

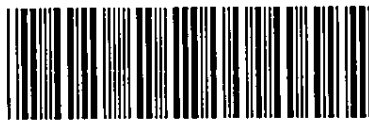
Independent News & Media (UK) Limited

Directors' report and
financial statements

Year ended 27 December 2013

Registered number 00983376

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Independent News & Media (UK) Limited

Directors' report and financial statements

Year ended 27 December 2013

Contents

	<i>Page</i>
Directors and other information	2
Directors' report	3 - 4
Statement of directors' responsibilities	5
Independent auditor's report	6 - 7
Profit and loss account	8
Balance sheet	9
Notes forming part of the financial statements	10 - 17

Independent News & Media (UK) Limited

Directors' and other information

Directors	V Crowley (retired 2 June 2014) R J McClean E O'Kennedy
Secretary	S G Snoddy
Bankers	Lloyds TSB Bank Plc 25 Gresham Street London EC2V 7HN
Independent auditor	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2 Ireland
Registered office	11 Welbeck Street London W1G 9XZ
Registered number	00983376

Independent News & Media (UK) Limited

Directors' report

The directors present their report and the audited financial statements of Independent News & Media (UK) Limited ("the Company") for the year ended 27 December 2013

Principal activities

The principal activity during the year was that of investment holding

Business review

The directors do not foresee any significant changes to the business in the forthcoming year.

Results and dividends

The loss for the year, after taxation, amounted to £2.3 million (2012: £11.8 million)

The directors do not recommend the payment of a dividend (2012: £nil)

Included in the figures above are exceptional charges of £nil (2012: £10.9 million) relating to write downs on the value of the Company's investments

Going concern

This financial information has been prepared on the going concern basis, which assumes that the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future. The Company's ultimate parent undertaking, Independent News & Media PLC, has agreed to provide financial support to the Company to ensure that it can continue to trade for a period of at least twelve months from the date these financial statements are approved

Directors and secretary

The directors and secretary who served during the year are set out on page 1

Vincent Crowley retired as director on 2 June 2014

Small companies exemption

The directors have availed of the small companies exemption provided by section 414B of the Companies Act 2006 and has not presented a separate strategic report

Disclosure of information to auditors

Each of the persons who are directors at the time of approval of this report has confirmed that.

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

Independent News & Media (UK) Limited

Directors' report *(continued)*

Political contributions

The Company made no political donations or incurred any political expenditure during the current or prior year

Post balance sheet events

There have been no significant events since the balance sheet date that would require adjustment to the financial statements or inclusion of a note thereto

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG will therefore continue in office

On behalf of the board



R. J. McClean
Director

12 September 2014

Independent News and Media (UK) Limited

Statement of directors' responsibilities in relation to the directors' report and financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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

On behalf of the board



R J McClean
Director

12 September 2014



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Independent auditor's report to the members of Independent News and Media (UK) Limited

We have audited the financial statements of Independent News and Media (UK) Limited for the year ended 27 December 2013 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 27 December 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006



Independent auditor's report to the members of Independent News and Media (UK) Limited *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ruaidhri Gibbons (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

12 September 2014

Independent News & Media (UK) Limited

Profit and loss account for the year ended 27 December 2013

	Notes	2013 £'000	2012 £'000
Administrative expenses		(123)	(163)
Exceptional items	6	(1,459)	(10,914)
		<hr/>	<hr/>
Operating loss	2	(1,582)	(11,077)
Interest payable and similar charges	7	(705)	(742)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(2,287)	(11,819)
Taxation on loss on ordinary activities	8	-	-
		<hr/>	<hr/>
Loss for the financial year	15	(2,287)	(11,819)
		<hr/>	<hr/>

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

The notes on pages 10 to 17 form an integral part of these financial statements

On behalf of the Board



R J McClean
Director

12 September 2014

Independent News & Media (UK) Limited

Balance sheet

as at 27 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Investments	9	1,759	3,218
Current assets			
Debtors <i>amounts falling due after more than one year</i>	10	91,583	78,652
Debtors <i>amounts falling due within one year</i>	10	1,463	13,371
Cash at bank and in hand		499	1,389
		93,545	93,412
Creditors amounts falling due within one year	11	(1,257)	(1,735)
Net current assets		92,288	91,677
Total assets less current liabilities		94,047	94,895
Creditors amounts falling due after more than one year	12	(274,349)	(271,279)
Provisions for liabilities	13	(2,741)	(4,372)
Net liabilities		(183,043)	(180,756)
Capital and reserves			
Called-up share capital	14	328,900	328,900
Share premium account	15	8	8
Profit and loss account	15	(511,951)	(509,664)
Shareholders' deficit	16	(183,043)	(180,756)

The notes on pages 10 to 17 form an integral part of these financial statements

On behalf of the Board



R J McClean
Director

12 September 2014

Independent News & Media (UK) Limited

Notes

forming part of the financial statements

1. Accounting policies

1.1 Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies which have been applied consistently throughout the year are set out below.

