

Registered Number: 67813

**CENTRAL LANCASHIRE PRINTERS LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 1998**



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# **CENTRAL LANCASHIRE PRINTERS LIMITED**

## **REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 1998**

The Directors present their report and the audited financial statements of the Company for the year ended 31<sup>st</sup> December 1998.

### **PRINCIPAL ACTIVITIES**

The principal activity remained unchanged throughout the year and continues to be newspaper contract printing and typesetting. The results for the year are set out in the profit and loss account on page 6.

### **REVIEW OF BUSINESS**

The Directors consider the trading results and financial position to be satisfactory. The Directors view the future with confidence.

On 27<sup>th</sup> February 1998 the Company's intermediary parent company, Regional Independent Newspapers Limited (previously UPN Holdings Limited) was acquired by Regional Independent Media Holdings Limited (previously YPG Holdings Limited), a new company backed by a group of financial institutions comprising Candover Partners Limited, Goldman Sachs International and Alpinvest.

As a result of the change in ownership, various exceptional items have been incurred which are disclosed in Notes 4 and 7. In addition, the majority of the company's fixed assets were revalued during the year. Further details are disclosed in Note 9.

In order that balances are reported consistently across the group, certain 1997 profit and loss items have been re-classified.

### **DIVIDENDS**

The Directors do not recommend the payment of a dividend (1997: nil).

### **DIRECTORS**

The following Directors held office during the year:

C J Oakley	(appointed 21 <sup>st</sup> May 1998)
S A Auckland	(appointed 21 <sup>st</sup> May 1998)
S C Laverick	(appointed 25 <sup>th</sup> February 1998)
C S Kendall	(resigned 21 <sup>st</sup> May 1998)
A Marsden	(resigned 25 <sup>th</sup> February 1998)
L E Andriotis	(resigned 25 <sup>th</sup> February 1998)

# **CENTRAL LANCASHIRE PRINTERS LIMITED**

## **REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 1998 (Continued)**

### **DIRECTORS' SHARE INTERESTS**

The Directors' share interests of those Directors who are also Directors of Regional Independent Media Holdings Limited are disclosed in the financial statements of Regional Independent Media Holdings Limited, the company's ultimate parent company.

No other Director has any interests in the shares of any Regional Independent Media Holdings Limited group company.

### **YEAR 2000**

All Regional Independent Media Holdings Limited group companies continue to review their systems and operations. This includes ensuring the group's operations will not be significantly adversely affected due to the systems not being Year 2000 compliant. The operation of the business depends not only on our computer systems, but also to a degree on those of suppliers and customers. There is, therefore, an exposure to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The Directors believe the plans are well developed and that its significant operating systems will be Year 2000 compliant ahead of the millennium.

Further details of the group's strategy to address the Year 2000 issue, together with details of the costs involved are disclosed in the financial statements of Regional Independent Media Holdings Limited. Year 2000 has been addressed as a group wide initiative.

### **INTRODUCTION OF THE EURO**

Although Regional Independent Media Holdings Limited group companies do not export any of their products, the company may have to pay suppliers in Euros from 1<sup>st</sup> January 1999.

The group is introducing procedures to ensure it is in a position to pay suppliers in the Euro. As trading in the Euro becomes more widespread, the group will review its computer systems to ensure they are able to handle transactions in the Euro. In addition, Euro implications will be taken into account when new financial systems are procured.

The group has not incurred any material costs in relation to the introduction of the Euro.

# **CENTRAL LANCASHIRE PRINTERS LIMITED**

## **REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 1998 (Continued)**

### **EMPLOYEE INVOLVEMENT**

The Board of Directors recognises the value of communication with employees at all levels. Communication with all employees continues through an in-house newspaper and other ad hoc communications. The aim is to ensure that all employees are aware of decisions which affect their interests and the financial and economic performance of the group.

### **DISABLED PEOPLE**

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 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.

### **BY ORDER OF THE BOARD**



**Director**

**Date** 26 March 1999

**CENTRAL LANCASHIRE PRINTERS LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the year.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31<sup>st</sup> December 1998. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**BY ORDER OF THE BOARD**



**Director**

**Date** 26 March 1999

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
CENTRAL LANCASHIRE PRINTERS LIMITED**

We have audited the financial statements on pages 6 to 17, which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9 to 10.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The Directors are responsible for preparing the Annual Report, including as described on page 4, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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 mis-statements or material inconsistencies with the financial statements.

**BASIS OF OPINION**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 mis-statement, 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 the company's affairs at 31<sup>st</sup> December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies act 1985.



