

Registered Number: 1344614

LANCASHIRE EVENING POST LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31ST DECEMBER 1999



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LANCASHIRE EVENING POST LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1999

The Directors present their report and the audited financial statements of the Company for the year ended 31st December 1999.

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 financial position to be satisfactory. The Directors view the future with confidence.

DIVIDENDS

The Directors do not recommend the payment of a dividend (1998: nil).

DIRECTORS

The following Directors held office during the year:

C J Oakley
S A Auckland
S C Laverick
M Hutchby

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 is disclosed in the financial statements of Regional Independent Media Holdings Limited, the company's ultimate parent company.

Mr M Hutchby holds 5,800 (1998:nil) ordinary shares of 2p each in Regional Independent Media Holdings Limited and had no other interests in the shares or debentures of any other company within the Regional Independent Media Holdings group.

LANCASHIRE EVENING POST LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1999 (Continued)

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 in the future.

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.

YEAR 2000

We have assessed the impact of all our experiences since 31 December 1999 in relation to the year 2000. We continue to monitor our significant customers, vendors and service providers and to date we have no information that indicates that significant vendors may be unable to sell to the company, or significant customers may be unable to purchase from the company, or significant service providers may be unable to provide services to the company as a result in each case of year 2000 problems.

Our contingency plans remain in place for all business critical systems to respond to the issues identified including, where relevant, mitigation of the possible impacts of non-year 2000 compliance, and any additional issues arising from the possible impacts of the leap year date.

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 19.5.00

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 1999. 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 19.5.00

LANCASHIRE EVENING POST LIMITED

AUDITORS' REPORT TO THE MEMBERS OF LANCASHIRE EVENING POST LIMITED

We have audited the financial statements on pages 5 to 19.

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.

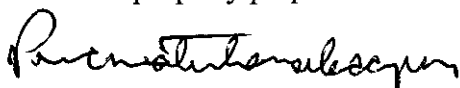
BASIS OF OPINION

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 1999 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 **25 May 2000**

LANCASHIRE EVENING POST LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1999

	NOTE	1999 £'000	1998 £'000
Turnover - continuing activities	2	14,437	14,074
Net operating costs - before exceptional items	3	(12,110)	(12,066)
Exceptional operating costs	4	-	(456)
Operating profit - continuing activities		2,327	1,552
Exceptional profit on disposal of title	5	-	15,940
Profit on ordinary activities before interest and taxation		2,327	17,492
Net Interest Payable	7	(900)	-
Tax on profit on ordinary activities - before exceptional items	8	933	2,303
Exceptional tax credit	9	-	2,007
Profit on ordinary activities after taxation		2,360	21,802
Dividends	10	-	-
Retained profit for the year	18	2,360	21,802

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1999	1998
	£'000	£'000
Profit for financial year	2,360	21,802
Unrealised surplus on revaluation of tangible fixed assets (see note 11)	-	138
Total recognised gains and losses	2,360	21,940

LANCASHIRE EVENING POST LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 1999

	NOTE	1999 £'000	1998 £'000
FIXED ASSETS			
Tangible fixed assets	11	1,732	1,605
CURRENT ASSETS			
Stocks	12	23	52
Debtors	13	113,616	88,823
		113,639	88,875
CREDITORS			
Amounts falling due within one year	14	(72,487)	(65,782)
NET CURRENT ASSETS		41,152	23,093
TOTAL ASSETS LESS CURRENT LIABILITIES		42,884	24,698
CREDITORS			
Amounts falling after one year	15	(15,900)	-
PROVISIONS FOR LIABILITIES AND CHARGES	16	(170)	(244)
NET ASSETS		26,814	24,454
CAPITAL AND RESERVES			
Called up share capital	17	100	100
Revaluation reserve	18	87	138
Profit and loss account	18	26,627	24,216
Equity shareholders' funds	19	26,814	24,454

The financial statements on pages 5 to 19 were approved by the Board of Directors on
19.5.00 and were signed on its behalf by:

Director

M. Hitchby

LANCASHIRE EVENING POST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 1999

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 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, subject to motor vehicles, fixtures and fittings and software were revalued during 1998 on an existing use basis.

