ARCHANT REGIONAL LIMITED

Registered Number: 19300

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2005

ARCHANT REGIONAL LIMITED

DIRECTORS

J A Fry
A D Jeakings
I A Davies
B R Dennis
W H Fulton
S J Gulliford
B G McCarthy
S A McCreery
P W Swallow
E Testa

SECRETARY

J O Ellison

AUDITORS

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

BANKERS

Barclays Bank PLC
St Stephens Branch
Red Lion Street
Norwich
NR1 3QH

REGISTERED OFFICE

Prospect House
Rouen Road
Norwich
NR1 1RE

ARCHANT REGIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2005. Figures for prior years have been restated to reflect the changes to accounting policies adopted as detailed in Notes 1 and 22 to the financial statements.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £16,425,044 (2004 as restated: £16,209,175).

Preference dividends of £5,627,604 (2004: £nil) were paid during the year.

Interim ordinary dividends of £nil (2004 : £30,000,000) were paid in the year. The directors do not recommend the payment of a final dividend (2004: £nil).

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company's principal activity is the publishing of all newspapers (and associated magazines) owned by the Archant group.

In March 2005, a fellow subsidiary acquired Highbury Local Publications Limited from Highbury House Communications plc. On 1 April 2005, the Property Mart series of titles published by Highbury Local Publications were sold to the Company at market value of £2,900,000. These titles have been integrated into the Company's London business unit.

The directors will continue to seek improvement and development of the Company's publications in 2006.

POST BALANCE SHEET EVENT

On 31 July 2006, the company sold the Property Mart series of titles to Archant East London and Essex Limited, a subsidiary company, at market value. The company was immediately licensed to use the titles for seven years.

DIRECTORS

The names of the Directors who served during the year are set out below.

N G F Websper	resigned 10 February 2006
I A Davies	
B R Dennis	
W H Fulton	
S J Gulliford	
B G McCarthy	
S A McCreery	
R Nicholls	resigned 30 June 2006
P W Swallow	
E Testa	
J A Fry	
A D Jeakings	

None of the directors at 31 December 2005 had an interest in the share capital of the company at any time during the year.

Mr J A Fry, Mr A D Jeakings and Mr N G F Websper are all directors of the holding company and have declared their interests in the shares of the holding company in that company's financial statements.

ARCHANT REGIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The other directors at 31 December 2005 had the following interests in the shares of the holding company:

	December 31, 2004	December 31, 2005
Ordinary shares of 20p each		
I A Davies	36,052	41,986
B R Dennis	3,464	7,498
W H Fulton	3,000	3,000
S J Gulliford	-	-
B G McCarthy	3,000	3,034
S A McCreery	3,000	3,034
R Nicholls	9,121	13,455
P W Swallow	4,207	8,076
E Testa	138	4,100

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.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the company made charitable contributions totalling £13,144 (2004: £15,521).

EMPLOYEE INVOLVEMENT

The Company continued to provide employees with information about the Group throughout 2005 and to encourage staff involvement. In addition to local initiatives, methods of communication have included *Network*, the Group's bi-monthly in-house magazine. *Network* is supported by an on-line news service, which is updated at least weekly, and is now made available via Archant's intranet.

John Fry and Nigel Websper undertook a series of presentations during 2005, to which all employees were invited. Those attending were briefed on the Group's performance, new developments, the Group's plans and other matters of relevance to employees.

During 2005 the Group made a further invitation under the Archant Share Incentive Plan (SIP) to eligible employees.

In compliance with the relevant legislation, the Company has granted recognition to the National Union of Journalists in respect of relevant staff employed by the Company in its Archant Norfolk division. Such recognition provides for an annual joint review by management and the relevant union of pay, hours and holidays of staff in the relevant bargaining unit.

Schemes exist to enable employees to present and benefit from suggestions. There is a network of employee consultative forums and staff-elected representatives are provided with information and consulted on, and encouraged to raise issues concerning, such matters as the performance of the business, employment practices as well as other matters likely to affect employees. A training programme is offered to the staff-elected representatives.

Consultation also takes place on matters such as health and safety and pensions. Certain trustees of the Archant Group's pension schemes are employees of the Group nominated and elected by members of the relevant schemes.

As in earlier years, the Group held an awards event in 2005 to recognise the achievements and successes of its employees.

A forum comprising human resources managers and other staff with related responsibilities meets regularly and has the promotion of best human resources practice around the Group as one of its goals.

Although it is recognised that such a policy can only be implemented within the constraints imposed by relevant legislation, it is the Company's policy that discrimination on such grounds as the gender, race, ethnic origin, sexual orientation, disability, nationality, age, marital status, or religious belief of employees and applicants for employment is not acceptable. As a result, the Company seeks to ensure that decisions on employment, including recruitment, training, development, promotion and pay, are based on the individual's ability to do the job and on his or her experience and skills. Accordingly, disabled people are dealt with in such respects on the same basis as able-bodied applicants and employees. If a person becomes disabled while an employee every practical effort is made to make such reasonable adjustments as may be necessary to enable the individual concerned to continue in employment with the Company.

