary company		100	-
Capital element of finance lease rentals		(200)	(447)
		(28,945)	120,087
(Decrease) / increase in net cash	27	(5,546)	21,337

RCD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001

1. PRINCIPAL ACCOUNTING POLICIES

(a) Accounting convention

The financial statements are prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards. During the year, the company has adopted FRS18 "Accounting Policies".

Certain comparatives in the notes to the financial statements have been restated to conform with changes in presentation in the current year in notes 2 and 12.

(b) Basis of consolidation

The consolidated profit and loss account, balance sheet and cash flow statement includes the results, financial position and cash flows of the Company and its subsidiary undertakings. Intra-group sales, profits and balances are eliminated fully on consolidation.

RCD1 Limited was incorporated on the 4th October 2000 and acquired 100% of the issued share capital of Northern & Shell Network Limited, through the issue of equity shares.

The transaction was treated as a Group reconstruction and accordingly merger accounting principles were applied as allowed by the Companies Act 1985 and Financial Reporting Standard 6. No adjustments were required to align the accounting policies of the new Group following the merger.

The acquisition of Express Newspapers and Broughton Printers Limited and their subsidiaries (Express Newspapers Group) on 22 November 2000 was accounted for using acquisition accounting and as such their results and cash flows are included in the consolidation from that date.

(c) Turnover

Turnover represents the invoiced amount of goods sold and services provided (stated net of value added tax). Turnover generated from publishing activities is recognised on release of the newspaper or magazine issue to which it relates. Television subscription revenue is recognised evenly over the period of the subscription, and pay for view revenue is recognised in the period in which the broadcast occurs.

(d) Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date with any differences being taken to the profit and loss account.

RCD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001 (continued)

1. ACCOUNTING POLICIES (continued)

(e) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of tangible fixed assets is purchase cost together with any incidental costs of acquisition.
Depreciation is provided on all tangible fixed assets to write off the cost of each asset, less any estimated residual value, evenly over expected useful life, as follows: -

Buildings	50 years or estimated useful life
Plant & machinery	3 to 20 years
Fixtures and fittings & office equipment	2 to 5 years or period of the lease
Motor vehicles	2 to 5 years

Freehold investment properties are stated at their open market value at the balance sheet date.

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. No provision is made for the depreciation of freehold properties or for amortisation of leasehold properties held on leases having more than 20 years unexpired. This departure from the requirements of the Companies Act 1985, which requires all properties to be depreciated, is, in the opinion of the directors necessary for the accounts to show a true and fair view in accordance with applicable accounting standards.

(f) Intangible fixed assets

Trademarks

Trademarks comprise the cost of registering trademarks. These are amortised over 20 years, which is considered to be the economic useful life of the trademarks.

Goodwill

Goodwill represents the excess of the fair value of the consideration paid for acquisitions over the fair value of net assets acquired. Goodwill is amortised on a straight line basis over the estimated economic life of the acquisition.

Goodwill arising on acquisition of the Express Newspapers group is being amortised over its estimated economic life of 20 years.

Goodwill arising on joint venture acquisitions is being amortised over their estimated economic lives of 10 years.

(g) Stocks

Stocks comprise mainly paper and are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Also included within stocks are contributors and printing costs relating to magazines, which will be published in the following year. These amounts will be expensed upon publication.

Programme and film stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. It is the policy of the group to write-off the whole cost of a film in the month of its first transmission

RCD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001 (continued)

1. ACCOUNTING POLICIES (continued)

(h) Leases

Assets obtained under finance leases are capitalised and depreciated over the lesser of the period of the lease or the estimated useful life of the asset. Finance costs are charged to the profit and loss account and allocated to accounting periods during the lease term so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease.

Assets leased to third parties under operating leases are capitalised and depreciated over the estimated useful life of the asset. Operating lease rental is recorded as revenue in equal annual amounts over the period of the lease.

(i) Fixed asset investments

Fixed asset investments are recorded at cost, adjusted for any impairment in value.

(j) Interests in joint ventures

Where the Group holds a 50% interest in an entity on a long term basis and this interest is jointly controlled by the Group and other parties, the investment is included in fixed asset investments and the group's share of profits and losses of the joint venture is included in the results of the group according to the 'gross equity method'.