The Company is itself a subsidiary company and has availed of the exemption from the requirement to prepare group financial statements. These financial statements therefore present information about the Company as an individual undertaking and not about its Group.

1.2 Going concern

The financial statements have been prepared on the going concern basis despite the Company being in a net liability position of £183.0 million as at 27 December 2013. The Company's parent undertaking, Independent News and Media plc, has agreed to provide financial support to the Company to ensure it can continue to trade for a period of at least twelve months for the date these financial statements are approved.

1.3 Cash flow statement

The Company, as a wholly owned subsidiary of a group which publishes consolidated financial statements, which incorporate the cash flows of the Company, has taken advantage of the exemption provided in Financial Reporting Standard 1 (revised 1996) not to produce a cash flow statement.

1.4 Fixed asset investments

Investments held as fixed assets are shown as cost less provision for impairment.

1.5 Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

A deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Independent News & Media (UK) Limited

Notes (continued)

1. Accounting policies (continued)

1.6 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

1.7 Financial Year

The financial year ends on the Friday nearest 31 December. Periodically, this will result in a fifty-three week year. There were 52 weeks in the 2013 financial year and 52 weeks in the 2012 financial year.

2. Operating loss

The operating loss is stated after charging

	2013 £'000	2012 £'000
Auditor's remuneration – audit fees	4	4
Auditor's remuneration – other services	2	2
	<hr/>	<hr/>

3. Staff costs

	2013 £'000	2012 £'000
Wages and salaries	10	30
Social security and pension costs	-	-
	<hr/>	<hr/>
	10	30
	<hr/>	<hr/>

4. Directors' emoluments

The directors did not receive any remuneration from the Company during the year (2012: £nil)

5. Employees

The average monthly number of employees, including the directors, during the year was as follows

	2013 £'000	2012 £'000
	2	2
	<hr/>	<hr/>

Independent News & Media (UK) Limited

Notes (continued)

6. Exceptional items

	2013 £'000	2012 £'000
Impairment of investments	1,459	10,914

Impairment of investments in 2013 and 2012 related to the Company's investments in subsidiaries, Independent Newspapers (Publishing) Ltd and Independent News & Media Ltd respectively

7. Interest payable and similar charges

	2013 £'000	2012 £'000
On bank loans and overdrafts	75	112
On loans from Group undertakings	630	630
	705	742

8. Tax on loss on ordinary activities

	2013 £'000	2012 £'000
UK corporation tax charge on loss for the year	-	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 -lower than) the standard rate of corporation tax in the UK of 23.25% (2012 24.5%) The differences are explained below

	2013 £'000	2012 £'000
Loss on ordinary activities before tax	(2,287)	(11,819)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 24.5%)	(532)	(2,896)
Effects of:		-
Non-tax deductible amortisation of goodwill and impairment	337	2,674
Capital allowances in excess of depreciation	(37)	
Group relief	232	222
Current tax charge for the year	-	-

Independent News & Media (UK) Limited

Notes (continued)

8. Tax on loss on ordinary activities (continued)

No deferred tax was recognised at 27 December 2013 (28 December 2012 £nil) on the basis that there is insufficient evidence of suitable taxable profits against which the tax losses can be offset against. The Company has a total potential deferred tax asset of £8.9m (2012 £9.8m).

The potential deferred tax asset is measured on a non-discounted basis at the current corporation tax rate of 23.25% (2012 24.5%).

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at the balance sheet date has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

9. Investments

	Investments in subsidiary companies £'000
Carrying value at beginning of the year	3,218
Impairment during the year	(1,459)
	<hr/>
Carrying value at the end of the year	1,759
	<hr/>

The 2013 impairment charge primarily related to the Company's investment in subsidiary, Independent Newspapers (Publishing) Ltd.

Independent News & Media (UK) Limited

Notes *(continued)*

9. Investments *(continued)*

The following were subsidiary undertakings of the Company

Name	Class of shares	Holding
Independent News and Media Ltd	Ordinary	100%
LAM Enterprises Ltd	Ordinary	100%
Independent Regionals (K) Ltd	Ordinary	100%
Independent Regionals (KT) Ltd	Ordinary	100%
Independent Regionals LRN Ltd	Ordinary	100%
Independent Regionals CN Ltd	Ordinary	100%
Independent Regionals NLN Ltd	Ordinary	100%
Independent Regionals HG Ltd	Ordinary	100%
Independent Regionals WHN Ltd	Ordinary	100%
Independent Regionals HD Ltd	Ordinary	100%
Independent Regionals CRN Ltd	Ordinary	100%
Independent Regionals GLEN Ltd	Ordinary	100%
North West London Press Ltd	Ordinary	100%
Touch Tone Training Ltd	Ordinary	100%
Independent Magazines (UK) Ltd*	Ordinary	100%
Independent Newspapers (Regionals) Ltd	Ordinary	100%
Independent Newspapers (Publishing) Ltd*	Ordinary	100%
The Perfect Poster Company Ltd*	Ordinary	100%
Stantonmill Limited*	Ordinary	100%
Independent Newspapers (Finance) Plc*	Ordinary	100%
Independent News & Media (Northern Ireland) Ltd*	Ordinary	100%
Belfast Telegraph Newspapers Ltd*	Ordinary	100%
Belfast Telegraph Pension Trustees Ltd*	Ordinary	100%
TIH (Belfast)	Ordinary	100%
Miss London Ltd	Ordinary	100%
Independent Educational Publishing Ltd*	Ordinary	100%
Newsread (United Kingdom) Ltd*	Ordinary	100%
Nine to Five Magazine Ltd	Ordinary	100%
Independent Newspapers (UK) Ltd	Ordinary	100%
Independent Digital (UK) Ltd*	Ordinary	100%