**Chartered Accountants and Registered Auditors  
Leeds**

Date 26 March 1999

**CENTRAL LANCASHIRE PRINTERS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 1998**

		1998	1997
	Note	£'000	£'000
		<u>As Restated</u>	
Turnover - continuing operations	2	1,544	2,036
Net operating costs - before exceptional items	3	(1,423)	(1,181)
Exceptional operating costs	4	(305)	-
Operating (loss)/profit and (loss)/profit on ordinary activities before taxation		(184)	855
Tax on profit on ordinary activities - before exceptional items	6	493	(220)
Exceptional tax credit	7	400	-
Profit for the year		709	635
Dividends	8	-	-
Retained profit for the year	15	709	635

All items relate to continuing activities.



**CENTRAL LANCASHIRE PRINTERS LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	1998 £'000	1997 £'000
Profit for financial year	709	635
Unrealised surplus on revaluation of tangible fixed assets (Note 9)	1,833	-
Total recognised gains and losses	2,542	635

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

	1998 £'000	1997 £'000
(Loss)/profit on ongoing activities before taxation	(184)	855
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	78	-
Historical cost (loss)/profit on ordinary activities before taxation	(106)	855
Retained historical cost profit	787	635

# CENTRAL LANCASHIRE PRINTERS LIMITED

## BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER 1998

	NOTE	1998 £'000	1997 £'000
<b>FIXED ASSETS</b>			
Tangible fixed assets	9	4,896	2,845
<b>CURRENT ASSETS</b>			
Stocks	10	185	192
Debtors- amounts falling due within one year	11	2,020	1,268
- amounts falling due after one year	11	-	328
		2,205	1,788
<b>CREDITORS</b>			
Amounts falling due within one year	12	(3,787)	(3,065)
<b>NET CURRENT LIABILITIES</b>		(1,582)	(1,277)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,314	1,568
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	(127)	(923)
<b>NET ASSETS</b>		3,187	645
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	10	10
Revaluation reserve	15	1,833	-
Profit and loss account	15	1,344	635
<b>Equity shareholders' funds</b>	16	3,187	645

The financial statements on pages 7 to 17 were approved by the Board of Directors on  
26 March 1999 and were signed on its behalf by:



**Director**

# CENTRAL LANCASHIRE PRINTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 1998

### 1. PRINCIPAL ACCOUNTING POLICIES

#### (a) Basis of Preparation

The financial statements have been prepared on a consistent basis in accordance with applicable Accounting Standards in the United Kingdom. A summary of the most important accounting policies is set out below.

#### (b) Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention, with the exception of the valuation of certain assets.

The company is a wholly-owned subsidiary of Regional Independent Media Holdings Limited and is included in the consolidated financial statements of Regional Independent Media Holdings Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Regional Independent Media Holdings Limited group.

In the period 1 January 1998 to 26 February 1998, the Company was a wholly owned subsidiary undertaking of the United News and Media Group. During this period a number of transactions occurred between the Company and other subsidiary undertakings of the United News & Media Group. These transactions occurred in the normal course of business and at arms length.

#### (c) Turnover

Turnover comprises invoiced sales less credits, excluding value added tax.

#### (d) Tangible Fixed Assets and Depreciation

Newly acquired tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition.

The company's tangible fixed assets, subject to motor vehicles, fixtures and fittings and software were revalued during the year on an existing use basis.

Tangible fixed assets are written off by equal annual instalments over the following estimated useful lives:

Freehold buildings	80 years
Plant and machinery	10 to 25 years
Motor vehicles	5 years

#### (e) Operating Leases

Operating lease rentals are charged to the profit and loss account as they arise.

# CENTRAL LANCASHIRE PRINTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 1998 (Continued)

### (f) Stocks and Work in Progress

Stocks and work in progress are valued on the first in first out basis at the lower of cost and net realisable value.

### (g) Deferred Taxation

Deferred taxation represents corporation tax, calculated on the liability basis, deferred by accelerated capital allowances and other timing differences, except to the extent that the liabilities are regarded as unlikely to crystallize in the foreseeable future. Full provision has been made in respect of pension costs accounted for in accordance with SSAP 24. No provision is made for taxation which might arise on the disposal of fixed assets at the amount of valuations incorporated in the financial statements.

### (h) Pension Costs

The cost of the company's defined benefit pension arrangements are charged on a systematic basis, allowing for the expected pension costs over the service lives of employees, taking all such group schemes as a whole.

The cost of the company's defined contribution arrangements are the contributions payable by the company to the scheme.

The assets of the pension scheme are held separately from those of the company.

## 2. TURNOVER

Turnover consists entirely of sales made in the UK. As described in the Directors' Report, the turnover for 1997 has been restated.