AUDITORS

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

By order of the Board,

JO Ellison
Secretary
23 October 2006

Independent auditors' report to the members of Archant Regional Limited

We have audited the financial statements of Archant Regional Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 30. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Cambridge
23 October 2006

ARCHANT REGIONAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	*as restated* 2004 £
TURNOVER Continuing operations	2	146,844,608	151,829,320
Other operating income		2,431,271	1,962,531
Operating costs	3	(134,901,729)	(133,044,409)
OPERATING PROFIT Continuing operations	3, 4	14,374,150	20,747,442
Other income	7	18,348,733	18,234,949
Interest payable	8	(20,058,850)	(21,047,556)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12,664,033	17,934,835
Tax on profit on ordinary activities	9	(1,866,593)	(1,725,660)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	21	10,797,440	16,209,175

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		2005 £	*as restated* 2004 £
Profit for the financial year		10,797,440	16,209,175
Total recognised gains and losses for the financial year		10,797,440	16,209,175
Prior year adjustment	22	527,546	
Total recognised gains and losses since the last annual report		11,324,986	

There is no difference between the profits calculated on an historical cost basis and those presented above.

The notes on pages 9 to 25 form part of these financial statements.

ARCHANT REGIONAL LIMITED

BALANCE SHEET - 31 DECEMBER 2005

	Note	2005		2004 *as restated*	
		£	£	£	£
FIXED ASSETS					
Intangible fixed assets	11		281,108,112		290,396,862
Tangible assets	12		5,800,781		4,624,372
Investments	13		73,679,958		73,678,948
			360,588,851		368,700,182
CURRENT ASSETS					
Stocks	14	175,587		132,682	
Debtors					
Amounts falling due in less than one year	15	17,770,421		29,585,119	
Amounts falling due in more than one year	15	3,665		65,289,627	
Cash at bank and in hand		2,420,938		2,444,921	
		20,370,611		97,452,349	
CREDITORS:					
Amounts falling due within one year	16	19,036,684		18,637,874	
NET CURRENT ASSETS			1,333,927		78,814,475
TOTAL ASSETS LESS CURRENT LIABILITIES			361,922,778		447,514,657
CREDITORS :					
Amounts falling due in more than one year	17		283,562,275		379,646,572
Provisions for liabilities and charges	18		2,190,669		2,495,691
NET ASSETS			76,169,834		65,372,394
CAPITAL AND RESERVES					
Called up share capital	20		3,320,126		3,320,126
Share premium account	21		5,368,804		5,368,804
Special reserve	21		2,349,800		2,349,800
Profit and loss account	21		65,131,104		54,333,664
SHAREHOLDERS' FUNDS	21		76,169,834		65,372,394

Approved by the Board on 23 October 2006.

A D Jeakings

The notes on pages 9 to 25 form part of these financial statements.

1 ACCOUNTING POLICIES

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.

In preparing the financial statements for 2005, the company has adopted FRS 20 Share-based Payment in respect of share schemes operated by the parent company; FRS 17 Retirement Benefits in respect of the defined benefit pension scheme operated by the parent company; and the presentation requirements of FRS 25: Disclosure and Presentation, in accordance with that standard.

These changes in policy have resulted in a prior year adjustment, as disclosed in Note 22, and the reclassification of the company's preference shares from equity to long term liabilities.

Group accounts

The company is not required to prepare group financial statements, as at 31 December 2005 it was a wholly owned subsidiary of Archant Limited who prepared group financial statements.The financial statements present information about the company as an individual undertaking and not about its group.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the costs or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:

Motor vehicles, equipment, furniture and fittings	-	3 to 6 years
Leasehold improvements	-	term of lease

Intangible fixed assets

(a) Newspaper titles

On the acquisition of a business, the cost of investment is allocated between net tangible assets, goodwill and newspaper titles on a fair value basis. The fair value of newspaper titles is assessed by the directors at the date of acquisition, supported by a comparative view of similar transactions within the newspaper industry.

In the opinion of the directors, newspaper titles have an indefinite economic life and are not, therefore, subject to annual amortisation.The carrying values of these assets are reviewed annually and provision made for any impairment in the carrying value if required.

Newspaper titles acquired prior to 31 December 1997 were classified as goodwill and written off directly to reserves. Goodwill previously eliminated against reserves has not been re-instated on implementation of FRS 10.

(b) Magazine titles

Magazine titles acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition, subject to the constraint that, unless the asset has a readily ascertainable market value, the fair value is limited to an amount that does not create or increase any negative goodwill arising on the acquisition. Magazine titles are amortised on a straight line basis over their estimated useful lives subject to a maximum of 20 years.