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

(e) Operating Leases

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

LANCASHIRE EVENING POST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 1999 (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. 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 United Kingdom.

3. NET OPERATING COSTS

	1999 £'000	1998 £'000
Continuing Operations:		
Raw materials and charges	25	47
Other external charges	5,728	5,990
Employment costs	5,439	5,227
Depreciation of tangible fixed assets	660	603
Profit on disposal of tangible fixed assets	(75)	(27)
Rental income	(20)	(20)
Operating lease charges - hire of plant, machinery and vehicles	75	16
- property	278	230
Auditors remuneration - audit	-	-
	<u>12,110</u>	<u>12,066</u>

All fees payable to PricewaterhouseCoopers, the company's auditors, were incurred by a fellow subsidiary in 1999 and 1998. Consequently no fees are disclosed.

LANCASHIRE EVENING POST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 1999 (Continued)

4. EXCEPTIONAL OPERATING COSTS

	1999 £'000	1998 £'000
Pension debtor write off	-	569
Profit on disposal of fixed assets	-	(149)
Revaluation deficit	-	36
	-	456

The pension debtor was written off during 1998, following the sale of the company by United News & Media plc, since the company no longer participated in the pension scheme provided by United News & Media plc.

The tax impact of the exceptional items is disclosed in Note 8

5. EXCEPTIONAL PROFIT ON DISPOSAL OF TITLE

The title known as Farmers Guardian was disposed of on 1st January 1998 to Miller Freeman plc, a United News & Media plc group company:

	£'000
Sale proceeds	16,000
Costs incurred in relation to the disposal	(60)
Profit on disposal	15,940

As the title was disposed of to a fellow group company, there was no tax payable on the disposal.

LANCASHIRE EVENING POST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 1999 (Continued)

6. EMPLOYEES AND DIRECTORS

(a) Employee Information

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

	1999	1998
By activity:		
Production	64	50
Selling and distribution	178	176
Administration	138	170
	380	396

Employment costs for the above persons were:

	1999 £'000	1998 £'000
Wages and salaries	4,676	4,266
Social Security costs	462	515
Other pension costs	301	307
Redundancy costs	-	139
	5,439	5,227

(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.

LANCASHIRE EVENING POST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 1999 (Continued)

(c) Directors' Emoluments

	1999 £'000	1998 £'000
Aggregate emoluments (including benefits in kind)	202	64

For Directors who received remuneration from the company:

- No Directors (1998: none) exercised share options in the year and no Directors (1998: none) became entitled to shares under a long term incentive scheme.
- Retirement benefits are accruing to one Director (1998: none) under a defined benefit scheme.

The Directors' emoluments include amounts paid to the highest paid Director:

	1999 £'000	1998 £'000
Aggregate emoluments (including benefits in kind)	202	64

The highest paid Director did not exercise share options during 1999 or 1998.

The emoluments of the directors that 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.

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £'000	1998 £'000
Interest payable to fellow subsidiary	900	-

LANCASHIRE EVENING POST LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 1999
(Continued)

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £'000	1998 £'000
UK corporation tax at 30.25% (1998: 31%)		
Current	797	1,898
Group relief	(797)	(1,764)
Deferred	(77)	(1,713)
(Over)/under provision in respect of prior years:		
Current	(859)	-
Deferred	3	(724)
	(933)	(2,303)

9. EXCEPTIONAL TAX CREDIT

	1999 £'000	1998 £'000
Credit due to United News & Media plc settling 1997 tax liability	-	1,837
Adjustment due to the write off of the pension debtor (see Note 4)	-	170
	-	2,007

The liability for corporation tax as at 28 February 1998 was settled by United News & Media plc and was credited to the profit and loss account.