(k) Current asset investments

Where joint ventures and subsidiaries have been or are expected to be sold within 12 months of the date of their acquisition, they are disclosed as current asset investments held for resale at the lower of cost and net realisable value.

(l) Deferred taxation

Deferred tax is provided where in the opinion of the directors it is probable that an asset or liability will crystallise in the foreseeable future.

(m) Pension costs

Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period which the company benefits from the employees' services. The effects of variation from regular cost are spread over the expected average remaining service lives of members of the schemes.

(n) Finance charges

Costs in relation to obtaining finance are deferred and amortised over the term of the related financing.

RCD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001 (continued)

2. SEGMENTAL ANALYSIS

The group's turnover and profit before taxation arises solely from its publishing, broadcasting and printing, and property investment activities.
There is no significant turnover, profit before taxation and net assets in geographical locations other than the United Kingdom.
Turnover in respect of continuing Joint Venture entities arises wholly in the Republic of Ireland from publishing activities. Turnover in respect of discontinued joint venture activities arises wholly in the United Kingdom.

	2001 £'000	2000 £'000 Restated (b)
Business analysis of turnover continuing		
Publishing and printing	296,069	73,021
Broadcasting	37,252	19,001
	333,321	92,022
Business analysis of turnover discontinuing		
Publishing and printing	39,953	4,489
Broadcasting	3	-
	39,956	4,489
Total turnover	373,277	96,511
Business analysis of profit before taxation:		
Publishing and printing (refer (a) below)	4,769	905
Broadcasting	15,766	3,756
Property investment	236	567
	20,771	5,228
Business analysis of net operating assets:		
Publishing and printing	79,396	80,515
Broadcasting	1,480	2,535
Property investment	10,500	10,792
	91,376	93,842
Reconciliation of net operating assets to net assets		
Net operating assets	91,376	93,842
Investments	39,087	40,453
Corporation tax	(4,750)	(8,454)
Deferred tax	(17,842)	(15,192)
Net borrowings/funds	(76,496)	(96,555)
	31,375	14,094

(a) Includes interest payable and amortisation of financing charges.
(b) Comparative figures for 2000 in the net operating assets analysis have been restated to include in net operating assets the tangible fixed assets leased to West Ferry Printers Limited which were recorded as a current asset investment in the prior year (refer note 30(a))

3. EXCEPTIONAL ITEMS – RESTRUCTURING COSTS

Restructuring costs of £7.1 million (2000: £2.3m) arose in respect of a reorganisation undertaken by the company following the acquisition of the Express Newspapers Group.

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RCD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001 (continued)

4. GROUP OPERATING PROFIT	2001 £'000	2000 £'000
Operating profit is stated after charging/(crediting):		
Auditors' remuneration – audit fees – group	250	233
Auditors' remuneration – non audit fees – group	656	708
Depreciation – owned assets	5,710	601
Depreciation – leased assets	4,131	582
Amortisation of trademarks	9	8
Amortisation of goodwill – acquisitions	472	42
Amortisation of goodwill – joint ventures	985	103
Write-off of intangible fixed assets	(6)	-
Profit on disposal of fixed assets	(86)	(21)
Operating lease rentals – plant and machinery	507	1,065
Operating lease rentals – other	2,588	186
Exchange loss	1	(5)
Net rental income	(1,427)	(917)

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

(a) Directors	2001 £'000	2000 £'000
Emoluments	6,358	4,640
Company contributions to money purchase pension scheme	3,138	22
	9,496	4,662

Pension benefits are accruing for five directors under the money purchase scheme (2000: five directors). The above emoluments include the following amounts in respect of the highest paid director.

Highest paid director :	2001 £'000	2000 £'000
Emoluments	5,744	[illegible]
Company contributions to money purchase pension scheme	3,104	[illegible]
	8,848	[illegible]

(b) Staff costs (including Directors)	2001 £'000	2000 £'000
Wages and salaries	46,816	13,960
Social security costs	4,576	2,609
Pension costs/(credits)	2,790	(80)
	54,182	16,489

Average number of people employed by activity.	2001	2000
Production	729	158
Selling and distribution	159	58
Administration	209	55
	1,097	271

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RCD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001 (continued)

6. INTEREST RECEIVABLE AND SIMILAR INCOME	Notes	2001 £'000	2000 £'000
Bank deposit		530	194
Joint venture interest receivable		26	-
		556	194

