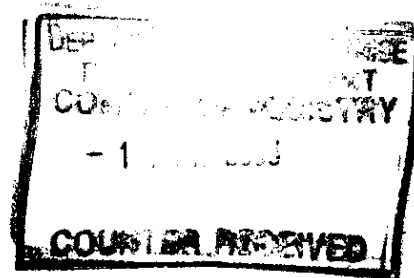




FORTNIGHT PUBLICATIONS LTD

**DIRECTORS REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002**



FORTNIGHT PUBLICATIONS LTD

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Company Information

Directors

T Hadden
A Pollak
M Turner
R Johnstone
N Murphy
C Moffat
J Stephenson
R Wilson
P Nolan
J O'Farrell
M Crawford

Secretary

Mr T Hadden

Company Number

N.I. 08020

Registered Office

81 Botanic Avenue
BELFAST BT7 1JL

Reporting Accountants

Opus Chartered Accountants
89 Malone Avenue
BELFAST BT9 6EQ

Business Address

11 University Rd
BELFAST BT7 1NA

Bankers

Ulster Bank Limited
Shaftesbury Square
BELFAST BT7 1NG

Solicitors

Elliot Duffy Garrett
7 Donegall Square East
BELFAST BT1 5HD

FORTNIGHT PUBLICATIONS LTD

Directors' Report for the year ended 31 March 2002

The directors present their report and the financial statements for the year ended 31 March 2002.

Principal Activity

The principal activity of the company continued to be the publication of Fortnight Magazine-An Independent Review of Politics and the Arts.

Review of the Business

During 2001 the building was sold, and all major creditors and debenture holders paid. The directors intend to continue to allocate the funds to the publication of the magazine.

Results for the year

The results are shown on page 4.

The directors do not recommend payment of a final dividend.

Fixed Assets

The movements in fixed assets during the year are set out in note 7 to the accounts.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

Ordinary shares of £1 each

Non-Voting

Voting

2002

2001

2002

2001

| | | | | |
|--------------|-------|-------|-------|-------|
| R Wilson | 450 | 450 | 50 | 50 |
| A Pollak | 450 | 450 | 750 | 750 |
| M Turner | 2,250 | 2,250 | 925 | 925 |
| J O'Farrell | - | - | - | - |
| Tom Hadden | 6,200 | 6,200 | 1,551 | 1,551 |
| R Johnstone | - | - | 500 | 500 |
| N Murphy | - | - | 500 | 500 |
| C Moffat | - | - | - | - |
| J Stephenson | 6,300 | 6,300 | 700 | 700 |
| P Nolan | - | - | - | - |
| M Crawford | - | - | - | - |

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Directors' Report for the year ended 31 March 2002

As no AGM was held last year, C Moffatt, J Stephenson, P Nolan and M Crawford retire by rotation and offer themselves for re-election. R.Goldsmith is proposed for election.

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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;
- 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 (Northern Ireland) Order 1986. 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.

Accountants

The directors recommend that Opus Chartered Accountants remain in office as Accountants until further notice.

This report is prepared in accordance with the special provisions of Part VIII of the Companies (Northern Ireland) Order 1986 relating to small companies.

This report was approved by the Board on 29th January 2003 and signed on its behalf by:



Mr T Hadden

Secretary

FORTNIGHT PUBLICATIONS LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

| | | 2002 | 2001 |
|---|-------|----------|----------|
| | Notes | £ | £ |
| TURNOVER | | 26,828 | 23,794 |
| Cost of sales | | (18,634) | (19,539) |
| Gross profit | | 8,194 | 4,255 |
| Administrative expenses | | (60,394) | (84,810) |
| Other operating income | 2 | 13,314 | 14,276 |
| Operating loss | 3 | (38,886) | (66,279) |
| Profit on disposal of tangibles | | - | 340,113 |
| Interest receivable and similar income | | 5,168 | 8,080 |
| (Loss)/profit on ordinary activities before taxation | | (33,718) | 281,914 |
| Tax on (loss)/profit on ordinary activities | 6 | - | (55,000) |
| (Loss)/retained profit for the year | | (33,718) | 226,914 |
| Retained profit/(loss) brought forward | | 148,795 | (78,118) |
| Retained profit carried forward | | 115,077 | 148,796 |

There are no recognised gains or losses other than the loss for the above two financial years.