The carrying values of magazine titles are reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying values may not be recoverable.

Magazine titles created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

(c) Trademark licences

The intellectual property in certain of the newspaper and magazine titles published by the company is owned by subsidiaries of the company. Those subsidiaries have granted trademark licences to the company, enabling the company to continue publishing the titles. The trademark licences are being amortised over the terms of the licences on a straight line basis.

The carrying values of trademark licences are reviewed for impairment at the end of the first full year following acquisition, and in other periods if events or changes in circumstances indicate that the carrying values may not be recoverable.

ARCHANT REGIONAL LIMITED

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

1 ACCOUNTING POLICIES

Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Cost includes all costs incurred in bringing each product to its present location and condition.

Raw materials, consumables and goods for resale are stated at purchase cost on a first-in, first-out basis.

Pensions

The company participates in a defined-benefit pension scheme operated by the parent undertaking. In addition it operates the W B Frampton & Sons Limited Retirement Benefits Scheme, which is also a defined-benefits scheme. The two schemes require contributions to be made to separately administered funds. Contributions to these funds are charged to the profit and loss account so as to spread the cost of pensions over the participants' working lives. The pension cost is assessed in accordance with the advice of qualified actuaries.

The Group operates a defined-contribution scheme, which is open to eligible employees of the company. The company's contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Additionally, the company contributes to a number of individual personal pension plans for certain managers who are not participants in one of the Group's pension schemes.

The company also makes provision for the capital value of unfunded pensions to certain current and former employees in accordance with independent actuarial advice.

Leasing and hire purchase commitments

Assets acquired under finance leases are capitalised in the balance sheet and depreciated over the shorter of their respective lease terms and the estimated useful lives of the assets. The capital elements of future obligations under the leases and hire purchases contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when the replacement assets are sold;

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

ARCHANT REGIONAL LIMITED

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

1 ACCOUNTING POLICIES

Turnover

Turnover, which is stated net of trade discounts, value added tax and other sales related taxes, is recognised as follows:

Newspapers – advertising and circulation revenues are recognised on issue of the publication.

Magazines – advertising revenues are recognised on issue of the publication. Revenues from news-trade sales are recognised on issue of the publication, after allowance for returned copies.

Subscription revenues are recognised over the periods to which the subscriptions relate.

Exhibition revenues are recognised when the shows have been completed.

Other revenues are recognised when the goods or services have been supplied or provided to the customer, and there is a contractual obligation for the customer to pay for those goods or services.

Group share-based payment transactions

Eligible employees of the company may receive part of their remuneration in the form of shares in the parent company ('equity-settled transactions').

Equity-settled transactions

The Group operates two schemes which may result in the transfer of Archant shares to employees of the company:

(a) Group Long Term Incentive Plan

The trustees ('the Trustees') of the No. 1 Long Term Incentive Plan have made, and of the 2002 Long Term Incentive Plan ('the 2002 LTIP') have made and may make, notional awards to senior executives, usually at the beginning of a three year plan cycle. At the end of the cycle (or earlier in certain circumstances) the Trustees may make a final award in respect of some or all of the shares concerned. No interest in shares is created or passes to a participant until the making of a final award, which is discretionary and dependent upon the achievement of performance targets initially set at the commencement of the relevant plan cycle.

The cost of such equity-settled transactions is measured by reference to the fair value of the shares concerned at the date of the *notional award* (being the price most recently traded through the matched bargain facility) and is recognised over the period during which the performance conditions are to be fulfilled ('performance period'). The cumulative expense recognised for such equity-settled transactions at each reporting date reflects the proportion of the performance period which has elapsed and the number of the shares the subject of notional awards which, at that reporting date, the directors of the company believe, based on the best available estimate , would be the subject of a final award were the Trustee to exercise its discretion to make such an award.

(b) Share Incentive Plan

The Group operates an HMRC approved Share Incentive Plan (SIP) under which eligible employees may be invited from time to time to apply to have a sum, the maximum amount of which is determined by the Board of Archant Limited, deducted from their pay to enable the SIP trustee ('the SIP Trustee') to purchase shares ('Partnership Shares) in Archant Limited on their behalf, and may be awarded further shares, either conditional on the purchase of Partnership Shares ('Matching Shares') and/or unconditionally ('Free shares').

The parent company funds the SIP Trustee to purchase shares at the time that the SIP Trustee needs to purchase shares to meet its commitment to hold Partnership Shares and Free Shares on behalf of participants in accordance with the rules of the SIP (the Rules) and at other times during the year in anticipation of such commitments arising. The shares so acquired are valued by reference to the price most recently traded through the matched bargain facility. The value of matching and free shares awarded are recognised in the profit and loss account in the year that the award is made. The SIP Trustee also acquires, without cost, shares as a result of their forfeiture by SIP participants in accordance with the Rules.