## 3. NET OPERATING COSTS

	1998 £'000	1997 £'000
	As restated	
Continuing Operations:		
Raw materials and charges	481	443
Other operating income	(2,006)	(2,498)
Other external charges	388	767
Employment costs	2,226	2,217
Profit on sale of tangible fixed assets	(1)	(2)
Depreciation of tangible fixed assets	333	252
Operating lease charges - hire of plant, machinery and vehicles	2	2
Auditors remuneration - audit	-	-
	1,423	1,181

All fees payable to PricewaterhouseCoopers, the company's auditors, were incurred by a fellow subsidiary in 1998. Consequently no fees are disclosed. As described in the Directors' Report certain operating costs have been restated.

# CENTRAL LANCASHIRE PRINTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 1998 (Continued)

### 4. EXCEPTIONAL OPERATING COSTS

	1998 £'000	1997 £'000
Pension debtor write off	305	-

As a result of the disposal of the company's intermediary parent company, Regional Independent Newspapers Limited (previously UPN Holdings Limited) by United News & Media plc, as explained in the Directors' Report, the pension debtor as at 27<sup>th</sup> February 1998 is no longer applicable, since the company no longer participates in the pension arrangements as supplied by United News & Media plc. The pension debtor was written off at the date of acquisition.

The tax impact of the exceptional items is disclosed in Note 7.

### 5. EMPLOYEES AND DIRECTORS

#### (a) Employee Information

The average monthly number of persons (including Executive Directors) employed by the company during the year was:

	1998	1997
By activity:		
Production	75	113
Selling and distribution	16	20
Administration	8	8
	99	141

Employment costs for the above persons were:

	1998 £'000	1997 £'000
Wages and salaries	1,920	2,015
Social Security costs	168	169
Other pension costs	138	33
	2,226	2,217

#### (b) Pensions

The company participates in pension arrangements provided on a group wide basis.

Details of the group's pension scheme is disclosed in the Annual Report of Regional Independent Media Holdings Limited, the company's ultimate parent company.

**CENTRAL LANCASHIRE PRINTERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 1998**  
**(Continued)**

**(c) Directors' Emoluments**

	1998 £'000	1997 £'000
Aggregate emoluments (including benefits in kind)	7	60

For Directors who received remuneration from the company:

- No Directors (1997: none) exercised share options in the year and no Directors (1997: none) became entitled to shares under a long term incentive scheme.
- Retirement benefits are accruing to no Directors (1997: one) under a defined benefit scheme.

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1998 £'000	1997 £'000
UK corporation tax at 31% (1997: 31.5%)		
Current	131	118
Group relief	(110)	152
Deferred	(61)	-
Over provision in respect of prior years:		
Current	191	-
Deferred	(644)	(50)
	(493)	220

**7. EXCEPTIONAL TAX CREDIT**

	1998 £'000	1997 £'000
Credit due to United News & Media plc settling 1997 liability	308	-
Deferred tax adjustment due to the write off of the pension debtor (see Note 4)	92	-
	400	-

As a result of the disposal of the company's intermediary parent company, Regional Independent Newspapers Limited (previously UPN Holdings Limited), as explained in the Directors' Report, the corporation tax liability as at 31<sup>st</sup> December 1997 has been credited to the profit and loss account, as the Regional Independent Newspapers Limited and subsidiary undertakings net liability was settled by the company's previous ultimate parent company, United News & Media plc.

# CENTRAL LANCASHIRE PRINTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 1998 (Continued)

### 8. DIVIDENDS

Final proposed dividend nil per share (1997: nil per share)

### 9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Other Assets £'000	Total £'000
<b>Cost or valuation</b>			
At 1 <sup>st</sup> January 1998	2,658	3,072	5,730
Additions	-	558	558
Disposals	-	(384)	(384)
Inter-group transfers	-	(9)	(9)
Revaluation adjustment	92	(474)	(382)
<b>At 31<sup>st</sup> December 1998</b>	<b>2,750</b>	<b>2,763</b>	<b>5,513</b>
<b>Depreciation</b>			
At 1 <sup>st</sup> January 1998	442	2,443	2,885
Charge for year	54	279	333
Disposals	-	(376)	(376)
Inter-group transfers	-	(10)	(10)
Revaluation adjustment	(446)	(1,769)	(2,215)
<b>At 31<sup>st</sup> December 1998</b>	<b>50</b>	<b>567</b>	<b>617</b>
<b>Net Book Value</b>			
<b>At 31<sup>st</sup> December 1998</b>	<b>2,700</b>	<b>2,196</b>	<b>4,896</b>
At 31 <sup>st</sup> December 1997	2,216	629	2,845

The company's fixed assets, subject to motor vehicles, fixtures and fittings and software, were revalued during the year on an existing use basis by an independent qualified Chartered Surveyor. The valuation was completed in September 1998, however, was back dated to 27 February 1998 for external reporting purposes.

