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RCD1 LIMITED

GROUP REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

RCD1 LIMITED

ANNUAL REPORT

31 December 2003

CONTENTS

RCD1 LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr. R.C. Desmond (Chairman)
Mr. R. Sanderson
Mr. S. Myerson
Mr. M.S. Ellice
Dr. P. Ashford

SECRETARY

Mr. M. S. Gill

COMPANY NUMBER

4086466 (England)

AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

BANKERS

Bank of Scotland
155 Bishopsgate
London EC2M 3YB

REGISTERED OFFICE

Ludgate House
245 Blackfriars Road
London SE1 9UX

RCD1 LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2003

The directors present their report and the audited financial statements of the Group and Company for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

RCD1 Limited is the ultimate holding Company of the Northern & Shell group of companies. The Company regards its subsidiary, Northern & Shell Network Limited, to be the operational parent of the above Group. It owns a group of companies principally engaged in newspaper publishing and printing, magazine publishing and television broadcasting.

It is the intention of the Company and the Group to continue trading in these areas for the foreseeable future.

RESULTS AND DIVIDENDS

The Group recorded a loss before taxation of £2.9 million (2002: profit £9.0 million), which has resulted in a reduction in net assets from £42.7 million to £37.3 million.

The directors do not recommend the payment of a dividend on the £1 ordinary share capital (2002: nil). The Group is well placed to improve its results and take advantage of new opportunities as they arise.

REVIEW OF THE PERIOD AND FUTURE PROSPECTS

The directors consider the underlying performance of the group to be highly satisfactory. Group turnover increased by £33.9 million (9%) and operating profits before tax and chairman's emoluments/pension contributions increased by £17.4 million (60.2%). After deducting £46.2 million (2002: £21.0 million) Chairman's emoluments and pension contributions, the Group recorded an operating profit of £0.4 million (2002: profit of £7.9m).

Despite continuing price promotion in the first half of the year the turnover of the Newspaper operations increased by £28 million (11.3%). With the ending of the price promotion and cover price increases during the latter part of the year and in January 2004 the newspaper division is poised to achieve further turnover growth.

The group took a strategic decision to concentrate on its core strengths in the magazine publishing division with the launch of two new celebrity titles in the year to complement OK! Magazine. Following this review the group determined to exit from the adult publications business and a sale of these titles, together with Attitude magazine, was concluded shortly after the year end (see Note 32 to the financial statements).

The group has continued to build on its broadcasting activities in the year and, assisted by the cross marketing potential of its other activities, is seeking to expand the range of its production and broadcasting activities in 2004.

DIRECTORS AND THEIR INTERESTS

The present membership of the board is set out on page 2. These directors, and no others, held office throughout the entire year.

At the beginning and end of the year Mr. R.C. Desmond was beneficially interested in the whole of the issued share capital of the Company.

None of the other directors had an interest in the share capital of the Company, or any other Group Company, at the beginning or end of the year.

RCD1 LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2003

POLICY ON PAYMENT OF CREDITORS

The Company and its subsidiaries agree terms and conditions for their business transactions with their suppliers. Payment is made on these terms, subject to the terms and conditions being met by the supplier.

The Group has approximately 67 days purchases outstanding at 31 December 2003 based on the average daily amount invoiced by suppliers during the year (2002: 68 days).

EMPLOYEE INVOLVEMENT

During the year the Company and Group maintained their practice of keeping employees informed about current activities and progress using various methods including formal briefings and e-mails. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring their views are taken into account where decisions are likely to affect their interests. This practice is reviewed regularly.

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 and Group continues and the appropriate training is arranged. It is the policy of the Company and Group 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.

POLITICAL AND CHARITABLE DONATIONS

Charitable contributions were made during the year amounting to £452,371 (2002: £208,683) to a charitable trust (see note 30).
There were no political contributions made during the year (2002: nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

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.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the next annual general meeting.

Approved by the Board and signed on behalf of the Board:

Mr. M.S. Gill
Secretary

Dated: 14th June 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

RCD1 LIMITED

For the year ended 31 December 2003

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cashflow statement, the statement of total recognised gains and losses and the related notes.

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 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 United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 transactions is not disclosed.

BASIS OF AUDIT 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 affairs of the Company and the Group at 31 December 2003, and the loss and cashflows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
Dated: 14 Jun 2004

RCD1 LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2003

Continuing operations	Notes	2003 £000	2002 £000
Turnover (including share of joint ventures)	2	**421,381**	387,442
Less: share of joint venture turnover		**(50,597)**	(39,850)
Turnover		**370,784**	347,592
Cost of sales		**(188,983)**	(199,578)
Gross profit		**181,801**	148,014
Distribution costs		**(23,870)**	(22,689)
Administrative expenses	3	**(159,692)**	(121,244)
Other operating income	4	**1,786**	3,820
Group operating profit before Chairman's emoluments and pension contributions		**46,259**	28,884
- Chairman's emoluments and pension contributions	5(a)	**(46,234)**	(20,983)
Group operating profit	4	**25**	7,901
Share of operating profit of joint ventures (after £3.4m (2002: £2.8m) goodwill amortisation)		**364**	1,589
Total operating profit		**389**	9,490
Income from fixed asset investments		**-**	3,164
Profit on ordinary activities before interest and taxation		**389**	12,654
Interest receivable and similar income	6	**735**	773
Interest payable and similar charges	7	**(4,024)**	(4,444)
(Loss)/profit on ordinary activities before taxation		**(2,900)**	8,983
Tax on (loss)/profit on ordinary activities	8	**(2,343)**	1,578
(Loss)/profit on ordinary activities after taxation	24	**(5,243)**	10,561
Dividends – non equity	9	**(5)**	(5)
Retained (loss)/profit for the financial year		**(5,248)**	10,556

The notes on pages 11 to 31 form part of these accounts.

