

Registered Number: 1344614

LANCASHIRE EVENING POST LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2000



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LANCASHIRE EVENING POST LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2000

The Directors present their report and the audited financial statements of the Company for the year ended 31st December 2000.

PRINCIPAL ACTIVITIES

The principal activity remained unchanged throughout the year and continues to be the publishing of daily and weekly newspapers. The results for the year are set out in the profit and loss account on page 5.

REVIEW OF BUSINESS

Despite the increasingly competitive market, the Directors consider the trading results and financial position to be satisfactory. The Directors view the future with confidence.

DIVIDENDS

The Directors do not recommend the payment of a dividend (1999: nil).

DIRECTORS

The following Directors held office during the year:

C J Oakley

S A Auckland

S C Laverick

M Hutchby (Resigned 1 July, 2001)

DIRECTORS' SHARE INTERESTS

No director had any interest in the share capital of the company during the year.

The interests of Mr C J Oakley, Mr S A Auckland and Mrs S C Laverick in the share capital of other group companies are disclosed in the financial statements of Regional Independent Media Holdings Limited, the company's ultimate parent company.

Mr M Hutchby holds 5,800 (1999: 5,800) ordinary shares of 2p each in Regional Independent Media Holdings Limited and had no other interests in the shares of any other company within the Regional Independent Media Holdings group.

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.

LANCASHIRE EVENING POST LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2000 (Continued)

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 11th September 2001

LANCASHIRE EVENING POST 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 31st December 2000. 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 that disclose, with reasonable accuracy at any time, the financial position of the company, and 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.

BY ORDER OF THE BOARD



Director

Date 11th September 2001

LANCASHIRE EVENING POST LIMITED

AUDITORS' REPORT TO THE MEMBERS OF LANCASHIRE EVENING POST LIMITED

We have audited the financial statements on pages 5 to 16.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom, 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 United Kingdom 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 misstatements or material inconsistencies with the financial statements.

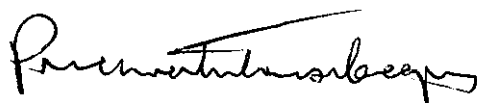
BASIS OF OPINION

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 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 the company's affairs at 31st December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Leeds

Date 17th September 2001

LANCASHIRE EVENING POST LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2000

	NOTE	2000 £'000	1999 £'000
Turnover	2	15,035	14,437
Net operating costs	3	(11,927)	(12,110)
Operating profit and profit on ordinary activities before interest and taxation		3,108	2,327
Net interest payable	5	(954)	(900)
Tax on profit on ordinary activities	6	181	933
Profit on ordinary activities after taxation		2,335	2,360
Dividends	7	-	-
Retained profit for the year	15	2,335	2,360

The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.


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

All of the trading during the year related to continuing operations.

LANCASHIRE EVENING POST LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 2000

	NOTE	2000 £'000	1999 £'000
FIXED ASSETS			
Tangible fixed assets	8	1,241	1,732
CURRENT ASSETS			
Stocks	9	30	23
Debtors	10	136,912	113,616
		136,942	113,639
CREDITORS			
Amounts falling due within one year	11	(92,180)	(72,487)
NET CURRENT ASSETS			
		44,762	41,152
TOTAL ASSETS LESS CURRENT LIABILITIES			
		46,003	42,884
CREDITORS			
Amounts falling after one year	12	(16,854)	(15,900)
PROVISIONS FOR LIABILITIES AND CHARGES			
	13	-	(170)
NET ASSETS			
		29,149	26,814
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Revaluation reserve	15	60	87
Profit and loss account	15	28,989	26,627
Equity shareholders' funds			
	16	29,149	26,814

The financial statements on pages 5 to 16 were approved by the Board of Directors and were signed on its behalf by:



Director

Date 11TH September 2001

LANCASHIRE EVENING POST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2000

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, except for the revaluation 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. 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 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.

(c) Turnover

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

(d) Tangible Fixed Assets and Depreciation

The company's tangible fixed assets, other than motor vehicles, fixtures and fittings and software, were revalued during 1998 on an existing use basis.

Revalued assets are shown at historical cost, which includes (as permitted by Financial Reporting Standard 15) revalued amounts pre-dating the adoption of that standard. Other fixed assets are shown at cost.

