

**INDEPENDENT NEWSPAPERS (PUBLISHING) LIMITED
(FORMERLY INDEPENDENT NEWSPAPERS (UK) LIMITED)
(Registered Number: 1370287)**

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1994



INDEPENDENT NEWSPAPERS (PUBLISHING) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 1994

DIRECTORS' REPORT

The directors submit their report and the accounts of the company for the year ended 31 December 1994.

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. 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REVIEW OF THE BUSINESS

The company acts as a holding company. Its subsidiary undertaking is engaged in newspaper publishing activities.

The company's results for the year are dealt with in detail within the statutory balance sheet and profit and loss account, and the notes forming part of the financial statements.

DIVIDENDS

The directors do not recommend payment of a dividend (1993: paid net £138,085, received gross £178,174).

CHANGE OF NAME

On the 29th April 1994, Independent Newspapers (UK) Limited, changed its name to Independent Newspapers (Publishing) Limited.

INDEPENDENT NEWSPAPERS (PUBLISHING) LIMITED
DIRECTORS' REPORT AND ACCOUNTS
YEAR ENDED 31 DECEMBER 1994

DIRECTORS REPORT (Continued)

FIXED ASSETS

The changes in fixed assets during the year are summarised in note 6 to the accounts.

DIRECTORS

The directors who held office during the year were:

L P Healy
B M A Hopkins
J J Parkinson

The interests of the directors in the ultimate holding company are disclosed in that company's accounts. None of the directors had any beneficial interest in the shares of the company during the year.

AUDITORS

The auditors, Price Waterhouse, have expressed their willingness to be reappointed.

By order of the Board


J J McCormack
Company Secretary

4th April 1995

AUDITORS' REPORT TO THE MEMBERS OF INDEPENDENT NEWSPAPERS (PUBLISHING) LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

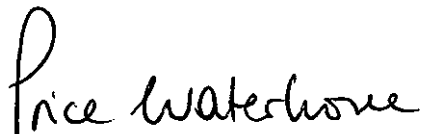
Basis of opinion

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 the company's affairs as at 31 December 1994 and of its result for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors
Southwark Towers
32 London Bridge Street
London SE1 9SY

4th April 1995

INDEPENDENT NEWSPAPERS (PUBLISHING) LIMITED
DIRECTORS' REPORT AND ACCOUNTS - YEAR ENDED 31 DECEMBER 1994

PROFIT AND LOSS ACCOUNT

	<u>Note</u>	Year ended 31 December 1994 £	53 week period ended 31 December 1993 £
Income from shares in group undertakings		-	178,174
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	-	178,174
Taxation on profit on ordinary activities	5	-	(40,089)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		-	138,085
Dividends paid	4	-	(138,085)
Accumulated profit brought forward		457,008	457,008
ACCUMULATED PROFIT CARRIED FORWARD		457,008	457,008

The results for both financial periods are derived entirely from continuing operations. There were no recognised gains or losses other than those shown in the profit and loss account for the year.

There is no difference between the results shown above and the results on an unmodified historical cost basis. The movement on shareholders' funds is wholly accounted for by the result for the year.

The notes on pages 6 to 8 form part of these accounts.

INDEPENDENT NEWSPAPERS (PUBLISHING) LIMITED
DIRECTORS' REPORT AND ACCOUNTS - YEAR ENDED 31 DECEMBER 1994

BALANCE SHEET

	<u>Note</u>	<u>31 December 1994</u> £	<u>31 December 1994</u> £
FIXED ASSETS			
Investments	6	6,462,409	3,329,909
CREDITORS (amounts falling due within one year)	7	<u>(6,004,401)</u>	<u>(2,871,901)</u>
NET CURRENT LIABILITIES		<u>(6,004,401)</u>	<u>(2,871,901)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>458,008</u>	<u>458,008</u>
 CAPITAL AND RESERVES			
Authorised, allotted and called up share capital 1,000 ordinary shares of £1 each		1,000	1,000
Profit and loss account		<u>457,008</u>	<u>457,008</u>
		<u>458,008</u>	<u>458,008</u>

Approved by the Board on 4th April 1995



B M A Hopkins - Director

The notes on pages 6 to 8 form part of these accounts.