7. INTEREST PAYABLE AND SIMILAR CHARGES	2001 £'000	2000 £'000
Bank and subordinated loans and overdrafts	7,916	1,102
Finance leases	151	65
Amortisation of financing charges	4,303	497
Loss on sale of marketable securities	-	1,066
Joint venture interest payable	1	-
	12,371	2,730

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES	2001 £'000	2000 £'000
UK Corporation tax at 30% (2000: 30%)		
Current tax	538	325
Deferred tax	1,336	27
Double tax relief	(258)	-
Overseas taxes	340	-
Share of joint ventures	85	-
Under/(over) provision in prior years		
Current tax	(308)	-
Deferred tax	1,314	(15)
	3,047	337

The tax assessed for the period is lower than the standard rate of corporation tax in the United Kingdom (30%). The difference is explained by the use of brought forward taxation losses and non taxable distributions received from joint ventures

9. DIVIDENDS

	2001 £'000	2000 £'000
Non-equity – Preference paid : 4.55p (2000: 9.1p) per £1 share	40	40
– Proposed : 5.5p per £1 share	3	-
	43	40

10. PROFIT OF COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these accounts. The company's profit for the period amounted to £615,421 (2000 - £10,536,064).

11. INTANGIBLE FIXED ASSETS

THE GROUP

	Trademarks £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2001	234	8,154	8,388
Additions	12	-	12
Disposals	(13)	-	(13)
Fair value adjustment (note 30)	-	1,663	1,663
At 31 December 2001	233	9,817	10,050
Amortisation			
At 1 January 2001	104	42	146
Charge for the year	9	472	481
Disposals	(1)	-	(1)
At 31 December 2001	112	514	626
Net book value			
At 31 December 2001	121	9,303	9,424
At 31 December 2000	130	8,112	8,242

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RCD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001 (continued)

12. TANGIBLE FIXED ASSETS	Land & buildings £'000	Motor vehicles, plant & machinery £'000	Fixtures, fittings & office equipment £'000	Total £'000
THE GROUP				
Cost or valuation				
At 1 January 2001 (restated (a))	26,605	63,373	18,174	108,152
Transfer (refer note 30 (a))	19,329	57,834	-	77,163
Additions	2	1,489	1,043	2,534
Disposals	(292)	(940)	-	(1,232)
At 31 December 2001	45,644	121,756	19,217	186,617
Depreciation				
At 1 January 2001 (restated)	4,183	34,370	14,128	52,681
Transfer (refer note 30 (a))	4,309	35,484	-	39,793
Charge for the year	826	8,071	944	9,841
Disposals	-	(809)	-	(809)
At 31 December 2001	9,318	77,116	15,072	101,506
Net book value				
At 31 December 2001	36,326	44,640	4,145	85,111
At 31 December 2000	22,422	29,003	4,046	55,471

(a) opening balances at 1 January 2001 have been restated to record fixed assets acquired as part of the acquisition of Express Newspapers and Broughton Printers Limited at gross cost and accumulated depreciation rather than recording net book value as cost. The net book value of assets acquired is not affected by the restatement.

Land and buildings includes assets acquired under short leasehold finance leases in respect of which the gross asset value is £19,329,000 and the accumulated depreciation is £4,691,000 after charging £387,000 (2000: nil) depreciation for the year. These assets are leased to an investee of the group under an operating lease.

Fixtures, fittings, motor vehicles and plant & machinery includes assets acquired under finance leases in respect of which, as at 31 December 2001 the net book value was £19,342,214 (2000 - £1,536,643) after charging £3,744,242 (2000 - £581,674) depreciation for the year. Plant and machinery includes assets leased to an investee of the group with a gross cost of £57,834,000 and accumulated depreciation of £38,605,000.

Included within Land and Buildings is an investment property from which the group derives rental income, which is recorded at open market valuation of £10.5 million. The property was valued at £10.15 million by Chesterton as at 3 November 2000 on the basis of open market value. At 31 December 2000 and 31 December 2001 the property is stated at a directors valuation, based on professional advice, of £10.5 million. The historical cost of the investment property is £10.5 million. If the investment property was depreciated the accumulated depreciation at 31 December 2001 would be £2.9 million (2000: £2.7 million). Net book value at 31 December 2001 would be £7.6 million (2000: £7.8 million).