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BALANCE SHEET AS AT 31 MARCH 2002

| | Notes | £ | 2002 £ | £ | 2001 £ |
|---|-------|----------|-----------|----------|-----------|
| FIXED ASSETS | | | | | |
| Tangible assets | 7 | | 2,893 | | 3,404 |
| CURRENT ASSETS | | | | | |
| Debtors | 8 | 5,102 | | 19,568 | |
| Investments | 9 | 100,000 | | 100,000 | |
| Cash at bank and in hand | | 70,061 | | 139,052 | |
| | | 175,163 | | 258,620 | |
| Creditors: amounts falling due within one year | 10 | (19,077) | | (69,327) | |
| Net Current Assets | | | 156,086 | | 189,293 |
| Total Assets Less Current Liabilities | | | 158,979 | | 192,697 |
| Capital and Reserves | | | | | |
| Called up share capital | 5 | | 43,902 | | 43,902 |
| Profit and loss account | | | 115,077 | | 148,795 |
| Equity Shareholders' Funds | 12 | | 158,979 | | 192,697 |

For the year ended 31st March 2001, the company was entitled to exemption from the requirement to have an audit under the provisions of Article 257A(1) of the Companies (Northern Ireland) Order 1986.

The directors' statements required by Article 257B (3) are shown on the following page which forms part of this Balance Sheet.

FORTNIGHT PUBLICATIONS LTD

Balance Sheet (continued)

Directors' statements required by Article 257B (3) for the year ended 31 March 2002

In approving these financial statements as directors of the company we hereby confirm:

(a) that for the year stated above the company was entitled to the exemption conferred by Article 257B (3) of the Companies (Northern Ireland) Order 1986;

(b) that no notice has been deposited at the registered office of the company pursuant to Article 257B (2) requesting that an audit be conducted for the year ended 31 March 2002 and

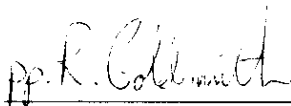
(c) that we acknowledge our responsibilities for:

(1) ensuring that the company keeps accounting records which comply with Article 229, and

(2) preparing financial statements 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 its profit or loss for the year then ended in accordance with the requirements of Article 234 and which otherwise comply with the provisions of the Companies (Northern Ireland) Order 1986 relating to financial statements, so far as applicable to the company.

These financial statements are prepared in accordance with the special provisions of Part VIII of the Companies (Northern Ireland) Order 1986 relating to small companies.

The financial statements were approved by the Board on 29th January 2003 and signed on its behalf by



Tom Hadden
Director

FORTNIGHT PUBLICATIONS LTD

Notes to the Financial Statements for the year ended 31 March 2002

1. ACCOUNTING POLICIES

1.1. Accounting convention

The financial statements are prepared under the historical cost convention. The company had met its day to day working capital requirements through an overdraft facility which was repayable on demand. The directors have prepared projected information up to a date after the date of approval of these financial statements and on the basis of this information, the directors consider that the company will continue to operate within the agreed budgets. In addition, the company has disposed of the business premises in the year at a considerable profit and has used the extra proceeds to clear all significant debt. On this basis, the directors consider it appropriate to prepare these financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a lack of the company's finance facilities.

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a small company.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of goods and services supplied during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

| | | |
|----------------------|---|----------------------|
| Fixtures & Equipment | - | 15% Reducing Balance |
|----------------------|---|----------------------|

1.4. Investments

Current asset investments are at the lower of cost and net realisable value.

1.5. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

1.6. Government grants

Grants are credited to the profit and loss account on an accruals basis.

The notes on pages 7 to 12 form an integral part of these financial statements.