RCD1 LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2003

	Notes	2003 £000	2002 £000
(Loss)/profit for the financial year and total recognised (losses)/gains for the year		**(5,243)**	10,561
Prior year adjustment – adoption of FRS 19		-	760
Total (losses)/gains recognised since last annual report		**(5,243)**	11,321

There are no material differences between the (loss)/profit on ordinary activities before taxation and the retained (loss)/profit for the year stated above and their historical cost equivalents.

RCD1 LIMITED

CONSOLIDATED BALANCE SHEET as at 31 December 2003

	Notes	2003 £000	2002 £000
FIXED ASSETS			
Intangible assets	11	**8,431**	8,930
Tangible assets	12	**70,659**	77,586
Investments	13		
Interests in joint ventures			
Share of gross assets		**34,744**	37,263
Share of gross liabilities		**(26,178)**	(30,938)
Goodwill arising on acquisition		**26,462**	29,830
		35,028	36,155
Other		**85**	85
		35,113	36,240
		114,203	122,756
CURRENT ASSETS			
Stocks	14	**3,327**	3,493
Debtors	16	**43,263**	43,110
Current asset investments	15	**8**	8
Cash at bank and in hand		**22,115**	30,261
		68,713	76,872
CREDITORS: amounts falling due within one year	17	**(86,085)**	(85,405)
NET CURRENT LIABILITIES		**(17,372)**	(8,533)
TOTAL ASSETS LESS CURRENT LIABILITIES		**96,831**	114,223
CREDITORS: amounts falling due after more than one year	18	**(45,780)**	(55,696)
PROVISIONS FOR LIABILITIES AND CHARGES	19	**(13,708)**	(15,836)
NET ASSETS		**37,343**	42,691
CAPITAL AND RESERVES			
Called up share capital	23	**110**	110
Profit and loss account	24	**33,273**	38,621
Other reserves	24	**3,860**	3,860
Capital redemption reserve	24	**100**	-
TOTAL SHAREHOLDERS' FUNDS	24	**37,343**	42,591
NON EQUITY MINORITY INTEREST		**-**	100
		37,343	42,691
ANALYSIS OF SHAREHOLDERS' FUNDS			
Equity		**37,343**	42,591
Non-equity		**-**	100
		37,343	42,691

Approved by the Board of Directors:

Mr. R.C. Desmond
Director

Dated: 14th June 2004

RCD1 LIMITED

COMPANY BALANCE SHEET as at 31 December 2003

	Notes	2003 £000	2002 £000
FIXED ASSETS			
Tangible assets	12	**10,166**	10,500
Investments	13	**110**	110
		10,276	10,610
CURRENT ASSETS			
Debtors	16	**18**	-
CREDITORS: amounts falling due within one year	17	**(969)**	(891)
NET CURRENT LIABITIES		**(951)**	(891)
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,325**	9,719
CREDITORS: amounts falling due after more than one year	18	**(5,940)**	(6,450)
NET ASSETS		**3,385**	3,269
EQUITY CAPITAL AND RESERVES			
Called up share capital	23	**110**	110
Profit and loss account	10	**3,275**	3,159
TOTAL EQUITY SHAREHOLDERS' FUNDS		**3,385**	3,269

Approved by the Board of Directors:

Mr. R.C. Desmond

Dated: 14th JUNE 2004

RCD1 LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2003

	Notes	2003 £000	2002 £000
Net cash inflow from continuing operating activities	25	**8,946**	38,003
Dividends received from joint ventures		**623**	3,009
Returns on investments and servicing of finance			
Interest received		**735**	773
Interest paid		**(4,222)**	(3,979)
Dividends received from fixed asset investments		**-**	3,164
Interest element of finance lease rentals		**(48)**	(89)
Non equity dividends paid to shareholders		**(10)**	-
		6,024	40,881
Taxation		**(602)**	(998)
Capital expenditure			
Payments to acquire intangible fixed assets		**(2)**	(5)
Payments to acquire tangible fixed assets		**(2,460)**	(2,762)
Receipts from disposal of tangible fixed assets		**13**	155
		(2,449)	(2,612)
Net cash inflow before financing		**2,973**	37,271
Financing			
Loan from joint venture		**-**	3,800
Joint venture loan repaid		**-**	(300)
Redemption of preferred ordinary shares		**(100)**	-
External loan repayments		**(10,481)**	(28,472)
Capital element of finance lease rentals		**(507)**	(545)
		(11,088)	(25,517)
(Decrease)/increase in net cash	27	**(8,115)**	11,754

1. PRINCIPAL ACCOUNTING POLICIES

(a) Accounting convention

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards and the accounting policies set out below.

(b) Basis of consolidation

The Company carries its investment in subsidiary undertakings at cost, less any provision for permanent diminution in value.

The consolidated profit and loss account, balance sheet and cash flow statement includes the results, financial position and cash flows of the Company and its subsidiary undertakings from the date of acquisition. Intra-group sales, profits and balances are eliminated fully on consolidation.

(c) Revenue recognition

Turnover represents the invoiced amount of goods dispatched and services provided (stated net of value added tax and net of trade discounts). Turnover generated from publishing activities is recognised on release of the newspaper or magazine issue to which it relates. Television subscription revenue is recognised evenly over the period of the subscription, and pay for view revenue is recognised in the period in which the broadcast occurs.

Group turnover includes sales made by group undertakings to joint ventures, but excludes sales by joint ventures.

(d) Foreign currencies

Transactions denominated in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date with any differences being taken to the profit and loss account.