THE COMPANY

The tangible fixed assets of the company at 31 December 2001 amount to £10.5 million (2000 - £10.5 million) and consist entirely of the investment property referred to above.

RCD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001 (continued)

13. FIXED ASSET INVESTMENTS

THE GROUP	2001 £'000	2000 £'000
Interest in joint ventures		
At 1 January - net assets	721	-
- goodwill	9,855	-
	10,576	-
Additions - net assets	-	655
- goodwill	-	9,855
Share of (losses) / profit retained	(231)	66
At 31 December – net assets	490	721
- goodwill	9,855	9,855
	10,345	10,576
Aggregate amortisation of goodwill		
At 1 January	(102)	-
Charge for the period	(985)	(102)
At 31 December	(1,087)	(102)
Net book amount at 31 December		
Net assets	490	721
Goodwill	8,768	9,753
	9,258	10,474
Other fixed asset investments		
Opening	85	85
Transfer (refer note 30a)	29,730	-
Total other fixed asset investment	29,815	85
Total fixed asset investments	39,073	10,559

Interests in joint ventures principally comprise :

- 50% of the equity shares of Independent Star Limited, a newspaper publisher registered in the Republic of Ireland, the principal activity of which is the publishing of 'The Star' newspaper in that country.
- 50% of the equity share capital of Newsprint Management and Supply Services Limited (NMSS), a newsprint supply company. On the 6th February 2002 NMSS was liquidated and the group expects to recover its investment at at least the value stated above.

The other fixed asset investment of £29.7m represents Express Newspapers' 50% investment in West Ferry Printers Limited which has been transferred from current asset to fixed asset investments during the year (refer to note 15). Throughout 2001 the investment was subject to compulsory acquisition by the Telegraph Group Limited under a joint venture agreement, with the price being determined by an arbitration process. As a result Express Newspapers did not have representation on the board of West Ferry Printers Limited during the year and did not have significant influence over the operating and financial policies of West Ferry Printers Limited. Accordingly this investment is stated at cost to the group and has not been equity accounted as a joint venture or an associate. Subsequent to the period end Express Newspapers and the Telegraph Group Limited agreed to cease the arbitration process and representatives from Express Newspapers were re-appointed to the board during March 2002. At that date Express Newspapers gained significant influence over the operating and financial policies of West Ferry Printers Limited, and as such the investment will be equity accounted as a joint venture from March 2002.

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RCD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001 (continued)

THE COMPANY	2001 £'000	2000 £'000
Shares in group undertakings	110	110

The immediate subsidiary undertaking and its percentage holding is:

	Principal activity	£1 ordinary shares
Northern & Sheil Network Limited	Holding company	100%

Investments in group undertakings are stated at cost less any provision made for permanent diminution in value. A full list of the principal subsidiaries and joint ventures is given in note 34.

14. STOCKS

	The Group 2001 £'000	The Group 2000 £'000
Raw materials and consumables	2,798	1,487
Finished goods and goods for resale	548	428
	3,346	1,915

15. CURRENT ASSET INVESTMENTS

	The Group £'000
Opening balance at 1 January 2001	67,264
Transfers (refer note 30a)	(67,100)
Disposals	(150)
Closing balance at 31 December 2001	14

16. DEBTORS

	The Group 2001 £'000	The Group 2000 £'000
Trade debtors	26,776	29,964
Other debtors	14,324	14,227
Prepayments and accrued income	5,193	6,880
	46,293	51,071

Included in other debtors is a pension debtor of £12.8 million (2000: £11 million). Substantially all of this asset is expected to be realised after more than one year.

	The Company 2001 £'000	The Company 2000 £'000
Amounts owed by group undertakings	2,203	168
Loan to fellow group undertakings	25,750	25,750
	27,953	25,918

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17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group 2001 £'000	The Group 2000 £'000
Bank loans and overdrafts (note 20)	10,664	99,346
Less: deferred finance charges	(838)	(4,278)
Subordinated loan (note 20)	18,000	-
Trade creditors	10,133	12,957
Other creditors	6,580	3,577
Taxation and social security	1,303	1,711
Obligations under finance leases (note 21)	667	575
Corporation tax	4,750	8,454
Accruals and deferred income	34,453	39,310
	85,712	161,652