*Direct holdings

The directors are of the opinion that the values of the investments in subsidiaries and in other investments are not less than their book values

Consolidated accounts are not submitted in accordance with section 400 of the Companies Act 2006 as the Company is a wholly-owned subsidiary of Independent News & Media Plc, a company incorporated in the Republic of Ireland

The directors believe that the carrying value of the investments is supported by their underlying net assets

Independent News & Media (UK) Limited

Notes (continued)

10. Debtors

	27 December 2013 £'000	28 December 2012 £'000
<i>Due after more than one year</i>		
Amounts owed by Group undertakings	91,583	78,652
	<hr/>	<hr/>
	27 December 2013 £'000	28 December 2012 £'000
<i>Due within one year</i>		
Amounts owed by Group undertakings	630	12,232
Prepayments and accrued income	833	769
	<hr/>	<hr/>
	1,463	13,371
	<hr/>	<hr/>

Amounts owed by Group undertakings are non-interest bearing and unsecured

11. Creditors amounts falling due within one year

	27 December 2013 £'000	28 December 2012 £'000
Accruals and deferred income	1,257	1,735
	<hr/>	<hr/>

12. Creditors: amounts falling due after more than one year

	27 December 2013 £'000	28 December 2012 £'000
Amounts owed to Group undertakings	274,349	271,279
	<hr/>	<hr/>

All UK inter-group indebtedness is repayable within 2 years as per the terms of the formal UK inter-group loan agreements. These agreements are reviewed and renewed every 2 years. Included in amounts owing to Group undertakings in 2012 is an unsecured loan of £10,500,000 at 6% owed to Independent News and Media Limited, a fellow subsidiary. All other amounts owing to Group undertakings are interest free.

Independent News & Media (UK) Limited

Notes (continued)

13. Provisions for liabilities

	£'000
At 1 January 2013	4,372
Amounts used in year	(1,631)
	<hr/>
At 27 December 2013	2,741
	<hr/>

Provision for onerous lease

A provision was set up in 2008 relating to an onerous contract on office space at Independent House, 191 Marsh Wall, London following the Company's relocation to Royal Avenue, Belfast. The onerous lease provision is expected to be fully utilised by 2015.

14. Share capital

	27 December 2013 £'000	28 December 2012 £'000
Allotted, called up and fully paid		
328,900,000 ordinary shares of £1 each	328,900	328,900
	<hr/>	<hr/>

15. Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2013	8	(509,664)
Loss for the financial year	-	(2,287)
	<hr/>	<hr/>
At 27 December 2013	8	(511,951)
	<hr/>	<hr/>

Independent News & Media (UK) Limited

Notes (continued)

16. Reconciliation of movements in shareholders' deficit

	27 December 2013 £'000	28 December 2012 £'000
Opening shareholders' deficit	(180,756)	(168,937)
Loss for the financial year	(2,287)	(11,819)
Closing shareholders' deficit	(183,043)	(180,756)

17. Contingent liabilities

Guarantor to facilities

As in the prior year certain material subsidiaries in the wider Independent News & Media Plc Group, as defined by the Bank Facilities, have granted fixed and floating charges over certain Group assets in connection with the 2013 Bank Facilities. An Inter creditor Agreement also exists in relation to these facilities. This agreement provides that, in a liquidation situation, all intergroup debt within those companies which have signed up to the agreement is subordinated to the Bank Facilities until such time as this debt has been discharged in full. The Company has signed up to this agreement.

18. Ultimate holding company and related party transactions

The immediate parent company is Independent Communications (International) Limited, a company incorporated in the Republic of Ireland.

The ultimate holding company and controlling party is Independent News & Media PLC, a company incorporated in the Republic of Ireland.

As permitted by paragraph 3(c) of FRS8- Related Party Disclosures, transactions with other entities in the Group are not disclosed. There are no other related party transactions.

Independent News & Media PLC is the parent undertaking of the smallest and largest group to consolidate these financial statements. A copy of those financial statements can be obtained from Independent House, Talbot Street, Dublin 1, Ireland.

19. Post balance sheet events

There have been no significant events since the balance sheet date that would require adjustments to the financial statements or inclusion of a note thereto.

20. Approval of financial statements

The financial statements were approved by the directors on 12 September 2014.