(e) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of tangible fixed assets is purchase cost together with any incidental costs of acquisition (including interest costs).
Depreciation is provided on all tangible fixed assets to write off the cost of each asset, less any estimated residual value, evenly over expected useful life, as follows: -

Leasehold land & buildings	50 years or estimated useful life
Plant & machinery	3 to 24 years
Fixtures and fittings & office equipment	2 to 5 years or period of the lease
Motor vehicles	2 to 5 years

The Group reviews its depreciation rates regularly to take account of technological changes, intensity of use over the life of the assets and market requirements.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(e) Tangible fixed assets (continued)

Freehold investment properties are stated at their open market value at the balance sheet date. In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve unless a deficit is expected to be permanent in which case it is charged in the profit and loss account. No provision is made for the depreciation of freehold properties. This departure from the requirements of the Companies Act 1985, which requires all properties to be depreciated, is, in the opinion of the directors necessary for the accounts to show a true and fair view in accordance with applicable accounting standards.

(f) Intangible fixed assets

Trademarks

Trademarks comprise the cost of registering trademarks. These are amortised over 20 years, which is considered to be the useful economic life of the trademarks.

Goodwill

Goodwill represents the excess of the fair value of the consideration paid for acquisitions over the fair value of net assets acquired. Goodwill is amortised on a straight line basis over the estimated economic life of the acquisition.

Goodwill arising on acquisition of the Express Newspapers group is being amortised over its estimated economic life of 20 years.

Goodwill arising on joint venture acquisitions is being amortised over its estimated useful economic life of 10 years.

These periods are the periods over which the directors estimate that the value of the underlying businesses acquired are expected to match the value of the underlying assets.

(g) Stocks

Raw materials comprise mainly paper and are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Also included within stocks are contributors and printing costs relating to magazines, which will be published in the following year. These amounts will be expensed upon publication.

Finished goods comprise mainly programme and film stocks, which are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. It is the policy of the Group to write off the whole cost of a film or programme in the month of its first transmission.

(h) Leases

Assets obtained under finance leases are capitalised and depreciated over the lesser of the period of the lease and the estimated useful life of the asset. Obligations relating to finance leases, net of finance charges in respect of future periods, are included in Creditors due within or after more than one year, as appropriate.

Finance costs are charged to the profit and loss account and allocated to accounting periods during the lease term so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) Leases (continued)

Rental costs under operating leases are charged to the profit and loss account as incurred.

Assets leased to third parties under operating leases are capitalised and depreciated over the estimated useful life of the asset. Operating lease rental is recorded as revenue in equal annual amounts over the period of the lease.

(i) Fixed asset investments

Fixed asset investments are recorded at cost, adjusted for any permanent diminution in value.

(j) Interests in joint ventures

Where the Group holds a 50% interest in an entity on a long term basis and this interest is jointly controlled by the Group and other parties, the investment is treated as a joint venture. The Group's share of the profits and losses of the joint venture are disclosed separately in the group's profit and loss account. Joint ventures are disclosed using the gross equity method under which the share of gross assets and liabilities are disclosed in the balance sheet.

(k) Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to forecasts, which have been prepared and approved by the board.

The deferred tax assets and liabilities are not discounted.

(l) Pension costs

The pension costs relating to defined benefit schemes are accounted for on the basis of charging the expected cost of providing pensions over the period which the company benefits from the employees' services. The effects of variation from regular cost are spread over the expected average remaining service lives of members of the schemes.

Pension costs relating to defined contribution schemes are the amount of the contributions payable for the year.

(m) Finance charges

Costs in relation to obtaining finance are deferred and amortised over the term of the related financing.

RCD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

2.SEGMENTAL ANALYSIS

The Group's turnover and (loss)/profit before taxation arises principally from its publishing, broadcasting and printing activities.
There is no significant turnover, (loss)/profit before taxation and net assets in geographical locations other than the United Kingdom.
Turnover in respect of continuing Joint Venture entities arises from printing activities in the United Kingdom and from publishing activities in the Republic of Ireland.

	2003 £000	2002 £000
Turnover (including share of joint ventures)		
Publishing and printing	**338,217**	313,768
Publishing and printing – Joint ventures	**50,597**	39,850
Broadcasting	**32,567**	33,824
	421,381	387,442
Group operating profit before Chairman's emoluments/pension contributions:		
Publishing and printing	**33,268**	10,063
Publishing and printing – Joint ventures	**128**	1,479
Broadcasting	**12,459**	16,997
Property Investment	**404**	345
	46,259	28,884
Chairman's emoluments and pension contributions	**(46,234)**	(20,983)
Group operating profit:	**25**	7,901
(Loss)/profit before taxation:		
Publishing and printing (refer (a) below)	**(7,793)**	(1,736)
Publishing and printing – Joint ventures	**128**	1,479
Broadcasting	**4,465**	8,895
Property investment	**300**	345
	(2,900)	8,983
Net operating assets:		
Publishing and printing	**15,018**	26,530
Publishing and printing – Joint ventures	**35,028**	36,155
Broadcasting	**32,112**	25,161
Property Investment	**9,912**	10,262
	92,070	98,108

Reconciliation of net operating assets to net assets

	2003 £000	2002 £000
Net operating assets	**92,070**	98,108
Investments	**93**	93
Corporation tax	**(3,766)**	(528)
Deferred tax	**(13,508)**	(15,636)
Net borrowings	**(37,546)**	(39,346)
	37,343	42,691

RCD1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

3. ADMINISTRATIVE EXPENSES – EXCEPTIONAL ITEMS

	2003 £000	2002 £000
Chairman's emoluments and pension contributions	**46,234**	20,983
Other administrative expenses	**113,458**	100,261
	159,692	121,244

Included in administrative expenses in 2002 was £0.9 million of restructuring costs which arose in respect of a reorganisation of the company.