Variable rate non-redeemable cumulative preference shares

The component of the non-redeemable cumulative preference shares that exhibits characteristics of a liability is recognised as a liability in the balance sheet. The corresponding dividends on those shares are charged as interest expense in the income statement. On the issue of the non-redeemable cumulative preference shares, the fair value of the liability component is determined as the net present value of the right to receive dividends in perpetuity, and this amount is carried as a long-term liability.

As the preference shares have no right (after the payment of the preference dividends) to participate in the profits of the company and have no conversion rights to equity, no element of the issue proceeds falls to be classified as equity.

ARCHANT REGIONAL LIMITED

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

2 TURNOVER

Turnover represents amounts invoiced to third parties, and is attributable to the continuing activity of the publishing of newspapers. All sales arose within the United Kingdom.

3 OPERATING PROFIT

	2005	*as restated* 2004
	£	£
Turnover		
Newspaper publishing	146,844,608	151,829,320
Other operating income	2,431,271	1,962,531
Operating costs		
Other external charges	33,975,650	32,207,864
Staff costs (Note 5)	51,343,737	52,741,657
Depreciation of owned assets	2,072,076	1,841,449
Depreciation of leased assets	16,582	39,088
Amortisation of intangible assets	12,188,750	12,080,000
Other operating charges	35,304,934	34,134,351
	134,901,729	133,044,409
Operating profit	14,374,150	20,747,442

4 OPERATING PROFIT

	2005	2004
	£	£
Operating profit is stated after charging:		
Auditors' remuneration in respect of audit services	60,900	84,500
non-audit services	24,200	33,132
Operating lease rentals:		
plant and machinery	1,874,854	1,912,044
land and buildings	2,006,586	1,981,078

5 *EMPLOYEES*

	2005	*as restated* 2004
	£	£
Staff costs during the year:		
Wages and salaries	43,074,518	43,926,707
Social security costs	3,885,464	3,985,008
Other pension costs	3,022,976	3,571,829
Expense of share-based payments	1,360,779	1,258,113
	51,343,737	52,741,657

	Number	Number
The average number of employees during the year was:		
Production and distribution	415	486
Sales and editorial	1,771	1,835
Management and administration	291	302
	2,477	2,623

6 DIRECTORS' REMUNERATION

	2005 £	2004 £
Salaries	577,314	519,727
Fees	21,849	24,629
Performance related bonuses	52,526	185,336
Other benefits	58,481	68,402
Pension contributions to parent company:		
defined benefit scheme	77,513	72,539
defined contribution scheme	25,414	12,974
Company contributions to personal pension schemes	20,850	20,500
	833,947	904,107
Number of directors in defined benefit scheme	3	3
Number of directors in defined contribution scheme	2	2
Number of directors in personal pension scheme	1	1
The emoluments of the highest paid director were:		
aggregate emoluments	151,775	171,457
contributions to parent company defined benefit scheme	31,547	27,344

7 OTHER INCOME

	2005 £	2004 £
Intra group dividends	18,345,372	18,229,627
Bank interest	2,800	4,806
Other interest received	561	516
	18,348,733	18,234,949

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Interest paid to group undertakings	14,429,024	21,044,507
Preference dividends paid	5,627,604	-
Bank loans and overdrafts	1,877	-
Finance charges payable under finance leases	(1,304)	3,049
Other interest paid	1,649	-
	20,058,850	21,047,556

9 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £	*as restated* 2004 £
UK corporation tax		
Current	1,880,472	2,598,288
Prior year	7,246	(466,362)
	1,887,718	2,131,926
Deferred taxation		
Origination and reversal of timing differences	(105,364)	(144,955)
Adjustments in respect of prior years	72,234	(269,284)
Prior year adjustments	12,005	7,973
	(21,125)	(406,266)
Tax on profit on ordinary activities	1,866,593	1,725,660

Factors affecting current tax charge

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax of 30% (2004: 30%) to the profit before tax are as follows:

	2005	2004
Profit on ordinary activities before tax	12,664,033	17,934,835
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK	3,799,210	5,380,451
Expenses not deductible for tax purposes	87,398	973,802
Dividends on preference shares not deductible for tax purposes	1,688,281	-
Non qualifying amortisation of intangible assets	2,038,125	2,005,499
Non taxable income	(5,503,612)	(5,468,888)
Tax deduction in respect of intangible assets	(759,223)	(753,258)
Decelerated capital allowances	485,298	384,094
Other short term timing differences	44,995	76,588
Tax overprovided in prior years	7,246	(466,362)
Total current tax above	1,887,718	2,131,926

The provision for deferred taxation, the amounts unprovided, and the movements in the provision are detailed in Note 18.