FORTNIGHT PUBLICATIONS LTD

Notes to the Financial Statements for the year ended 31 March 2002

2. Other Income

| | 2002 £ | 2001 £ |
|---------------|---------------|---------------|
| N.I.V.T. | 2,000 | - |
| Arts Council | 8,500 | 8,500 |
| C.R.E. | - | - |
| N.I.H.R.C | 2,000 | - |
| D.E.D | | 1,575 |
| Rental Income | - | 1,000 |
| Others | 314 | 3,201 |
| | <u>13,314</u> | <u>14,276</u> |

3. Operating loss

| | 2002 £ | 2001 £ |
|--|---------------|---------------|
| Operating loss is stated after charging: | | |
| Depreciation of tangible assets | 511 | 5,023 |
| and after crediting: | | |
| Grants received | 13,000 | 10,075 |
| | <u>13,000</u> | <u>10,075</u> |

The notes on pages 7 to 12 form an integral part of these financial statements.

FORTNIGHT PUBLICATIONS LTD

Notes to the Financial Statements for the year ended 31 March 2002

4. Employees

Number of employees

The average monthly numbers of employees
(including the working directors) during the year were:

| | 2002 | 2001 |
|----------------------|------|------|
| Administrative staff | 3 | 3 |

The costs incurred in respect of these employees were:

| Employment costs | 2002 | 2001 |
|-----------------------|-------|--------|
| | £ | £ |
| Wages and salaries | 37499 | 40,238 |
| Social security costs | 2850 | 4,668 |
| | 40349 | 44,906 |

5. Directors' emoluments

Included in wages and salaries were payments to directors of £24,810. The highest paid director received £14,062.

6. Taxation

| | 2002 | 2001 |
|--------------------------|------|--------|
| | £ | £ |
| UK current year taxation | | |
| UK Corporation Tax @ 20% | - | 55,000 |

The company is a close company as defined by the provisions of the Income and Corporation Taxes Act 1988.

The notes on pages 7 to 12 form an integral part of these financial statements.

FORTNIGHT PUBLICATIONS LTD

Notes to the Financial Statements for the year ended 31 March 2002

7. Tangible assets

| | Long leasehold property | Fixtures and equipment | Total |
|------------------------|-------------------------------|---------------------------|--------|
| | £ | £ | £ |
| Cost | | | |
| At 1 April 2001 | - | 12,577 | 12,577 |
| Additions | - | - | - |
| Disposals | - | - | - |
| At 31 March 2002 | - | 12,577 | 12,577 |
| Depreciation | | | |
| At 1 April 2001 | - | 9,173 | 9,173 |
| On disposals | - | - | - |
| Charge for the year | - | 511 | 511 |
| At 31 March 2002 | - | 9,684 | 9,684 |
| Net book values | | | |
| At 31 March 2002 | - | 2,893 | 2,893 |
| At 31 March 2001 | - | 3,404 | 3,404 |

During the year the company disposed of its property at Lower Crescent, Belfast.

8. Debtors

| | 2002 £ | 2001 £ |
|---------------|-----------|-----------|
| Trade debtors | 6,302 | 6,302 |
| Other debtors | 10,230 | - |
| | 16,532 | 6,302 |

The notes on pages 7 to 12 form an integral part of these financial statements.

FORTNIGHT PUBLICATIONS LTD

Notes to the Financial Statements for the year ended 31 March 2002

| | | | |
|-----|---|------------------|----------------|
| 9. | Current asset investments | 2002 £ | 2001 £ |
| | Gartmore Unit Trusts | 100,000 | <i>100,000</i> |
| | Market valuation of listed investments | 90,352 | - |
| 10. | Creditors: amounts falling due within one year | 2002 £ | 2001 £ |
| | Bank overdraft | (8,355) | 4,333 |
| | Trade creditors | 2 | 2 |
| | Corporation tax | 11,819 | 55,000 |
| | Other taxes and social security costs | 4,989 | 4,695 |
| | Accruals and deferred income | 10,622 | 5,297 |
| | | 19,077 | 69,327 |

At the balance sheet date the director J.O'Farrell had overdrawn his current account by £3,036. The balance at the start of the year was £658 in credit. The maximum amount overdrawn was £3,036.