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

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

Freehold buildings	20 to 40 years
Plant and machinery	8 to 10 years
Press	20 years
Computer equipment	5 years
Motor vehicles	5 years
Freehold land is not depreciated.	

(e) Operating Leases

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

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2000
(Continued)

1. **PRINCIPAL ACCOUNTING POLICIES (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) **Taxation and Deferred Taxation**

The charge for taxation is based on the results for the year and takes into account taxation deferred, using the liability method, in respect of timing differences to the extent that it is probable that a liability will crystallise in the foreseeable future. Such timing differences arise primarily from the differing treatment for taxation and accounting purposes of provisions and the depreciation of fixed assets.

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

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

2. **TURNOVER**

Turnover consists entirely of sales made in the United Kingdom.

3. **NET OPERATING COSTS**

	2000 £'000	1999 £'000
Continuing operations:		
Raw materials and charges	12	25
Other external charges	5,895	5,728
Employment costs	5,122	5,439
Depreciation of tangible fixed assets	576	660
Profit on disposal of tangible fixed assets	(10)	(75)
Rental income	(21)	(20)
Operating lease charges - hire of plant, machinery and vehicles	126	75
- property	227	278
Auditors' remuneration - audit	-	-
	<u>11,927</u>	<u>12,110</u>

All fees payable to PricewaterhouseCoopers, the company's auditors, were incurred by a fellow subsidiary in 2000 and 1999. Consequently no fees are disclosed.

LANCASHIRE EVENING POST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2000 (Continued)

4. EMPLOYEES AND DIRECTORS

(a) Employee Information

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

	2000	1999
By activity:		
Production	67	64
Selling and distribution	138	178
Administration	98	138
	303	380

Employment costs for the above persons were:

	2000 £'000	1999 £'000
Wages and salaries	4,470	4,676
Social Security costs	405	462
Other pension costs	238	301
Redundancy costs	9	-
	5,122	5,439

(b) Pensions

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

Details of the group's pension scheme are disclosed in the financial statements of Regional Independent Media Holdings Limited, the company's ultimate parent company.

(c) Directors' Emoluments

	2000 £'000	1999 £'000
Aggregate emoluments (including benefits in kind)	144	202

LANCASHIRE EVENING POST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2000 (Continued)

4. EMPLOYEES AND DIRECTORS (continued)

For Directors who received remuneration from the company:

- No Directors (1999: none) exercised share options in the year and no Directors (1999: none) became entitled to shares under a long term incentive scheme.
- Retirement benefits are accruing to one Director (1999: one) under a defined benefit scheme.

The highest paid director received emoluments totalling £202,000 in the year ended 31st December 1999. The highest paid Director did not exercise share options during 1999.

The emoluments of the directors who are also directors of the ultimate parent company are paid by other group companies. There is no recharge made for the services of these directors. It is not possible to make an accurate apportionment of the emoluments in respect of each subsidiary undertaking.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £'000	1999 £'000
Interest payable to fellow subsidiary undertaking	954	900

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £'000	1999 £'000
UK corporation tax at 30% (1999: 30.25%)		
Current	996	797
Group relief	(996)	(797)
Deferred	43	(77)
(Over)/under provision in respect of prior years:		
Current	-	(859)
Deferred	(224)	3
	(181)	(933)

LANCASHIRE EVENING POST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2000 (Continued)

7. DIVIDENDS

Final proposed dividend of nil (1999: nil)

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Other Assets £'000	Total £'000
Cost or valuation			
At 1 st January 2000	105	3,095	3,200
Additions	-	131	131
Disposals	-	(324)	(324)
Inter group transfers	-	(73)	(73)
At 31st December 2000	105	2,829	2,934
Depreciation			
At 1 st January 2000	17	1,452	1,469
Charge for year	10	566	576
Disposals	-	(312)	(312)
Inter group transfers	-	(40)	(40)
At 31st December 2000	27	1,666	1,693
Net Book Value			
At 31st December 2000	78	1,163	1,241
At 31st December 1999	88	1,643	1,731

The company's fixed assets, other than motor vehicles, fixtures and fittings and software, were revalued at 27th February 1998 on an existing use basis by an independent qualified Chartered Surveyor.