4. GROUP OPERATING PROFIT

	2003 £000	2002 £000
Operating profit is stated after charging/(crediting):		
Auditors' remuneration – audit fees – group	254	256
Auditors' remuneration – non audit fees – group	621	366
Revaluation of investment property	334	-
Depreciation – owned assets	6,088	6,238
Depreciation – leased assets	2,816	2,974
Amortisation of trademarks	10	8
Amortisation of goodwill – acquisitions	491	491
Amortisation of goodwill – joint ventures	3,368	2,774
Loss on disposal of fixed assets	136	206
Operating lease rentals – plant and machinery	530	1,443
Operating lease rentals – other	2,369	1,662
Other operating income:		
Net rental income	(1,786)	(1,642)
Reimbursement of prior period costs	-	(2,178)

Audit fees for the Company are borne by a subsidiary undertaking. Non audit fees relate mainly to tax advice.

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

(a) Directors	2003 £000	2002 £000
Emoluments	**16,480**	1,778
Company contributions to money purchase pension schemes	**31,167**	20,448
	47,647	22,226

Pension benefits are accruing to five directors under money purchase schemes (2002: five directors).
The above emoluments and pension contributions include the following amounts in respect of the highest paid director, the Chairman.

Highest paid director :	2003 £000	2002 £000
Emoluments	**15,130**	629
Company contributions to money purchase pension schemes	**31,104**	20,354
	46,234	20,983

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (Continued)

(b) Staff Costs (Including Directors)	2003 £000	2002 £000
Wages and salaries	64,300	46,387
Social security costs	7,091	4,658
Pension costs	37,002	21,482
	108,393	72,527

Average number of people employed by activity:	2003 Number	2002 Number
Production	714	678
Selling and distribution	136	145
Administration	264	227
	1,114	1,050

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2003 £000	2002 £000
Bank deposit	733	746
Other interest receivable	2	27
	735	773

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £000	2002 £000
Bank loans and overdrafts	3,182	3,813
Finance leases	48	89
Amortisation of financing charges	119	120
Other interest payable	439	312
Joint venture interest payable	236	110
	4,024	4,444

Included in other interest payable is £252,000 (2002: £nil) payable to related parties (see note 30).

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2003 £000	2002 £000
Current tax:		
UK corporation tax on (loss)/profits of the period at 30% (2002: 30%)	750	701
Adjustment in respect of previous periods	3,044	(2,125)
Foreign taxes suffered	130	335
Double taxation relief	(85)	(346)
Share of joint venture taxation	632	1,303
Total current tax	4,471	(132)
Deferred tax:		
Origination and reversal of timing differences (Accelerated capital allowances and other)	(1,941)	(428)
Adjustment in respect of previous period	(187)	(1,018)
Total deferred tax	(2,128)	(1,446)
Tax on (loss)/profit on ordinary activities	2,343	(1,578)

The tax assessed for the period differs from the standard rate of corporation tax in the UK 30% (2002: 30%). The differences are explained below:

	2003 £000	2002 £000
(Loss)/profit on ordinary activities before tax	(2,900)	8,983
(Loss)/profit on ordinary activities multiplied by standard rate in the UK 30% (30%)	(870)	2,695
Effects of:		
Expenses not deductible for tax purposes	582	567
Excess of depreciation over capital allowances and other timing differences	2,060	1,326
Adjustments to tax charge in respect of previous period	3,044	(2,125)
Utilisation of prior year tax losses	(140)	(912)
UK dividend income not subject to tax	-	(949)
UK tax on gross up of overseas dividends	-	42
Underlying tax on overseas income to be offset against UK corporation tax	(85)	(138)
Profits subject to lower level of overseas tax	(1,149)	(2,067)
Non tax deductable goodwill amortisation and other permanent differences	1,158	1,099
Adjustment to tax in relation to joint ventures	(229)	330
Revaluation of investment property	100	-
Current tax charge/(credit) for the year	4,471	(132)

Factors that may effect future tax charges:

Based on current capital investment plans, the Group expects depreciation to continue to exceed capital allowances in future years. The Group expects certain profits to be subject to lower levels of overseas taxation in future years.

Deferred tax liabilities have not been discounted.

9. DIVIDENDS

	2003 £000	2002 £000
Non-equity		
Northern & Shell Network Limited 5.5% preferred ordinary shares (5.5p per share)	5	5

10. PROFIT OF COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these accounts. The Company's profit for the year amounted to £116,77 (2002: loss £7,992,920).

11. INTANGIBLE ASSETS

THE GROUP

	Trademarks £000	Goodwill £000	Total £000
Cost:			
At 1 January 2003	238	9,817	10,055
Additions	2	-	2
At 31 December 2003	**240**	**9,817**	**10,057**
Amortisation:			
At 1 January 2003	120	1005	1,125
Charge for the year	10	491	501
At 31 December 2003	**130**	**1,496**	**1,626**
Net book amounts:			
At 31 December 2003	**110**	**8,321**	**8,431**
At 31 December 2002	118	8,812	8,930

12. TANGIBLE ASSETS

	Freehold Land & Buildings £000	Short Leasehold Land & Buildings £000	Motor Vehicles, Plant & Machinery £000	Fixtures, Fittings & Office Equipment £000	Total £000
THE GROUP					
Cost/ valuation					
At 1 January 2003	10,500	34,801	122,560	17,270	185,131
Additions	-	163	1,439	858	2,460
Disposals	-	(104)	(1,783)	(570)	(2,457)
Revaluation	(334)	-	-	-	(334)
At 31 December 2003	**10,166**	**34,860**	**122,216**	**17,558**	**184,800**
Depreciation:					
At 1 January 2003	-	10,820	82,664	14,061	107,545
Charge for the year	-	1,658	6,406	840	8,904
Disposals	-	(104)	(1,730)	(474)	(2,308)
At 31 December 2003	-	**12,374**	**87,340**	**14,427**	**114,141**
Net book amounts:					
At 31 December 2003	**10,166**	**22,486**	**34,876**	**3,131**	**70,659**
At 31 December 2002	10,500	23,981	39,896	3,209	77,586

Fixtures, fittings, motor vehicles, office equipment and plant & machinery includes assets acquired under finance leases in respect of which, as at 31 December 2003 the net book value was £15.3 million (2002: £17.4million) after charging £2.8 million (2002: £3.0 million) depreciation for the year.