10 DIVIDENDS

	2005 £	2004 £
Equity dividends on ordinary shares		
Interim dividend	-	30,000,000

ARCHANT REGIONAL LIMITED

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

11 INTANGIBLE FIXED ASSETS

	Film copyright £	Trademark licences £	Newspaper titles £	Magazine titles £	Total £
Cost					
At 1 January 2005	4,099,897	241,600,000	63,268,590	-	308,968,487
Additions	-	-	-	2,900,000	2,900,000
At 31 December 2005	4,099,897	241,600,000	63,268,590	2,900,000	311,868,487
Amortisation					
At 1 January 2005	2,487,022	16,084,603	-	-	18,571,625
Amortisation in the year	-	12,080,000	-	108,750	12,188,750
At 31 December 2005	2,487,022	28,164,603	-	108,750	30,760,375
Net book value					
At 31 December 2005	1,612,875	213,435,397	63,268,590	2,791,250	281,108,112
At 31 December 2004	1,612,875	225,515,397	63,268,590	-	290,396,862

Film copyright

The company owns the copyright and physical material of two films. The carrying value is matched by interest free loans, secured on the films and repayable out of film receipts up to 14 December 2013.

ARCHANT REGIONAL LIMITED

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

12 TANGIBLE FIXED ASSETS

	Assets in course of construction £	Leasehold improvements £	Motor vehicles £	Plant, machinery and equipment £	Total £
Cost					
At 1 January 2005	-	215,876	213,186	17,757,440	18,186,502
Additions	340,342	364,881	-	2,588,249	3,293,472
Intra group transfers	-	-	37,125	-	37,125
Disposals	-	-	(112,656)	(405,326)	(517,982)
At 31 December 2005	340,342	580,757	137,655	19,940,363	20,999,117
Depreciation					
At 1 January 2005	-	144,382	182,356	13,235,392	13,562,130
Charge for year	-	43,010	20,185	2,025,463	2,088,658
Inter company transfers		-	18,676	-	18,676
Disposals	-	-	(99,039)	(372,089)	(471,128)
At 31 December 2005	-	187,392	122,178	14,888,766	15,198,336
Net book amount					
At 31 December 2005	340,342	393,365	15,477	5,051,597	5,800,781
At 31 December 2004	-	71,494	30,830	4,522,048	4,624,372

Assets acquired under finance leases included above comprise:

	2005 £	2004 £
Cost	68,308	168,964
Depreciation	(65,926)	(140,034)
Net book amount	2,382	28,930

13 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £	Total £
Cost:		
At 1 January 2005	73,678,948	73,678,948
Intra group transfer	1,010	1,010
	73,679,958	73,679,958
Amounts provided:		
At 1 January 2005 and 31 December 2005	-	-
Net book value:		
At 31 December 2005	73,679,958	73,679,958
At 31 December 2004	73,678,948	73,678,948

The company's principal subsidiary undertakings, all of which are wholly owned and incorporated in England are:

Company	*Activity*	*Holding*
Subsidiary undertakings		
Archant Norfolk Limited	Title holding company	100% ord. shares
Archant Suffolk Limited	Title holding company	100% ord. shares
Archant Anglia (East) Limited	Title holding company	100% ord. shares
Archant Anglia (West) Limited	Title holding company	100% ord. shares
Archant Hertfordshire Limited	Title holding company	100% ord. shares
Archant East London and Essex Limited	Title holding company	100% ord. shares
Archant North London Limited	Title holding company	100% ord. shares
Archant Devon Limited	Title holding company	100% ord. shares
Archant Somerset Limited	Title holding company	100% ord. shares
Archant Central Scotland Limited	Title holding company	100% ord. shares
Archant North East Scotland Limited	Title holding company	100% ord. shares
Archant Kent Limited	Dormant company	100% ord. shares

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

14 STOCKS

	2005 £	2004 £
Goods for resale	57,413	73,402
Raw materials and consumables	118,174	59,280
	175,587	132,682

15 DEBTORS

	2005 £	*as restated* 2004 £
Trade debtors	14,513,391	14,091,159
Amounts due from group companies	350,391	12,665,700
Other debtors	1,022,009	777,741
Prepayments and accrued income	1,170,098	1,357,112
Deferred tax asset (Note 18)	714,532	693,407
	17,770,421	29,585,119
Due in over one year:		
Amounts due from group companies	-	65,285,962
Other debtors	3,665	3,665
	3,665	65,289,627
Total debtors	17,774,086	94,874,746

16 CREDITORS: Amounts falling due within one year

	2005 £	*as restated* 2004 £
Trade creditors	5,883,238	4,342,030
Corporation tax	3,287,659	818,277
Other taxation and social security payable	3,005,312	3,233,166
Other creditors	1,345,935	1,142,180
Accruals and deferred income	4,195,165	5,137,296
Obligations under finance leases and hire purchase contracts (note 19)	3,854	51,974
Amounts due to group companies	1,169,522	3,731,459
Payments on account	145,999	181,492
	19,036,684	18,637,874

17 CREDITORS: Amounts falling due in more than one year

	2005 £	*as restated* 2004 £
Loans due to group companies	223,224,940	248,124,940
Variable rate non-redeemable cumulative preference shares	58,724,460	58,724,460
Other amounts due to group companies	-	71,184,297
Loans for film finance	1,612,875	1,612,875
	283,562,275	379,646,572

Loans due to group companies
The loans due to group companies comprise two unsecured loans, the first of which, in the amount of £216,700,000, carries interest at 1.5% above the base rate of Barclays Bank Plc, and is repayable at three months' notice. The second loan, in the sum of £6,524,940, carries interest at LIBOR plus a margin of 2.94%, and is repayable at one month's notice. The parent undertaking has given assurance to the company that they will not request repayment of these loans within 12 months.