	The Company 2001 £'000	The Company 2000 £'000
Bank loans (note 20)	400	284
Subordinated loan (note 20)	18,000	
Amounts owed to group undertakings	804	132
Other creditors	220	-
Corporation tax	242	-
Accruals and deferred income	633	-
	20,299	416

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group 2001 £'000	The Group 2000 £'000
Bank loan (note 20)	66,005	7,466
Subordinated loan	-	18,000
Obligations under finance leases (note 21)	679	971
	66,684	26,437

	The Company 2001 £'000	The Company 2000 £'000
Subordinated loan	-	18,000
Bank loan (note 20)	7,005	7,466
	7,005	25,466

RCD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001 (continued)

19. PROVISION FOR LIABILITIES AND CHARGES

	Restructuring £'000	Subsidiary held for resale £'000	Deferred Tax £'000	Total £'000
The group				
At 1 January 2001	2,250	422	15,192	17,864
Fair value hindsight adjustment (note 30)	-	613	-	613
Charged to profit & loss account	-	-	2,650	2,650
Utilisation of provision	(2,250)	(706)	-	(2,956)
At 31 December 2001	-	329	17,842	18,171

The remaining amount provided in respect of the subsidiary held for resale is expected to be utilised within one year. The amounts of provided and potential deferred taxation are as follows;

	The Group 2001 £'000	The Group 2000 £'000
Accelerated capital allowances	9,970	9,619
Other timing differences	8,427	6,782
Tax losses	(555)	(1,209)
	17,842	15,192

A potential deferred taxation liability of £0.5 million (2000: £1.2m) was not provided in 2002 due to the availability of tax losses.
Based on current capital investment plans, the group expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level in the current year. Deferred tax is measured on a non-discounted basis at the tax rates and laws enacted at the balance sheet date.

20. BANK AND SUBORDINATED LOAN OBLIGATIONS

	The Group 2001 £'000	The Group 2000 £'000
The group's bank and subordinated loan obligations are due :		
Within 1 year	28,400	97,785
In more than 1 year but not more than 2 years	10,461	25,466
In more than 2 years but not more than 5 years	31,383	-
In more than 5 years	24,161	-
	94,405	123,251
Less: deferred finance charges	(838)	(4,278)
	93,567	118,973

Included in the bank loans is an amount of £40 million which is payable in six monthly instalments over five years commencing May 2002 and carries a maximum interest rate of LIBOR plus 1.25%. Also included in bank loans is a loan of £29 million which carries interest at LIBOR plus 1.5% and is repayable in quarterly instalments over 15 years. Both of these bank loans are secured over the assets of the group. Since the year end the £18 million subordinated loan from Mr R. C. Desmond has been repaid, and the balance of £7.4 million is secured on the investment property held by the group and is repayable over 13 years and carries interest at base plus 1%.

THE COMPANY

The company's bank and subordinated loan obligations of £25.4 million (£18.4 million due within one year and £7.0 million due after more than one year) are subject to the terms and conditions set out in respect of the £18 million subordinated loan and the £7.4 million secured loan above

RCD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001 (continued)

21. OBLIGATIONS UNDER FINANCE LEASES

	2001 £'000	2000 £'000
The group is subject to finance lease obligations which are due:		
Within one year	667	575
Within two to five years	679	971
	1,346	1,546

22. OPERATING LEASE COMMITMENTS

	2001 £000	2000 £000
At 31 December 2001 the group was committed to making the following annual payments in respect of operating leases which expire :		
Within one year	24	222
Within two to five years	573	420
In more than five years	2,232	646
	2,829	1,288

23. SHARE CAPITAL

	The group & company			
	Authorised		Allotted and Fully paid	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Ordinary shares of £1 each	110	110	110	110

MINORITY INTEREST

The non-equity minority interest represents preferred ordinary shares in Northern & Shell Networks Limited, which pay a fixed cumulative preferential dividend at the rate of 5% per annum (net of advance corporation tax paid by the company). The preferred ordinary shares were issued during the year. In the event of a winding up of the company, preference shareholders are paid in priority to ordinary shareholders their nominal amount together with all arrears and accruals of dividends. At general meetings of the company, preference shareholders have one vote for every 20 shares held.