The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom.

The book values of fixed assets have been adjusted to the revaluation. Any surplus on revaluation has been credited to the revaluation reserve. Deficits have been written off to the profit and loss account, unless the assets have been previously revalued.

No provision is made for any tax on capital gains that may arise on the disposal of assets at their balance sheet amounts.

**CENTRAL LANCASHIRE PRINTERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 1998**  
(Continued)

**Analysis of fixed assets at cost or valuation:**

	<b>Freehold Land and Buildings £'000</b>	<b>Other Assets £'000</b>	<b>Total £'000</b>
At cost	-	969	969
At 1998 valuation	2,750	1,794	4,544
	2,750	2,763	5,513

**If assets were stated on a historical cost basis, the amounts would be:**

	<b>Freehold Land and Buildings £'000</b>	<b>Other Assets £'000</b>	<b>Total £'000</b>
Cost	2,658	3,237	5,895
Aggregate depreciation	(474)	(2,281)	(2,755)
<b>Net Book Value</b>	<b>2,184</b>	<b>956</b>	<b>3,140</b>

**10. STOCKS**

	<b>1998 £'000</b>	<b>1997 £'000</b>
Raw materials and consumables	185	192

**11. DEBTORS**

	<b>1998 £'000</b>	<b>1997 £'000</b>
<b>Amounts falling due within one year</b>		
Trade debtors	261	177
Amounts owed by group undertakings	1,757	1,091
Prepayments and accrued income	2	-
	2,020	1,268
<b>Amounts falling due after one year</b>		
Pension prepayment (see Note 4)	-	328
	2,020	1,596



**CENTRAL LANCASHIRE PRINTERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 1998**  
(Continued)

**12. CREDITORS**

	1998 £'000	1997 £'000
<b>Amounts falling due within one year</b>		
Amounts owed to group undertakings	3,724	2,836
Corporation tax	21	118
Accruals and deferred income	42	111
	3,787	3,065

**13. PROVISION FOR LIABILITIES AND CHARGES**

The movement on the provision for deferred taxation is as follows:

	<b>Deferred Taxation £'000</b>
At 1 <sup>st</sup> January 1998	923
Transferred to profit and loss account	(705)
Exceptional adjustment due to write off of pension prepayment	(91)
<b>At 31<sup>st</sup> December 1998</b>	<b>127</b>

Deferred taxation provided in the financial statements and the amount unprovided of the total potential liability are as follows:

	<b>Amount Provided</b>		<b>Amount Unprovided</b>	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
<b>Tax effect of timing differences due to:</b>				
Excess of capital allowances over depreciation	127	650	-	-
Other	-	273	-	-
	127	923	-	-

# CENTRAL LANCASHIRE PRINTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 1998 (Continued)

### 14. SHARE CAPITAL

	1998 £'000	1997 £'000
Authorised 10,000 ordinary shares of £1 each	10	10
Allotted, called up and fully paid 10,000 ordinary shares of £1 each	10	10

### 15. RESERVES

	Revaluation Reserve £'000	Profit & Loss Account £'000	Total £'000
At 1 <sup>st</sup> January 1998	-	635	635
Retained profit for the year	-	709	709
Revaluation (see Note 9)	1,833	-	1,833
<b>At 31<sup>st</sup> December 1998</b>	<b>1,833</b>	<b>1,344</b>	<b>3,177</b>

### 16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £'000	1997 £'000
Profit for the financial year	709	635
Revaluation (see Note 9)	1,833	-
Dividends	-	-
Net increase in shareholders' funds	2,542	635
Opening shareholders' funds	645	10
<b>Closing shareholders' funds</b>	<b>3,187</b>	<b>645</b>

### 17. COMMITMENTS

	1998 £'000	1997 £'000
<b>Future capital expenditure</b> Contracted for, but not provided for in the financial statements	2	-

**CENTRAL LANCASHIRE PRINTERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31<sup>ST</sup> DECEMBER 1998**  
**(Continued)**

**18. CONTINGENT LIABILITIES**

The company is party to a cross guarantee given by all subsidiary undertakings of Regional Independent Media Holdings Limited as security for the Group's banking facilities.

**19. ULTIMATE PARENT COMPANY**

The ultimate parent company and controlling party at 31<sup>st</sup> December 1998 was Regional Independent Media Holdings Limited, which is registered in England. Copies of the financial statements of Regional Independent Media Holdings Limited may be obtained from the Company Secretary, P O Box 168, Wellington Street, Leeds, LS1 1RF.