INDEPENDENT NEWSPAPERS (PUBLISHING) LIMITED
DIRECTORS' REPORT AND ACCOUNTS - YEAR ENDED 31 DECEMBER 1994

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

(1) Historical Cost Convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(2) Investments

Investments are valued at cost in the accounts, less provision for any permanent diminution in value.

2 OPERATING PROFIT

The company did not trade during the year to 31 December 1994. Auditors' remuneration was borne by the parent company.

3 DIRECTORS' EMOLUMENTS AND EMPLOYEES

No director received any emoluments in respect of services to the company during the year. The company had no employees during theyear (1993: Nil).

4 DIVIDENDS PAID

	<u>1994</u>	<u>1993</u>
	£	£
Ordinary	<u>-</u>	<u>138,085</u>

5 TAXATION

	<u>1994</u>	<u>1993</u>
	£	£
Tax credit on Franked Investment Income	<u>-</u>	<u>40,089</u>

INDEPENDENT NEWSPAPERS (PUBLISHING) LIMITED
DIRECTORS' REPORT AND ACCOUNTS - YEAR ENDED 31 DECEMBER 1994

NOTES TO THE ACCOUNTS (Continued)

6 INVESTMENTS

	Shares in Subsidiary Undertakings £	Shares in Associated Undertakings £	Total £
At 31 December 1993	3,329,909	-	3,329,909
Purchases during the year	<u>-</u>	<u>3,132,500</u>	<u>3,132,500</u>
At 31 December 1994	<u>3,329,909</u>	<u>3,132,500</u>	<u>6,462,409</u>

Shares in subsidiary undertakings comprise 100% (1993:100%) of the ordinary share capital of Independent Newspapers (UK) Limited (formerly Greater London and Essex Newspapers Limited). The value of the ordinary shares, at cost, is £3,329,909 (1993: £3,329,909).

During the year the company also acquired 1,910,825 ordinary shares of 10p each in Capital Newspapers Limited for £3,132,500. This represents a 41.8% interest in the company's total ordinary shares.

Both Independent Newspapers (UK) Limited and Capital Newspapers Limited are engaged in the newspaper industry and are incorporated in Great Britain and registered in England.

Independent Newspapers (Publishing) Limited, is not required to submit group accounts as it is a wholly owned subsidiary of Independent Newspapers Plc, a company incorporated in the Republic of Ireland.

In the opinion of the directors the value of investments in subsidiary undertakings are not less than the amount at which the investments are stated in the balance sheet.

INDEPENDENT NEWSPAPERS (PUBLISHING) LIMITED
DIRECTORS' REPORT AND ACCOUNTS - YEAR ENDED 31 DECEMBER 1994

NOTES TO THE ACCOUNTS (Continued)

7 CREDITORS (amounts falling due within one year)

	<u>1994</u>	<u>1993</u>
	£	£
Amounts owed to parent undertakings	<u>6,004,401</u>	<u>2,871,901</u>

The advances are non-interest bearing and unsecured.

8 CASH FLOW STATEMENT

The company is exempt from producing a cash flow statement under Financial Reporting Standard 1 as it is wholly owned by a parent undertaking established under the law of a member state of the European Community. The parent undertaking prepares consolidated financial statements, including a consolidated cash flow statement, which includes all subsidiary undertakings. These financial statements are drawn up in accordance with companies legislation promulgated within the Republic of Ireland.

9 CONTINGENT LIABILITY

The company is a guarantor to an agreement entered into by its parent company for a revolving multi-currency facility of IR £55,000,000.

10 ULTIMATE HOLDING COMPANY

The ultimate holding company is Independent Newspapers Plc, a company incorporated in the Republic of Ireland.

The only accounts produced which include the results of the company are those of Independent Newspapers Plc. A copy of these accounts can be obtained from 1/2 Upper Hatch Street, Dublin 2.