10. DIVIDENDS

Final proposed dividend of nil per share (1998: nil per share)

LANCASHIRE EVENING POST LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 1999
(Continued)

11. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Other Assets £'000	Total £'000
Cost or valuation			
At 1 st January 1999	104	2,716	2,820
Additions	1	171	172
Disposals	-	(467)	(467)
Inter group transfers	-	675	675
At 31st December 1999	105	3,095	3,200
Depreciation			
At 1 st January 1999	7	1,208	1,215
Charge for year	10	650	660
Disposals	-	(447)	(447)
Inter group transfers	-	40	40
At 31st December 1999	17	1,451	1,468
Net Book Value			
At 31st December 1999	88	1,644	1,732
At 31 st December 1998	97	1,508	1,605

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 1999 (Continued)

Analysis of fixed assets at cost or valuation:

	Freehold land and buildings £'000	Other Assets £'000	1999 Total £'000	1998 Total £'000
At cost	4	1,430	1,434	1,054
At 1998 valuation	101	1,665	1,766	1,766
	105	3,095	3,200	2,820

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

	Freehold land and buildings £'000	Other Assets £'000	1999 Total £'000	1998 Total £'000
Cost	229	3,672	3,901	3,520
Aggregate depreciation	(108)	(2,115)	(2,223)	(1,993)
Net Book Value	121	1,557	1,678	1,527

12. STOCKS

	1999 £'000	1998 £'000
Raw materials and consumables	23	52

13. DEBTORS

	1999 £'000	1998 £'000
Amounts falling due within one year		
Trade debtors	2,426	1,855
Amounts owed by group undertakings	111,157	86,938
Prepayments and accrued income	6	-
Other debtors	27	30
	113,616	88,823

LANCASHIRE EVENING POST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 1999
(Continued)

14. CREDITORS

	1999 £'000	1998 £'000
Amounts falling due within one year		
Amounts owed to group undertakings	72,445	65,287
Corporation tax	-	134
Accruals and deferred income	42	361
	<u>72,487</u>	<u>65,782</u>

15. CREDITORS

	1999 £'000	1998 £'000
Amounts falling due after more than one year:		
Deep Discount Notes due to group undertaking	15,900	-

As at 1st January 1999 £15million (£20million on maturity) of debt owed to a fellow subsidiary was converted into 6% Deep Discount Notes due on 1st January 2004

16. PROVISION FOR LIABILITIES AND CHARGES

The movement on the deferred taxation provision is as follows:

	Deferred Taxation £'000
At January 1999	244
Transferred to profit and loss account	(74)
At 31st December 1999	<u><u>170</u></u>

LANCASHIRE EVENING POST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 1999 (Continued)

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

	Amount Provided		Amount Unprovided	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Tax effect of timing differences due to:				
Excess of capital allowances over depreciation	223	297	-	-
Other	(53)	(53)	-	-
	170	244	-	-

17. SHARE CAPITAL

	1999 £'000	1998 £'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

18. RESERVES

	Revaluation Reserve £'000	Profit and Loss Account £'000	Total £'000
At 1 st January 1999	138	24,216	24,354
Transfer from revaluation reserve to profit and loss account	(51)	51	-
Retained profit for the year	-	2,360	2,360
At 31st December 1999	87	26,627	26,714

LANCASHIRE EVENING POST LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 1999
(Continued)

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £'000	1998 £'000
Profit for the financial year	2,360	21,802
Revaluation	-	138
Dividends	-	-
Net movement in shareholders' funds	2,360	21,940
Opening shareholders' funds	24,454	2,514
Closing shareholders' funds	26,814	24,454

20. COMMITMENTS

	1999 £'000	1998 £'000
Future capital expenditure		
Contracted for, but not provided for in the financial statements	85	100

Operating lease rentals

At 31st December 1999 the company had annual commitments under non-cancellable operating leases as follows:

	1999		1998	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Within one year	-	6	-	-
Between two and five years	-	115	-	13
After five years	363	-	348	-
	363	121	348	13

21. 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 1999
(Continued)

22. 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 1999 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.