Included within the following categories are assets leased to a joint venture under an operating lease:

- Land and buildings - gross asset cost of £19.0 million (2002: £19.0 million) and accumulated depreciation of £6.8 million (2002: £5.8 million). Motor vehicles, plant and machinery - gross cost of £57.8 million (2002: £57.8 million) and accumulated depreciation of £43.4 million (2002: £41.2 million).

Capitalised interest included in the net book value of fixed assets amounted to:

- Land and buildings - £1.0 million (2002: £1.1 million)
- Motor vehicles, plant and machinery - £0.8 million (2002: £0.9 million).

Freehold land & buildings represents an investment property from which the group derives rental income, which was previously recorded at open market valuation of £10.5 million. The property was valued at £10.15 million by Chesterton as at 3 November 2000 on the basis of open market value. At 31 December 2003 the property is stated at a directors valuation, based on professional advice, of £10.16 million. The historical cost of the investment property is £10.5 million. If the investment property was depreciated the accumulated depreciation at 31 December 2003 would be £3.3 million (2002: £3.1 million). Net book value at 31 December 2003 would be £7.2million (2002: £7.4 million).

THE COMPANY

The tangible fixed assets of the company at 31 December 2003 amount to £10.16 million (2002: £10.5 million) and consist entirely of the investment property referred to above.

13. FIXED ASSET INVESTMENTS

THE GROUP		2003 £000	2002 £000
Interest in joint ventures			
At 1 January	- net assets	**6,325**	490
	- goodwill	**33,691**	9,855
		40,016	10,345
Transfers	- net assets	**-**	5,894
	- goodwill	**-**	23,836
Share of (losses) / profit retained		**2,241**	(59)
At 31 December	- net assets	**8,566**	6,325
	- goodwill	**33,691**	33,691
		42,257	40,016
Aggregate amortisation of goodwill			
At 1 January		**(3,861)**	(1,087)
Charge for the period		**(3,368)**	(2,774)
At 31 December		**(7,229)**	(3,861)
Net book amount at 31 December			
Net assets		**8,566**	6,325
Goodwill		**26,462**	29,830
		35,028	36,155
Other fixed asset investments			
Opening		**85**	29,815
Transfer		**-**	(29,730)
Total other fixed asset investment		**85**	85
Total fixed asset investments		**35,113**	36,240

Interests in joint ventures principally comprise :

- 50% of the equity share capital of West Ferry Printers Limited, a newspaper printing company.
- 50% of the equity shares of Independent Star Limited, a newspaper publisher registered in the Republic of Ireland, the principal activity of which is the publishing of 'The Star' newspaper in that country.

13. FIXED ASSET INVESTMENTS (Continued)

Details of significant investments in Joint Venture Companies

Summary of Joint Venture net assets	**2003 £000**	**2002 £000**
Share of fixed assets	**20,452**	23,633
Share of current assets	**14,292**	13,630
Share of gross assets	**34,744**	37,263
Share of liabilities		
Due within one year	**(3,071)**	(4,188)
Due after one year	**(23,107)**	(26,750)
Share of gross liabilities	**(26,178)**	(30,938)
Net assets	**8,566**	6,325

The Group's share of the results of its principal joint venture company is disclosed below (2002: nine months to 31 December 2002):

West Ferry Printers Limited	**2003 £000**	**2002 £000**
Turnover	**38,980**	30,504
Profit before tax	**2,643**	3,188
Taxation	**(528)**	(1,176)
Profit after tax	**2,115**	2,012
Fixed assets	**19,803**	23,199
Current assets	**12,227**	11,765
Liabilities due within one year	**(1,124)**	(2,567)
Liabilities due after more than one year	**(22,885)**	(26,494)
Net assets	**8,021**	5,903

THE COMPANY	**2003 £000**	**2002 £000**
Shares in group undertakings	**110**	110

The immediate subsidiary undertaking and its percentage holding is:

	Principal activity	**£1 ordinary shares**
Northern & Shell Network Limited	Publishing, printing and broadcasting	100%

Investments in group undertakings are stated at cost less any provision made for permanent diminution in value. A full list of the principal subsidiaries and joint ventures is given in note 31.

14. STOCKS

	The Group	
	2003	2002
	£000	£000
Raw materials and consumables	**2,876**	3,037
Finished goods and goods for resale	**451**	456
	3,327	3,493

15. CURRENT ASSET INVESTMENTS

	The Group	
	2003	2002
	£000	£000
Investments	**8**	8

16. DEBTORS

	The Group	
	2003	2002
	£000	£000
Trade debtors	**27,762**	25,832
Other debtors	**8,023**	13,151
Prepayments and accrued income	**7,478**	4,127
	43,263	43,110

Included in other debtors is a pension prepayment of £6.9 million (2002: £11.4 million) which is expected to be realised after more than one year.