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

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

LANCASHIRE EVENING POST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2000

(Continued)

8. TANGIBLE FIXED ASSETS (continued)

Analysis of fixed assets at cost or valuation:

	Freehold land and buildings £'000	Other Assets £'000	2000 Total £'000	1999 Total £'000
At cost	5	1,260	1,265	1,434
At 1998 valuation	100	1,569	1,669	1,766
	105	2,829	2,934	3,200

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

	Freehold land and buildings £'000	Other Assets £'000	2000 Total £'000	1999 Total £'000
Cost	228	2,977	3,185	3,901
Aggregate depreciation	(119)	(1,873)	(1,992)	(2,223)
	109	1,104	1,193	1,678

9. STOCKS

	2000 £'000	1999 £'000
Raw materials and consumables	30	23

10. DEBTORS

	2000 £'000	1999 £'000
Amounts falling due within one year		
Trade debtors	1,957	2,426
Amounts owed by group undertakings	134,944	111,157
Prepayments and accrued income	-	6
Other debtors	-	27
Deferred tax asset	11	-
	136,912	113,616

LANCASHIRE EVENING POST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2000
(Continued)

11. CREDITORS

	2000	1999
	£'000	£'000
Amounts falling due within one year		
Amounts owed to group undertakings	92,048	72,445
Accruals and deferred income	132	42
	<u>92,180</u>	<u>72,487</u>

12. CREDITORS

	2000	1999
	£'000	£'000
Amounts falling due after more than one year:		
Deep Discount Notes due to group undertaking	16,854	15,900

The above relates to 6% Deep Discount Notes owed to a fellow subsidiary and due on 1st January 2004 (£20 million value on maturity).

13. PROVISION FOR LIABILITIES AND CHARGES

The movement on the deferred taxation (liability)/asset is as follows:

	Deferred Taxation £'000
At January 2000	(170)
Transferred to profit and loss account	181
At 31st December 2000 (see note 10)	<u><u>11</u></u>

LANCASHIRE EVENING POST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2000
(Continued)

13. PROVISION FOR LIABILITIES AND CHARGES (continued)

The deferred tax (asset)/liability recognised in the financial statements and the amount unprovided of the total potential liability are as follows:

	Amount Provided		Amount Unprovided	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Tax effect of timing differences due to:				
Excess of capital allowances over depreciation	136	223	-	-
Other	(147)	(53)	-	-
	(11)	170	-	-

14. SHARE CAPITAL

	2000 £'000	1999 £'000
Authorised 100,000 ordinary shares of £1 each	100	100
Allotted, called up and fully paid 100,000 ordinary shares of £1 each	100	100

15. RESERVES

	Revaluation Reserve £'000	Profit and Loss Account £'000	Total £'000
At 1 st January 2000	87	26,627	26,714
Transfer from revaluation reserve to profit and loss account	(27)	27	-
Retained profit for the year	-	2,335	2,335
At 31st December 2000	60	28,989	29,049

LANCASHIRE EVENING POST LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2000
(Continued)

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £'000	1999 £'000
Retained profit for the year	2,335	2,360
Opening shareholders' funds	26,814	24,454
Closing shareholders' funds	29,149	26,814

17. COMMITMENTS

	2000 £'000	1999 £'000
Future capital expenditure		
Contracted for, but not provided for in the financial statements	89	85

Operating lease rentals

At 31st December 2000 the company had annual commitments under non-cancellable operating leases as follows:

	2000		1999	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Within one year	-	6	-	6
Between two and five years	-	135	-	115
After five years	330	-	363	-
	330	141	363	121

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.

LANCASHIRE EVENING POST LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2000
(Continued)

19. ULTIMATE PARENT COMPANY

The company's immediate parent company is Regional Independent Newspapers Limited which is registered in England.

The ultimate parent company and controlling party at 31st December 2000 was Regional Independent Media Holdings Limited, which is registered in England. Copies of the financial statements of Regional Independent Newspapers Limited and Regional Independent Media Holdings Limited may be obtained from the Company Secretary, P O Box 168, Wellington Street, Leeds, LS1 1RF.