Variable rate non-redeemable cumulative preference shares

At 31 December 2005 and 2004, there were 5,872,446 variable rate non-redeemable cumulative preference shares in issue. Each share has a nominal value of £10. The preference shares carry a dividend of LIBOR plus 4.79% per annum, payable half-yearly in arrears on 30 June and 31 December.

Loans for film finance
The loans for film finance are interest free and repayable out of film receipts prior to 14 December 2013. They are secured by charges on the copyright and physical material relating to two films owned by the company and shown under that heading in intangible fixed assets.

18 PROVISIONS FOR LIABILITIES AND CHARGES

	as restated Deferred taxation £	Unfunded pensions £	Dilapidations provisions £	*as restated* Total £
Balance at 1 January 2005	(693,407)	1,606,356	889,335	1,802,284
Fair value adjustment on acquisition	-	-	11,150	11,150
Payments against provisions	-	(260,932)	-	(260,932)
Provided/(released) during the year	(21,125)	-	(131,887)	(153,012)
Utilised during the year	-	85,248	(8,601)	76,647
Transferred to debtors (Note 15)	714,532	-	-	714,532
Balance at 31 December 2005	-	1,430,672	759,997	2,190,669

The timing of the settlement of the unfunded pension liabilities is uncertain.

The timing of the settlement of the obligations for dilapidations is dependent on the termination of the various leases. If the leases run to expiry, and are not renewed, these obligations will be settled up to 2016.

Deferred taxation

Deferred tax provided in the financial statements and the amounts not provided are as follows:

	Recognised 2005 £	*as restated* 2004 £	*Unrecognised* 2005 £	2004 £
Accelerated capital allowances	(68,107)	(91,977)	(755,100)	(323,700)
Short term timing differences	(646,425)	(601,430)	-	-
	(714,532)	(693,407)	(755,100)	(323,700)

The movement in the provision for deferred taxation are as follows:

	2005 £	2004 £
At 1 January		
as previously reported	(919,498)	(505,259)
prior year adjustment (Note 22)	226,091	218,118
as restated	(693,407)	(287,141)
Arising during the year	(105,364)	(144,955)
Adjustment in respect of prior years	72,234	(269,284)
Arising on prior year adjustments	12,005	7,973
At 31 December	(714,532)	(693,407)

19 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	2005 £	2004 £
The maturity of these amounts is as follows:		
Amounts payable:		
Within one year	3,854	52,651
In two to five years	-	-
	3,854	52,651
Less finance charges allocated to future periods	-	(677)
	3,854	51,974
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations (note 16)	3,854	51,974
Non current obligations (note 17)	-	-
	3,854	51,974

20 CALLED UP SHARE CAPITAL

	2005 £	*as restated* 2004 £
Authorised		
18,251,000 ordinary shares of 20p each	3,650,200	3,650,200
Allotted, called up and fully paid		
16,600,630 ordinary shares of 20p each	3,320,126	3,320,126

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Share premium £	Special reserve £	Profit & loss account £	Shareholders' funds £
At 1 January 2004					
As previously reported	3,320,126	5,368,804	2,349,800	67,615,546	78,654,276
Prior year adjustments (Note 22)	-	-	-	508,943	508,943
As restated	3,320,126	5,368,804	2,349,800	68,124,489	79,163,219
Profit for the year	-	-	-	16,209,175	16,209,175
Ordinary dividends paid	-	-	-	(30,000,000)	(30,000,000)
At 1 January 2005	3,320,126	5,368,804	2,349,800	54,333,664	65,372,394
Profit for the year	-	-	-	10,797,440	10,797,440
At 31 December 2005	3,320,126	5,368,804	2,349,800	65,131,104	76,169,834

The special reserve was created on the cancellation of preference shares in 2001, to protect the creditors of the company at the date of cancellation. The reserve can be released to distributable reserves when all of the creditors of the company at the date of cancellation have been satisfied.

The cumulative amount of goodwill written off at 31 December 2005, net of goodwill relating to newspaper titles disposed of, is £13,759,163 (2004: £13,759,163).

22 PRIOR YEAR ADJUSTMENT

Following the adoption of FRS 20 Share-based Payment, prior year results have been restated.