RCD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001 (continued)

24. SHAREHOLDERS' FUNDS

	Share Capital £'000	Other reserve £'000	Profit and loss account £'000	Total £'000
At 1st January 2001	110	3,860	9,624	13,594
Profit for the year	-	-	17,724	17,724
Dividends			(43)	(43)
At 31 December 2001	110	3,860	27,305	31,275

The other reserve represents a merger reserve arising from the reorganisation of Northern & Shell Group Limited and Portland Investments Limited on 30 October 2000 under a new holding company, Northern and Shell Network Limited.

25. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW

	2001 £'000	2000 £'000
Operating profit	24,728	7,698
Depreciation charges	9,841	1,183
Amortisation of intangible assets	481	153
Profit on sale of tangible fixed assets	(86)	(21)
Loss on disposal of current asset investments	46	-
(Increase) / decrease in stocks	(1,430)	117
Decrease in debtors	4,338	10,685
(Decrease) / increase in creditors	(12,257)	7,779
Decrease in provisions	(1,922)	-
NET CASH INFLOW FROM OPERATING ACTIVITIES	23,739	27,594

Operating cashflow includes £7.1 million paid in respect of the re-organisation costs incurred in the current year (refer note 3). It also includes £2.3 million cash paid in respect of re-organisation costs provided in 2000 but paid in the current year.

26. ACQUISITIONS AND DISPOSALS

During the year the group disposed of a subsidiary, Express Newspapers Financial Services Limited. This entity was held as an asset for resale in the November 2000 fair value calculation. Prior to the sale the group recapitalised £1.1 million in Express Newspapers Financial Services Limited, and £0.5 million was received as consideration for the sale.

Also during the year the company acquired the minority interest held in Northern & Shell plc for £0.5 million.

RCD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001 (continued)

27. RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET DEBT

	2001 £'000	2000 £'000
Net (debt)/ funds at 1 January	(96,555)	1,681
(Decrease) / increase in cash in the period	(5,546)	21,337
Cash (inflow) / outflow from (increase) / decrease in finance leasing	200	(447)
Loan finance repaid/ (received)	25,405	(118,972)
Finance leases acquired with acquisition	-	(520)
Cash acquired from acquisitions	-	366
Net debt at 31 December	(76,496)	(96,555)

28. ANALYSIS OF CHANGES IN NET DEBT

	1-Jan-01 £'000	Cash flow £'000	31-Dec-01 £'000
Cash in hand & at bank	25,524	(6,843)	18,681
Overdrafts excluding short term loan	(1,561)	1,297	(264)
	23,963	(5,546)	18,417
Finance leases	(1,546)	200	(1,346)
Loan finance due within 1 year	(93,506)	65,226	(28,280)
Loan finance due after 1 year	(25,466)	(39,821)	(65,287)
	(96,555)	20,059	(76,496)

RCD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001 (continued)

29. PENSION SCHEMES

a) SSAP 24 Disclosure

The Group participates in a number of pension schemes. During the year the Group ceased participating in the United Business Media money purchase scheme and set up the Express Newspapers money purchase scheme for new employees. Eligible employees who joined the company before October 1996 participate in schemes providing benefits based on final pensionable salary, where assets are held by the trustees separately from the assets of the Group.

The contributions in respect of the money purchase scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. These are £3,340,848 (2000: £542,830).

The main defined benefit scheme is Express Newspapers 1988 Pension Fund (1988 Fund). The cost of the 1988 Fund has been assessed by a qualified independent actuary using the attained age method as at 31 December 2000. The principal assumptions adopted for accounting were investment returns of 5.75% per annum, salary growth of 4.6% per annum, and that pensions earned after 5 April 1997 will increase in payment by 2.6% per annum. The market value of the 1988 Fund's assets at 31 December 2000 was £376.7million. The funding level of the 1988 Fund as at 31 December 2000 on the accounting basis was 114%.

The latest triennial valuation for funding purposes was as at 6 April 2001. However, the contribution rate has not yet been agreed. The funding assumptions are more conservative than the accounting assumptions and may recognise any surplus or deficit over a period shorter than members' expected future working lifetime.