The notes on pages 7 to 12 form an integral part of these financial statements.

FORTNIGHT PUBLICATIONS LTD

Notes to the Financial Statements for the year ended 31 March 2002

| 11. Share capital | 2002 | 2001 |
|--------------------------------|---------------|---------------|
| | £ | £ |
| Authorised | | |
| - Ordinary shares of £1 each | 8,000 | 8,000 |
| - Non-voting shares of £1 each | 42,000 | 42,000 |
| | <u>50,000</u> | <u>50,000</u> |
| Issued | | |
| - Ordinary shares of £1 each | 7,897 | 7,897 |
| - Non-voting shares of £1 each | 36,005 | 36,005 |
| | <u>43,902</u> | <u>43,902</u> |

Rights of Non-Voting Shares

Except for the non-existence of voting rights, the non-voting shares are identical to the voting shares.

| 12. Reconciliation of movements in shareholders' funds | 2002 | 2001 |
|--|-----------------|----------------|
| | £ | £ |
| (Loss)/profit for the year | (33,718) | 226,914 |
| Realisation of reserve | (25,113) | - |
| Opening shareholders' funds | (9,104) | (34,217) |
| Closing shareholders' funds | <u>(67,935)</u> | <u>192,697</u> |

The notes on pages 7 to 12 form an integral part of these financial statements.

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The following pages are for the directors only

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DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

| | £ | 2001 £ | £ | 2000 £ |
|---------------------------------------|--------|-----------|---------|-----------|
| Sales | | | | |
| Magazine Sales | 8,761 | | 6,554 | |
| Subscriptions | 11,587 | | 11,236 | |
| Advertising Sales | 6,480 | | 6,004 | |
| | | 26,828 | | 23,794 |
| Cost of sales | | | | |
| Printing Costs | 11,361 | | 12,128 | |
| Magazine Postage | 4,921 | | 4,513 | |
| Features | 2,004 | | 2,497 | |
| Photography | 348 | | 401 | |
| | 18,634 | | 19,539 | |
| | | (18,634) | | (19,539) |
| Gross profit | 31% | 8,194 | 18% | 4,255 |
| Administrative expenses | 60,394 | | 84,810 | |
| | | (60,394) | | (84,810) |
| | | (52,200) | | (80,555) |
| Other operating income | | | | |
| Rent receivable | - | | 1,000 | |
| Government grants received | 13,000 | | 10,075 | |
| Sundry income | 314 | | 3,201 | |
| | | 13,314 | | 14,276 |
| Operating loss | 145% | (38,886) | 279% | (66,279) |
| Income from investments | | | | |
| Profit on disposal of investments | - | | 340,113 | |
| | | - | | 340,113 |
| Interest receivable | | | | |
| Bank deposit interest | 5,168 | | 8,080 | |
| | | 5,168 | | 8,080 |
| Net (loss)/profit for the year | | (33,718) | | 281,914 |

FORTNIGHT PUBLICATIONS LTD

ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 MARCH 2002

| | 2002 £ | 2001 £ |
|----------------------------------|---------------|---------------|
| Administrative expenses | | |
| Wages and salaries | 569 | - |
| Wages and salaries | 39,780 | 44,906 |
| Rent payable | 7,250 | 17,413 |
| Rates | 4,197 | 1,131 |
| Insurance | 1,190 | 1,180 |
| Computer bureau costs | 707 | 840 |
| Light and heat | 280 | 131 |
| Repairs and maintenance | 213 | 796 |
| Printing, postage and stationery | 988 | 1,133 |
| Telephone | 1,385 | 1,410 |
| Hire of equipment | 194 | 458 |
| Motor expenses | 356 | 550 |
| Legal and professional | 250 | 5,022 |
| Accountancy | 1,500 | 1,500 |
| Bank interest | 879 | 1,990 |
| Loan Interest | - | 371 |
| General expenses | 145 | 586 |
| Debenture Interest | - | 370 |
| Depreciation on FF & Equipment | 511 | 5,023 |
| | <u>60,394</u> | <u>84,810</u> |