Under FRS 20, the cost of awards made under the parent company Share Incentive Plan (SIP) is recognised at the time those awards are made. The Company has revised the basis for the recognition of the costs of SIP awards to bring the recognition in line with FRS 20.

	£
Shareholders' funds at 1 January 2004 as previously reported	78,654,276
Adjustment on adoption of FRS 20	
Timing of recognition of cost of awards under Share Incentive Plan	727,061
Deferred tax adjustment	(218,118)
Shareholders' funds at 1 January 2004 as restated	79,163,219

	£
Profit after taxation for 2004 as previously reported	16,190,572
Adjustment on adoption of FRS 20	
Timing of recognition of cost of awards under Share Incentive Plan	26,576
Deferred tax adjustment	(7,973)
Profit after taxation for 2004 as restated	16,209,175

23 OPERATING LEASE RENTALS

The Company has annual commitments under operating leases as at 31 December 2005. These are analysed by the date of the termination of the lease as follows:

	Land and buildings 2005 £	2004 £	*Other* 2005 £	2004 £
Within one year	73,287	67,066	326,499	389,291
Between two and five years	353,216	420,346	1,344,092	1,128,568
After five years - external	829,644	876,845	-	-
After five years - intra group	939,771	980,995	-	-
	2,195,918	2,345,252	1,670,591	1,517,859

24 CAPITAL COMMITMENTS

	2005 £	2004 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	2,272,326	69,000

25 PENSION COMMITMENTS

The principal pension scheme operated by the Group is the Archant Pension & Life Assurance Scheme ("the PLAS"), a hybrid scheme with a defined benefit section ("the PLAS DBS") which includes a senior management section ("the PLAS SMS") and a defined contribution section ("the PLAS DCS").

For the PLAS DCS the pension cost represents contributions payable by the Group to this section, the Group matching members' contributions (which are permitted in the range of 2% to 7% of pensionable earnings) on a 1:1 basis except in the case of certain senior managers, where the employer's contribution is at enhanced multiples.

Additionally, the Group made payments to the PLAS DCS equal to 3.0% of pensionable earnings in respect of insured death benefits, expenses and benefit guarantees.

The pension cost of the Company for the PLAS DCS were:

	2005	2004
	£000	£000
Charged in the profit and loss account	1,512	1,493
December 2004 contributions paid in January 2005	141	(141)
December 2005 contributions paid in January 2006	(166)	-
Contributions paid in the year	1,487	1,352

Contributions to the PLAS DBS section are determined with the advice of independent actuaries, using the projected unit method.

Contribution rates for final salary pensions as a percentage of pensionable earnings were:

	PLAS DBS		PLAS SMS	
	Member	Company	Member	Company
	%	%	%	%
To 30 June 2004	6.0	16.1	6.0	29.7
From 1 July 2005	7.0	15.1	7.0	28.7

Contributions are determined on the basis of the most recent actuarial valuation and continued at the rates shown above throughout 2005. In the light of the actuarial valuation to 1 January 2005, company contribution rates have been increased from 1 January 2006 to 16.6% for the PLAS DBS and 34.1% for the PLAS SMS.

As well as those in respect of mortality rates, the assumptions adopted that have the most significant effect on the results of the valuations were:

	%
Annual rate of increase in:	
Prices	2.75
Salaries	4.00
Pensions in payment	2.75
Investment return – Pre-retirement	6.50
– Post-retirement	5.25

At the time of the valuation the assets of the PLAS, which are held separately from those of the Group, were:

Market value of the assets of the PLAS	£104,942,000
Actuarial value as a proportion of accrued benefit	93.9%

The valuation showed a deficit of £6,614,000, equating to a funding level of 93.9%.

To address the underlying deficit the parent company paid an additional £750,000 of cash into the PLAS in 2005 (2003 and 2004: £1,000,000 in each year).

In the light of the strategic review undertaken in 2003, a number of steps were taken to address the actuarial deficits identified in that review. These included a decision that future increases to the discretionary element of pensions in payment (ie that for pre-April 1997 service other than, in respect of participants over state retirement age, the Guaranteed Minimum Pension element of any such pension) would no longer be provided for within the valuation but would be funded either by the parent company or out of fund surpluses. Accordingly, in 2005, the parent company made a payment of £621,000 (2004: £370,000) into the PLAS to fund the increase of 2.0% (2004:1.5%) made during the year to the discretionary element of pensions in payment.

The Company also pays ex gratia pensions on an unfunded basis to certain former employees and their dependents and, accordingly, provides for this liability in the financial statements.

25 PENSION COMMITMENTS

Group pension *disclosure under* FRS 17

The Group is unable to identify the share of the underlying assets and liabilities for each participating subsidiary, and consequently each participating subsidiary accounts for their contributions to the defined benefit scheme as if it was a defined contribution scheme. As the Company is the principal participant in the Group defined benefit schemes, it is considered appropriate to present the Group disclosures under FRS 17. The disclosures given below are for the Group rather than the Company.