The total pension credit in respect of the defined benefit schemes is £0.5 million (2000: £1.2 million). The reduction in pension credit is mainly due to the immediate recognition of the cost of individual member augmentations and the spreading of the surplus using the level percentage of pensionable pay as opposed to the mortgage method previously used. The cash contributions paid by the Group for the year amounted to £1.2 million (2000: £1.6 million) which includes additional contributions in respect of individual member augmentations. At 31 December 2001, there was a prepayment of £12.8 million (2000: £11 million) resulting from the accumulated difference between the pension costs charged and the contributions paid.

82 employees who used to participate in the United Provincial Newspapers Pension Scheme (UPN Scheme), a United Business Media arrangement, have now joined the 1988 Fund. They will be offered the chance to transfer their past service benefits into the 1988 Fund.

b) FRS17 Disclosure

The latest full actuarial valuations of the 1988 Fund and the Express Newspapers Senior Management Pension Fund were carried out as at 6 April 2001 and 5 April 2000 respectively. The results of these valuations have been updated to 31 December 2001 to obtain the figures in this disclosure note.

The Projected Unit valuation method has been used.

The Group companies were on a contribution holiday in respect of the 1988 Fund until 20 March 2001, after which they resumed contributions at 6% of the Contribution Earnings. The 1988 Fund was closed in October 1996 and as a result, the current service cost will increase as members approach retirement (but will reduce as members leave and are not replaced).

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001 (continued)

The major financial assumptions used in the calculations were:

	At 31 December 2001 p.a
Discount rate	5.75%
Rate of increase in salaries	4.60%
Rate of Limited Price Index increase in pensions in payment	2.60%
Inflation assumption	2.60%

The fair value of the assets in the Schemes and the expected rates of return were:

	Long-term rate of return expected at 31 December 2001 p.a.	**Value at 31 December 2001 (£m)**
Equities	7.75%	160.4
Corporate Bonds	5.75%	35.4
Fixed Interest Government Bonds	5.0%	140.7
Index–Linked Gilts	5.0%	18.8
Cash	4.5%	0.4
Total fair value of assets (including net current assets)		355.7
Present value of scheme liabilities		(345.6)
Surplus in the scheme		10.1
Related deferred tax liability		(3.0)
Net pension asset		7.1

If the above amounts had been recognised in the financial statements, the Group's net assets and profit and loss reserve at 31 December 2001 would be as follows:

	£'000
Net assets excluding SSAP24 pension asset	18,575
Pension asset under FRS17	7,100
Net assets including pension asset under FRS17	25,675
Profit and loss reserve excluding SSAP24 pension asset	14,505
Pension reserve	7,100
Profit and loss reserve	21,605

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001 (continued)

30. GOODWILL ON ACQUISITION OF THE EXPRESS NEWSPAPERS GROUP OF COMPANIES

The Express Newspapers group was acquired in November 2000 and a provisional goodwill balance of £8.2 million was recorded in the 31 December 2000 financial statements. The following adjustments have been made to this provisional goodwill such that final goodwill is £9.8 million.

	Provisional fair value to the group £'000		Completion and hindsight period adjustments £'000	Final fair value to the group £'000
Tangible fixed assets	42,889	(a)	37,370	80,259
Investments	10,597	(a)	29,730	40,327
Stocks	225		-	225
Debtors	54,537		-	54,537
Assets held for disposal	67,180	(a)	(67,100)	80
Cash at bank	366		-	366
Creditors due within a year	(42,494)	(b)	(1,050)	(43,544)
Provisions	(15,629)	(c)	(613)	(16,242)
Net assets acquired	117,671		(1,663)	116,008
Purchase consideration	125,825		-	125,825
Goodwill	8,154		1,663	9,817

a) On 2 January 2001 Express Newspapers received notice from the Telegraph Group Limited of its intention to compulsorily acquire Express Newspapers 50% share in West Ferry Printers Limited. The amount at which Express Newspapers' interest in the assets of West Ferry Printers was to be purchased was the subject of arbitration. As a result, the fair value of the assets expected to be disposed was recorded as a current asset investment held for resale in the 31 December 2000 financial statements.

Subsequent to the period end Express Newspapers and the Telegraph Group Limited agreed to cease the compulsory acquisition, and representatives of Express Newspapers were re-appointed to the board of West Ferry Printers Limited during March 2002. The directors now intend to hold the investment and the related buildings, plant and machinery for the foreseeable future, and accordingly, the constituent parts of the current asset held for resale have been reclassified as a fixed asset investment and tangible fixed assets respectively.

b) Adjustment to the fair value of liabilities acquired.

c) The provision for losses on subsidiaries held for resale has been increased to reflect the actual losses incurred on subsidiaries held for resale during 2001.