	The Company	
	2003	2002
Amounts falling due within one year:	£000	£000
Prepayments and accrued income	**18**	-

17. CREDITORS: amounts falling due within one year

	The Group 2003 £000	The Group 2002 £000
Bank loans and overdrafts (note 20 and note 27)	**10,572**	10,574
Less: deferred finance charges	**(599)**	(718)
Loans from joint venture	**3,500**	3,500
Other amounts owed to joint ventures	**2,812**	1,812
Trade creditors	**19,532**	18,223
Other creditors	**21,196**	27,514
Taxation and social security	**1,336**	1,243
Obligations under finance leases	**409**	555
Corporation tax	**3,766**	528
Dividends	**-**	5
Accruals and deferred income	**23,561**	22,169
	86,085	85,405

Included in other creditors is £14.5 million (2002: £17.3 million) relating to directors bonuses/contributions payable to a director's money purchase pension scheme (refer note 30).

	The Company 2003 £000	The Company 2002 £000
Bank loans (note 20)	**513**	484
Corporation tax payable	**182**	170
Accruals and deferred income	**274**	237
	969	891

18. CREDITORS: amounts falling due after more than one year

	The Group 2003 £000	The Group 2002 £000
Bank loan (note 20)	**44,940**	55,450
Obligations under finance leases	**840**	246
	45,780	55,696

	The Company 2003 £000	The Company 2002 £000
Bank loan (note 20)	**5,940**	6,450

19. PROVISION FOR LIABILITIES AND CHARGES

	Deferred tax £000	Other provisions £000	Total £000
The Group			
At 1 January 2003	15,636	200	15,836
Credited to profit & loss account	(2,128)	-	(2,128)
At 31 December 2003	**13,508**	**200**	**13,708**

The remaining amount provided in respect of other provisions is expected to be utilised within one year.
The amounts of provided and potential deferred taxation are as follows:

	The Group 2003 £000	The Group 2002 £000
Accelerated capital allowances	**5,856**	8,109
Other timing differences	**7,652**	7,527
	13,508	15,636

Based on current capital investment plans, the Group expects depreciation to continue to exceed capital allowances in future years. Deferred tax is measured on a non-discounted basis at the rates and laws enacted at the balance sheet date.

20. BANK LOAN OBLIGATIONS

	The Group 2003 £000	The Group 2002 £000
The group's bank loan obligations are due :		
Within 1 year	**10,513**	10,484
In more than 1 year but not more than 2 years	**10,503**	10,527
In more than 2 years but not more than 5 years	**15,704**	23,738
In more than 5 years	**18,733**	21,185
	55,453	65,934
Less: deferred finance charges	**(599)**	(718)
	54,854	65,216

Bank loans are secured over the assets of the Group. Included in the bank loans is an amount of £24 million, which is payable in six monthly instalments over three years. The Group entered into an interest rate swap arrangement on 24 February 2003, which has fixed the interest rate until the end of the loan period to 21 November 2006 at a LIBOR rate of 4.11%. The loan is subject to a maximum margin of 1.25%. Also included in bank loans is a loan of £25 million, which carries interest at LIBOR plus 1.5% and is repayable in quarterly instalments over 13 years. The balance of £6.5 million is secured on the investment property held by the Group, is repayable over 12 years and carries interest at the NatWest bank base rate plus 1.0%.

THE COMPANY

The Company's bank loan obligations of £6.5 million (2002: £7.0 million) of which £0.5 million is due within one year (2002: £0.5 million), and £6.0 million due after more than one year (2002: £6.5 million) is subject to the terms and conditions set out in respect of the £6.5 million group bank loan above.

21. OBLIGATIONS UNDER FINANCE LEASES

The Group is subject to finance lease obligations which are due:

	2003 £000	2002 £000
Within one year	**436**	604
Within two to five years	**993**	272
	1,429	876
Future finance charges	**(181)**	(75)
	1,248	801

22. OPERATING LEASE COMMITMENTS

At 31 December 2003 the Group was committed to making the following annual payments in respect of operating leases which expire:

	Land and Buildings		Other	
	2003 £000	2002 £000	2003 £000	2002 £000
Within one year	**1,410**	10	**376**	-
Two to five years	**50**	1,674	**18**	492
After five years	**6,459**	929	**-**	-
	7,919	2,613	**394**	492

23. SHARE CAPITAL

	The Group & Company			
	Authorised		Allotted and Fully Paid	
	2003 £000	2002 £000	2003 £000	2002 £000
Ordinary shares of £1 each	**110**	110	**110**	110

24. SHAREHOLDERS' FUNDS

Reserves	Capital Redemption Reserve	Other reserve £000	Profit & loss £000
At 1 January 2003 as previously reported	-	3,860	38,621
Retained (loss) for the year	-	-	(5,248)
Redemption of preference shares	100	-	(100)
At 31 December 2002	**100**	**3,860**	**33,273**

	Group	
Reconciliation of movements in shareholders' funds	**2003 £000**	**2002 £000**
(Loss)/profit for the year	**(5,243)**	10,561
Dividends	**(5)**	(5)
Net (reduction)/addition to shareholders funds	**(5,248)**	10,556
Opening shareholders' funds as previously reported	**42,591**	32,952
Prior year adjustment – adoption of FRS19	**-**	(917)
Opening shareholders' funds as restated	**42,591**	32,035
Closing shareholders' funds	**37,343**	42,591

	The Company	
	2003 £000	2002 £000
Profit for the year	**116**	(7,993)
Net addition to shareholders' funds	**116**	(7,993)
Opening shareholders' funds as previously reported	**3,269**	11,262
Closing Shareholders' funds	**3,385**	3,269

25. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW

	2003 £000	2002 £000
Operating profit	**25**	7,901
Depreciation charges	**8,904**	9,212
Amortisation of intangible assets	**501**	499
Revaluation of investment property	**334**	-
Loss on sale of tangible assets	**136**	921
Loss on disposal current asset investments	**-**	6
Decrease/(increase) in stocks	**166**	(147)
(Increase)/decrease in debtors	**(153)**	3,183
(Decrease)/increase in creditors	**(967)**	16,557
(Decrease) in provisions	**-**	(129)
Net cash inflow from continuing operating activities	**8,946**	38,003

26. RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET DEBT

	2003 £000	2002 £000
Net debt at 1 January	**(39,346)**	(76,496)
(Decrease)/increase in cash in the period	**(8,115)**	11,754
Cash (inflow)/outflow from finance lease payments	**507**	545
Loan finance repaid	**10,481**	28,472
Related party loan finance received	**(14,250)**	-
Related party loan finance repaid	**14,250**	-
Loan finance drawn down from joint venture	-	(3,800)
Joint venture loan repaid	-	300
New finance leases	**(954)**	-
Other non cash changes	**(119)**	(121)
Net debt at 31 December	**(37,546)**	(39,346)

27. ANALYSIS OF CHANGES IN NET DEBT

	1 January £000	Cash flow £000	Non cash £000	31 December £000
Cash in hand & at bank	30,261	(8,146)	-	**22,115**
Overdrafts excluding short term loan	(90)	31	-	**(59)**
	30,171	(8,115)	-	**22,056**
Finance leases	(801)	507	(954)	**(1,248)**
Loan finance due within 1 year	(13,266)	10,481	(10,629)	**(13,414)**
Loan finance due after 1 year	(55,450)	-	10,510	**(44,940)**
Net debt	(39,346)	2,873	(1,073)	**(37,546)**

28. PENSION SCHEMES

a) SSAP 24 Disclosure

The Group participates in a number of pension schemes. Eligible employees who joined the Group before October 1996 participate in schemes providing benefits based on final pensionable salary, where the trustees hold assets separately from the assets of the Group. Employees who joined the Group after October 1996 are eligible to participate in a money purchase scheme.

The Group contributes to money purchase pension schemes for the chairman Mr R.C. Desmond and a defined contribution scheme for its employees. Contributions are charged to the profit and loss account to reflect amounts paid/payable under the schemes. These are £31.6 million (2002: £19.3 million).

The main defined benefit scheme is Express Newspapers 1988 Pension Fund (1988 Fund) which is operated by Mercer H.R. Consulting. The cost of the 1988 Fund has been assessed by a qualified independent actuary using the attained age method as at 31 December 2003. The principal assumptions adopted for accounting were investment returns of 5.5% per annum, salary growth of 3.75% per annum and that pensions earned after 5 April 1997 will increase in payment by 2.25% per annum.

The market value of the 1988 Fund's assets at 31 December 2003 was £332.9 million (2002: £321.2 million).

The latest triennial valuation for funding purposes was as at 6 April 2001 and the Group's contribution rate has been agreed at 6%. The funding assumptions are more conservative than the accounting assumptions and may recognise any surplus or deficit over a period shorter than members' expected future working lifetime.

28. PENSION SCHEMES (continued)

a) SSAP 24 Disclosure

The total pension charge in respect of the defined benefit schemes is £5.3 million (2002: £2.3 million). The cash contributions paid by the Group for the year amounted to £0.8 million (2002: £0.9 million). At 31 December 2003, there was a prepayment of £6.9 million (2002: £11.4 million) resulting from the accumulated difference between the pension costs charged and the contributions paid.

b) FRS17 Disclosure

The Group has not yet adopted FRS17, however it has complied with the disclosure requirements of the transitional provisions of the standard.

The latest full actuarial valuations of the Express Newspapers 1988 Pension Fund and the Express Newspapers Senior Management Pension Fund were carried out as at 6 April 2001 and 5 April 2003 respectively. The results below have been updated by a qualified independent actuary using the projected unit valuation method. The Group makes contributions at 6% of the Contribution Earnings.

The Express Newspapers 1988 Pension Fund was closed to new members in October 1996. As a result of the Fund becoming closed, the current service cost, as a percentage of Contribution Earnings, will increase as members approach retirement (but will reduce as members leave and are not replaced).

Following the April 2003 actuarial valuation of the Express Newspapers Senior Management Pension Fund, the Group contributions recommenced from 1st March 2004.

The major financial assumptions used in the calculations 31 December were:

	2003	**2002**
Discount rate	5.30%	5.50%
Rate of increase in salaries	3.75%	3.75%
Rate of LPI increase in pensions in payment	2.75%	2.25%
Inflation assumption	2.75%	2.25%

The fair value of the assets presented below reflect the aggregated assets of the Express Newspapers 1988 Pension Fund and the Express Newspapers Senior Management Fund.
The fair value of the assets in the schemes and the expected rates of return at 31 December were:

	Long-term rate of return expected at 2003	**Fair value at 2003 £000**	**Long-term rate of return expected at 2002**	**Fair value at 2002 £000**
Equities	**7.75%**	**120,900**	7.75%	122,100
Bonds	**4.89%**	**209,300**	4.83%	193,300
Other	**3.75%**	**2,800**	4.0%	5,800
Total market value of assets		**333,000**		321,200
Present value of scheme liabilities		**(363,600)**		(343,800)
Deficit in the schemes		**(30,600)**		(22,600)
Surplus not recoverable		**-**		100
Recoverable deficit		**(30,600)**		(22,500)
Related deferred tax asset		**9,180**		6,780
Net pension liability under FRS 17		**(21,420)**		(15,720)

28. PENSION SCHEMES (Continued)

Details of experience gains and loses for the year ended 31 December 2003:

History of experience gains and losses	2003	2002
Difference between the expected and actual rate of return on assets	£11.6m	(£38.9m)
Percentage of scheme assets	3.6%	(12.1)%
Experience loss on scheme liabilities	(£0.9m)	6.1m
Percentage of the present value of scheme liabilities	(0.3%)	1.8%
Total amount recognised in STRGL	£(6.5m)	(£33.1m)
Percentage of the present value of the scheme liabilities	(1.9%)	(9.6)%

