

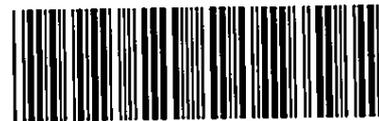
Registered No. 4258108

Archant East London & Essex Limited

Report and Financial Statements

31 December 2007

WEDNESDAY



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COMPANIES HOUSE

Archant East London & Essex Limited

Registered No 4258108

DIRECTORS

J A Fry
A D Jeakings
J O Ellison

SECRETARY

J O Ellison

AUDITORS

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

REGISTERED OFFICE

Prospect House
Rouen Road
Norwich
NR1 1RE

Archant East London & Essex Limited

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2007

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The company is a wholly-owned subsidiary of Archant Limited

The company's principal activity is to own a portfolio of newspaper titles (and their associated magazines) The company has licensed Archant Regional Limited, the company's immediate parent company, to publish those titles for periods not exceeding twenty years

On 7 June 2007, the Company issued new shares to acquire newspaper titles from Archant Regional Limited at an aggregate book value of £58,787,065 The Company immediately licensed Archant Regional Limited to publish the titles for a period of twenty years

Subject to the above, there have not been any significant changes in the company's principal activity in the year under review The directors are not aware, at the date of this report, of any likely major changes in the company's activity in the next year

An impairment review of the carrying values of the company's newspaper titles was undertaken in accordance with FRS 10 The review indicated that an impairment charge of £25.0m was required, reducing the carrying value of the company's titles to the net present value of future cash flows to be derived from these assets discounted at 9.0%

Subject to the foregoing, the balance sheet on page 7 of the financial statements shows that the company's financial position at the year end is, in both net assets and cash terms, consistent with the preceding year Details of amounts owed by the ultimate parent company are shown on the face of the Balance Sheet

There are no significant events since the balance sheet date requiring disclosure in these financial statements

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £19,127,246 (2006 profit £849,219) An interim dividend of £nil (2006 £540,500) has been paid The directors do not recommend the payment of a final dividend

DIRECTORS

The directors who held office during the year were as follows

J O Ellison
J A Fry
A D Jeakings

Archant East London & Essex Limited

DIRECTORS' REPORT

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

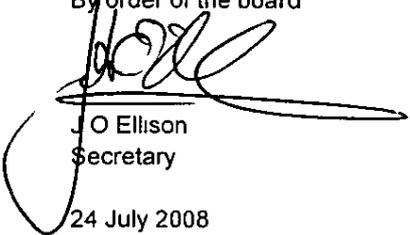
The directors who were members of the board at the time of approving this report are listed on page 2. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirm that

- 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

AUDITORS

Ernst & Young LLP are deemed re-appointed as the company's auditor in accordance with section 487(2) Companies Act 2006

By order of the board



J O Ellison
Secretary

24 July 2008

By order of the board

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCHANT EAST LONDON & ESSEX LIMITED

We have audited the company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 14. 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and 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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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

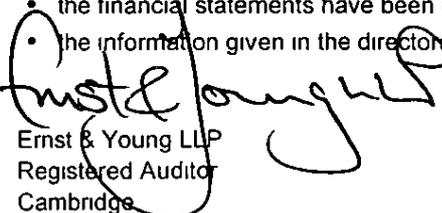
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



Ernst & Young LLP
Registered Auditor
Cambridge
24 July 2008

Archant East London & Essex Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 £	2006 £
TURNOVER			
Royalties receivable under trademark licences		158,837	-
Operating costs		(27,440,976)	(448,305)
OPERATING LOSS	2	(27,282,139)	(448,305)
Interest received	3	2,076,863	1,853,606
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(25,205,276)	1,405,301
Tax credit/(charge) on (loss)/profit on ordinary activities	4	6,078,030	(556,082)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	10	(19,127,246)	849,219

All revenue and expenses included in the profit and loss account relate to continuing operations

The profit for the financial year includes all recognised gains and losses in the year

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

The notes on pages 8 to 12 form part of these financial statements

Archant East London & Essex Limited

BALANCE SHEET AT 31 DECEMBER 2007

	Notes	2007 £	2006 £
INTANGIBLE FIXED ASSETS			
Newspaper titles	6	40,810,622	9,464,535
CURRENT ASSETS			
Debtors	7	39,843,609	32,085,961
CURRENT LIABILITIES			
Corporation tax payable		-	(556,082)
NET CURRENT ASSETS		<u>39,843,609</u>	<u>31,529,879</u>
NET ASSETS		<u>80,654,231</u>	<u>40,994,414</u>
CAPITAL AND RESERVES			
Called up share capital	8	1,000	100
Share premium account	10	90,670,064	31,883,901
Profit and loss account	10	(10,016,833)	9,110,413
SHAREHOLDERS' FUNDS	10	<u>80,654,231</u>	<u>40,994,414</u>

These financial statements were approved by the Board of Directors on 24 July 2008 and are signed on their behalf by


 A D Jeakings
 Director

The notes on pages 8 to 12 form part of these financial statements

Archant East London & Essex Limited

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007

1 ACCOUNTING POLICIES

(a) 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

(b) Newspaper titles

The company's newspaper titles have been acquired from fellow subsidiary companies and are stated at cost less accumulated amortisation

Newspaper titles are amortised on a straight line basis over their estimated useful lives, subject to a maximum of 20 years

The carrying value of newspaper titles is 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 value may not be recoverable

(c) Magazine titles

The company's magazine titles have been acquired from fellow subsidiary companies and are stated at cost less accumulated amortisation

Magazine titles are amortised on a straight line basis over their estimated useful lives up to a maximum of 20 years

The carrying value of magazine titles is 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 value may not be recoverable

(d) 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 East London & Essex Limited