31. CONTINGENT LIABILITIES

As part of the agreement for the disposal of a subsidiary in March 1993, Northern & Shell plc, a group company, indemnified the purchaser and the subsidiary company in respect of any tax liability arising in the subsidiary on or before the date of sale. The maximum potential tax and interest liability, which could arise as a result of this tax indemnity, is estimated to be approximately £8.5 million (2000 : £8.2 million as at 31 December 2000). No provision has been made for any tax liability with regard to this matter as in the opinion of the directors, based on professional advice, no liability is expected to crystallise.

RCD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001 (continued)

32. RELATED PARTY TRANSACTIONS

During the period an investee of the group, West Ferry Printers Limited, printed newspapers on behalf of the group to the value of £21.0 million (2000: £2.1 million). At 31 December 2001 £1.7 million (2000: £1.8 million) was payable in respect of that printing. The group also purchased £68.4 million of newsprint from Newsprint Management & Supply Services Limited, a joint venture company that purchases newsprint on behalf of Express Newspapers. There was no balance outstanding at 31 December 2001 (2000: £10.9 million).

In addition to the above Express Newspapers is currently in discussion with West Ferry Printers Limited about the allocation to Express Newspapers of restructuring costs incurred by that company of £0.9 million. No amount has been provided in these accounts in respect of this allocation.

During the year the group made contributions of £122,465 (2000 - £118,995) to a charitable trust, of which both R C Desmond and J Desmond are trustees. At the year end there were no balances due to or from the charitable trust.

In the prior year the group received a subordinated loan of £18 million from Mr R. C. Desmond. Loan interest of £1.4 million (2000: £0.1 million) was charged to the group during the period in respect of this loan. The loan balance outstanding at 31 December 2001 of £18 million was all repaid subsequent to the year end.

33. POST BALANCE SHEET EVENTS

During the year Express Newspapers received notice from the Telegraph Group Limited of its intention to compulsorily acquire Express Newspapers 50% share in West Ferry Printers Limited. As a result, in accordance with the joint venture agreement, representatives from Express Newspapers were removed from the board of West Ferry Printers. Subsequent to the period end the Express Newspapers and the Telegraph Group Limited agreed to cease the compulsory acquisition, and representatives of Express Newspapers were re-appointed to the board of West Ferry Printers Limited during March 2002.

On the 6th February 2002 Newsprint Management and Supply Services Limited (NMSS), a joint venture between the Express Newspapers and Telegraph Group Limited was placed into voluntary liquidation.

34. PRINCIPAL SUBSIDIARIES AND JOINT VENTURES

Principal subsidiaries and percentage holding:

Company Name	Principal Activity	£1 Ordinary
Northern & Shell Network Limited	Holding company	100%
Northern & Shell Group Limited	Holding company	100%
Portland Television Limited	Holding company	100%
Portland Investments Limited	Holding company	100%
Fantasy Hold Co Limited	Holding company	100%
Northern & Shell Properties Limited	Holding company	100%
Northern & Shell Media Limited	Investment	100%
Northern & Shell Media Holdings Limited	Investment	100%
Express Newspapers Limited	Publishing	100%
Broughton Printers Limited	Printing	100%
Northern & Shell Distribution Limited	Magazine distributor	100%
Northern & Shell plc	Publishing	100%
Portland Enterprises Limited	Television production	100%
Fantasy Publications Limited	Publishing	100%
Portland Enterprises (CI) Limited	Television broadcasting	100%
RHF Productions Limited	Television broadcasting	100%

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2001 (continued)

All the above companies are registered in England, except for Northern & Shell Investments Limited which is registered in the Isle of Man and in England, and Portland Enterprises (CI) Limited and RHF Productions Limited which are registered in Jersey.

All of the above companies are consolidated within the group accounts.

Joint Ventures	Principal activity	Stake	Nominal value of allotted share
Newsprint Management and Supply Services Limited	Newsprint trading	50%	£100 equity ordinary shares
Independent Star Limited	Publishing	50%	IR£500 'E' equity ordinary shares
West Ferry Printers Limited	Printing	50%	£50 equity ordinary shares