Had FRS17 been adopted in the current year, the following amount would have been recorded in the consolidated profit and loss account for both schemes as at 31 December 2003:

Operating profit	2003 £000	2002 £000
Current service cost	2,300	2,600
Total operating charge	2,300	2,600

Other finance income	2003 £000	2002 £000
Expected return on assets	18,500	21,600
Interest cost	(18,500)	(19,500)
Total net return	-	2,100

Movement in (deficit)/surplus during the year	2003 £000	2002 £000
(Deficit)/surplus at start of year	(22,600)	10,100
Current service cost	(2,300)	(2,600)
Employer contributions	800	900
Other financing income	-	2,100
Actuarial loss	(6,500)	(33,100)
Deficit at end of the year	(30,600)	(22,600)

Statement of total recognised gains and losses	2003 £000	2002 £000
Actual return less expected return on scheme assets	11,600	(38,900)
Experience gains and losses on scheme liabilities	(900)	6,100
Change in acturial assumptions	(17,200)	(500)
Impact of limit on balance sheet per paragraph 67(d)	-	200
Acturial Loss	(6,500)	(33,100)

28. PENSION SCHEMES (Continued)

If the above amounts had been recognised in the financial statements, the Group's net assets and profit and loss reserve at 31 December would be as follows:

	2003 £000	2002 £000
Net assets excluding SSAP24 pension asset	**32,513**	34,711
Pension (liability) under FRS17	**(21,420)**	(15,720)
Net assets including pension asset under FRS17	**11,093**	18,991
Profit and loss reserve excluding SSAP 24 pension asset	**28,543**	30,641
Pension (liability) under FRS 17	**(21,420)**	(15,720)
Profit and loss reserve	**7,123**	14,921

29. GUARANTEES AND CONTINGENT LIABILITIES

At 31 December 2003, certain claims in the normal course of business were pending against the Company and Group and certain tax computations were still subject to agreement with the relevant taxation authorities. Although there is uncertainty regarding the final outcome of these matters, the directors believe, based on professional advice received, that adequate provision has been made in the financial statements for anticipated liabilities and the probable ultimate resolution of such matters will not have a material effect on the financial statements of the Company and Group.

30. RELATED PARTY TRANSACTIONS

The Group, through the subsidiary company Express Newspapers, participates in a joint venture with Telegraph Group Limited under which it holds a 50% shareholding in the company West Ferry Printers Limited, where the remaining shares are owned by Telegraph Group Limited. The purpose of the joint venture is the provision of printing facilities to both Express Newspapers and Telegraph Group Limited. In the year ended 31 December 2003, West Ferry Printers Limited provided Express Newspapers with printing which were included in its turnover for the year ended 31 December 2003 at £15.4 million (2002: £21.9 million). At 31 December 2003 £1.8 million was payable in respect of that printing (2002: £1.8 million), £1.0 million relates to pensions, (2002: nil).

It was agreed by the shareholders of West Ferry Printers Limited that they could borrow in equal amounts certain of the surplus cash of the company. The loan incurs interest of LIBOR plus 2.5% and there are no fixed repayment terms. As at 31 December 2003, £3.5 million of the balance remains payable by Express Newspapers to West Ferry Printers Limited (2002: £3.5 million).

As at 31 December 2003 the Group owed Mr R.C. Desmond £14.5 million (2002: £17.3 million) in relation to emoluments and pension contributions for 2003, which was settled subsequent to the balance sheet date.

During the year the Group borrowed £14.25 million from a related party at an interest rate of 2.0% above the base lending rate. The interest charge was £252,000, the loan was repaid before year end.

During the year the Group made contributions of £452,371 (2002: £208,683) to a charitable trust, of which Mr R. C. Desmond is a trustee. At the year end there were no balances due to or from the charitable trust.

The Company has taken advantage of the exemption available under FRS 8 from disclosing transactions with other Group Companies that form part of the wholly owned group.

31. PRINCIPAL SUBSIDIARIES AND JOINT VENTURES

Principal subsidiaries and percentage holding:

Company Name	Principal Activity	% Shareholding
Northern & Shell Network Limited	Principal holding company	100%
Northern & Shell Group Limited	Holding company	100%
Portland Television Limited	Holding company	100%
Northern and Shell Finance Limited	Treasury	100%
Express Newspapers	Publishing	100%
Broughton Printers Limited	Printing	100%
Northern & Shell Distribution Limited	Magazine distributor	100%
Northern & Shell plc	Publishing	100%
Portland Enterprises Limited	Television production	100%
Fantasy Publications Limited	Publishing	100%
Portland Enterprises (CI) Limited	Television broadcasting	100%
RHF Productions Limited	Television broadcasting	100%
Chic Magazines Limited (now Northern and Shell Magazines Limited)	Publishing	100%

All the above companies are registered in England, except for Portland Enterprises (CI) Limited and RHF Productions Limited which are registered in Jersey.

All of the above companies are consolidated within the group accounts.

Joint Ventures	Incorporated in	Principal activity	Stake	Nominal value of allotted share
West Ferry Printers Limited	United Kingdom	Printing	50%	£50 ordinary shares
Independent Star Limited	Republic of Ireland	Publishing	50%	IR£500 'E' ordinary shares

32. POST BALANCE SHEET EVENT

On 1 March 2004, 100% of the share capital of Fantasy Publications Limited and Best Magazines Limited, together with the business of Attitude magazine, were sold to Remnant Media Limited for £12 million plus potentially further consideration, the precise amount of which is subject to certain criteria being met.

33. CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure authorised and contracted for but not provided in the accounts amounts to £11.8 million relating to refurbishment costs. Express Newspapers has taken a 20 year lease on new headquarters commencing 1 January 2004.