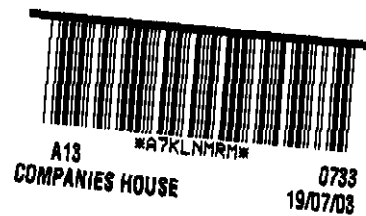


Company Registration No. 25139

HEART OF ENGLAND NEWSPAPERS LIMITED

Report and Financial Statements

31 December 2002



HEART OF ENGLAND NEWSPAPERS LIMITED

REPORT AND FINANCIAL STATEMENTS 2002

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HEART OF ENGLAND NEWSPAPERS LIMITED

REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr T J Bowdler
Mr S R Paterson

SECRETARY

Mr A J Williams

REGISTERED OFFICE

2/4 Exchange Street
Aylesbury
Bucks
HP20 1UJ

HEART OF ENGLAND NEWSPAPERS LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements for the year ended 31 December 2002.

ACTIVITIES

The company did not trade during the year or the preceding year and therefore no profit and loss account has been prepared.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

Mr T J Bowdler
Mr S R Paterson

None of the directors held any beneficial interest in the share capital of the company at any time during the year.

The interests of the directors in the share capital of other group companies is disclosed in the financial statements of Johnston Press plc, the Company's ultimate parent company.

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 as at the end of the financial year 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;
- 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 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

As permitted by section 250 of the Companies Act 1985, a special resolution has been passed to dispense with the need to appoint auditors.

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



Director

4 July 2003

HEART OF ENGLAND NEWSPAPERS LIMITED

BALANCE SHEET 31 December 2002

| | Note | 2002 £'000 | 2001 £'000 |
|--|------|---------------|---------------|
| CREDITORS | | | |
| Amounts owed to other group undertakings | 3 | (60) | (60) |
| CURRENT ASSETS | | (60) | (60) |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 4 | 65 | 65 |
| Profit and loss account | | (125) | (125) |
| SHAREHOLDERS' FUNDS | | (60) | (60) |

The company was dormant within the meaning of section 252 of the Companies Act 1985 throughout the year ended 31 December 2002.

For the year ended 31 December 2002 the company was entitled to exemption under section 249(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its financial statements for the year in question in accordance with section 249B(2).

The directors acknowledge their responsibility for:

- i. Ensuring the company keeps accounting records which comply with section 221; and
- ii. Preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to the financial statements, so far as applicable to the company.

These financial statements were approved by the Board of Directors on 4 July 2003

Signed on behalf of the Board of Directors



Director

4 JULY 2003

HEART OF ENGLAND NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. In preparing the financial statements on the going concern basis reliance is placed upon the letter of continuing financial support described in note 5.

2. PROFIT AND LOSS ACCOUNT

The company did not trade during the year or the preceding year and therefore no profit and loss account has been prepared. The auditors remuneration in both the current and prior year was borne by another group undertaking. No director received any remuneration from the company during the year (2001:nil)

3. CREDITORS: Amounts due within one year

| | 2002 £'000 | 2001 £'000 |
|--|---------------|---------------|
| Amounts owed to other group undertakings | 60 | 60 |

4. SHARE CAPITAL

| | 2002 £'000 | 2001 £'000 |
|--|---------------|---------------|
| Authorised: 65,000 ordinary shares of £1 each | 65 | 65 |
| Allotted, called-up and fully paid: 64,928 ordinary shares of £1 each | 65 | 65 |

5. CONTINUING FINANCIAL SUPPORT

The directors have received a letter of continuing financial support from Johnston Press plc, whereby it has undertaken to provide continuing financial support to Heart of England Newspapers Ltd until such time as it ceases to have net liabilities or is no longer part of the Johnston Press group plc.

6. ULTIMATE PARENT COMPANY

The company is a subsidiary undertaking of Johnston Press plc.

The only group in which the results of the company are consolidated is that headed by Johnston Press plc. The accounts of Johnston Press plc are available to the public and may be obtained from Johnston Press plc, 53 Manor Place, Edinburgh, EH3 7EG.