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007

2	OPERATING LOSS	2007 £	2006 £
	Operating loss is stated after charging		
	Amortisation of intangible fixed assets	2,340,976	448,305
	Impairment of intangible fixed assets	25,100,000	-
		<hr/>	<hr/>
3	INTEREST RECEIVABLE	2007 £	2006 £
	Interest on inter company loan	2,076,863	1,853,606
		<hr/>	<hr/>
4	TAX (CREDIT)/CHARGE ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	2007 £	2006 £
	UK corporation tax		
	Current	(88,513)	556,082
		<hr/>	<hr/>
	Deferred taxation		
	Arising in current year	(6,296,877)	-
	Adjustment arising on change in rate of corporation tax	307,360	-
		<hr/>	<hr/>
		(5,989,517)	-
		<hr/>	<hr/>
	Tax on profit/(loss) on ordinary activities	(6,078,030)	556,082
		<hr/>	<hr/>
	Factors affecting the tax charge		
	The tax assessed is higher than the (loss)/profit on ordinary activities for the year multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 30%) The differences are reconciled below		
	(Loss)/profit on ordinary activities before tax	(25,205,276)	1,405,301
		<hr/>	<hr/>
	(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	(7,561,583)	421,590
		<hr/>	<hr/>
	Amortisation and impairment of ineligible intangible fixed assets	1,176,193	134,492
	Timing differences on eligible intangible fixed assets	6,296,877	-
		<hr/>	<hr/>
		(88,513)	556,082
		<hr/>	<hr/>
5	DIVIDENDS	2007 £	2006 £
	Interim dividend paid	-	540,500
		<hr/>	<hr/>

Archant East London & Essex Limited

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007

6 INTANGIBLE FIXED ASSETS	Newspapers £	Magazines £	Total £
Newspaper and magazine titles at cost			
At 1 January 2007	8,289,840	1,623,000	9,912,840
Intra group purchase	63,268,588	-	63,268,588
	<hr/>	<hr/>	<hr/>
At 31 December 2007	71,558,428	1,623,000	73,181,428
Amortisation			
At 1 January 2007	414,492	33,813	448,305
Intra group purchase	4,481,525	-	4,481,525
Amortisation	2,259,826	81,150	2,340,976
Impairment	24,525,000	575,000	25,100,000
	<hr/>	<hr/>	<hr/>
At 31 December 2007	31,680,843	689,963	32,370,806
Net book value			
At 31 December 2007	<hr/>	<hr/>	<hr/>
	39,877,585	933,037	40,810,622
	<hr/>	<hr/>	<hr/>
At 31 December 2006	7,875,348	1,589,187	9,464,535

An impairment review of the carrying values of the company's newspaper and magazine titles was undertaken in accordance with FRS 10. The review indicated that an impairment charge of £25.0m was required, reducing the carrying value of the company's titles to the net present value of future cash flows to be derived from these assets discounted at 9.0%.

7 DEBTORS	2007 £	2006 £
Amounts falling due in less than one year		
Balances due from group companies	158,838	1
Group relief receivable	88,513	-
Deferred tax asset (Note 9)	4,303,048	-
	<hr/>	<hr/>
	4,550,399	1
Amounts falling due in more than one year		
Balances due from group companies	35,293,210	32,085,960
	<hr/>	<hr/>
	39,843,609	32,085,961
8 SHARE CAPITAL		
	2007 £	2006 £
Authorised		
1,000 (2006 100) ordinary shares of £1 each	1,000	100
	<hr/>	<hr/>
Allotted, called up and fully paid		
1,000 (2006 100) ordinary shares of £1 each	1,000	100
	<hr/>	<hr/>

Archant East London & Essex Limited

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007

9 DEFERRED TAXATION

The deferred tax asset recognised in the financial statements and the amounts not recognised are as follows

	<i>Recognised</i>		<i>Not recognised</i>	
	2007	2006	2007	2006
	£	£	£	£
Decelerated capital allowances	(4,303,048)	-	-	-

The movements in the deferred tax asset are as follows

	2007	2006
	£	£
At 1 January	-	-
Timing differences transferred in from group company	1,686,469	-
Origination and reversal of timing differences	(6,296,877)	-
Adjustment arising on change in rate of corporation tax	307,360	-
At 31 December	(4,303,048)	-

The UK corporation tax rate will decrease from 30% to 28% from 1 April 2008. This rate change will affect the amount of future cash tax payments to be made by the company. The deferred tax balance has been adjusted in the current year to reflect this change.

10 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital	Share premium account	Profit and loss account	Total shareholders' funds
	£	£	£	£
At 31 December 2005	100	31,883,901	8,801,694	40,685,695
Profit for the year	-	-	849,219	849,219
Dividends paid	-	-	(540,500)	(540,500)
At 31 December 2006	100	31,883,901	9,110,413	40,994,414
Shares issued	900	58,786,163	-	58,787,063
Loss for the year	-	-	(19,127,246)	(19,127,246)
At 31 December 2007	1,000	90,670,064	(10,016,833)	80,654,231

Archant East London & Essex Limited

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007

11 CONTINGENT LIABILITY

Certain of the companies in the Group 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 contained in the Archant Limited group financial statements.

12 RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption in paragraph 3 of FRS 8 "Related Party Disclosures" not to disclose transactions with entities that are part of the Archant Limited group and its associates.

13 STATEMENT OF CASH FLOWS

The Company has taken advantage of the dispensation under FRS 1 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.

14 ULTIMATE PARENT UNDERTAKING

At 31 December 2007, the parent undertaking for which group financial statements are drawn up and of which the company was a member was Archant Limited, registered in England and Wales. Copies of that company's financial statements can be obtained from The Registrar, Companies House, Crown Way, Mandy, Cardiff.