The following information shows the combined results of the Group's defined benefit pension schemes in the UK. A full actuarial valuation was carried out for the PLAS as at 1 January 2005, and on the other scheme as at 6 April 2004. These actuarial valuations have been updated to 31 December 2005 by an independent actuary. The amounts shown at 31 December were measured in accordance with FRS 17.

Assumptions

The assumptions for the actuarial valuation at 1 January 2005 included revised mortality assumptions. To present comparable pension costs more accurately, in the opinion of the directors it was appropriate to update the valuation of the pension scheme deficit at both 31 December 2003 and 31 December 2004. As a result, the pension scheme deficits at 31 December 2003 and 31 December 2004 have been increased to £23,396,000 and £20,562,000 respectively from the deficits previously reported at those dates, based on earlier mortality assumptions, of £13,348,000 and £15,088,000 respectively.

The major assumptions used by the actuary in updating valuations were:

	2005	2004	2003
	%	%	%
Rate of increase in salaries	4.11	4.36	4.31
Rate of increase in deferred pensions	2.86	2.86	2.81
Rate of increase of pensions in payment	2.86	2.86	2.81
Discount rate	4.73	5.29	5.36
Inflation	2.86	2.86	2.81

Assets/liabilities

The assets in the schemes and the expected rates of return at 31 December were:

	Expected long-term rate of return	Value 2005	Expected long-term rate of return	Value 2004	Expected long-term rate of return	Value 2003
Equities	6.5	77,867	7.0	64,596	7.0	61,425
Bonds and gilts	4.5	43,234	5.0	37,550	5.0	28,725
Other	4.5	1,702	5.0	1,157	5.0	2,687
Total market value of assets		122,803		103,303		92,837
Present value of scheme liabilities		(146,818)		(123,865)		(116,233)
Shortfall in the schemes		(24,015)		(20,562)		(23,396)
Related deferred tax asset		7,204		6,168		7,019
Net pension shortfall		(16,811)		(14,394)		(16,377)

The profit and loss reserves were as follows:

	2005	2004
	£000	£000
Profit and loss reserve excluding pension shortfall	108,530	96,492
Pension shortfall	(16,811)	(14,394)
Profit and loss reserve	91,719	82,098

Analysis of the amount charged to operating profit for the PLAS DBS	2005	2004
	£000	£000
Service cost	(2,853)	(3,064)
Past service cost	(621)	(407)
Total operating charge	(3,474)	(3,471)

25 PENSION COMMITMENTS

Analysis of net finance charge on pension scheme	2005 £000	2004 £000
Expected return on pension scheme assets	5,488	5,195
Interest on pension liabilities	(5,845)	(5,692)
Net finance charge	(357)	(497)

Analysis of amount recognised in Group statement of total recognised gains and losses (STRGL)	2005 £000	2004 £000
Actual return less expected return on assets	12,047	3,667
Experience gains and losses on liabilities	(2,916)	916
Changes in assumptions	(12,030)	(1,235)
Net actuarial loss recognised in STRGL	(2,899)	3,348

Movement in shortfall during the year	2005 £000	2004 £000
Shortfall in schemes at beginning of year	(20,562)	(23,396)
Movements:		
Current service cost	(2,853)	(3,064)
Contributions	3,277	3,454
Past service cost	(621)	(407)
Net finance charge	(357)	(497)
Actuarial loss	(2,899)	3,348
Shortfall in schemes at end of year 2005	(24,015)	(20,562)

History of experience gains and losses	2005 £000	2004 £000	2003 £000	2002 £000
Difference between expected and actual return on scheme assets	12,047	3,667	6,147	(19,457)
Percentage of scheme assets	9.8%	3.5%	6.6%	-25.1%
Experience gains and losses arising on pension scheme liabilities	(2,916)	916	(259)	(161)
Percentage of scheme liabilities	-2.0%	0.7%	-0.2%	-0.1%
Total amount recognised in STRGL	(2,899)	3,348	7,427	(24,044)
Percentage of scheme liabilities	-2.0%	2.7%	6.4%	-22.3%

26 CONTINGENT LIABILITY

Certain companies in the Group, including the Company, 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, including the Company, 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.

27 POST BALANCE SHEET EVENT

On 31 July 2006, the company sold the Property Mart series of titles to Archant East London and Essex Limited, a subsidiary company, at market value. The company was immediately licensed to use the titles for seven years.

28 ULTIMATE PARENT UNDERTAKING

the company was a member was Archant Limited, registered in England and Wales. Copies of that company's accounts can be obtained from The Registrar, Companies House, Crown Way, Maindy, Cardiff.

29 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions in FRS 8 from disclosing transactions with related parties that are part of the Archant Limited group.

30 CASH FLOW STATEMENT

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