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INDEPENDENT NEWSPAPERS (UK) LIMITED
DIRECTORS' REPORT AND ACCOUNTS
31 DECEMBER 1989

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INDEPENDENT NEWSPAPERS (UK) LIMITED

DIRECTORS' REPORT

The Directors submit their report and the accounts of the company for the year ended 31 December 1989.

REVIEW OF THE BUSINESS

The company did not trade during the year ended 31 December 1989. The company acts as a holding company for Greater London and Essex Newspapers Limited which publishes free circulation newspapers in East London. During the year the company purchased additional shares in its subsidiary for the consideration of £397,543 increasing its shareholding from 80% to 90%.

DIRECTORS

The Directors who held office during the year were:

JF Meagher - Chairman
LP Healy
BMA Hopkins
NJ Leonard (resigned 28th September 1989)
JJ Parkinson

The interests of the Directors in the ultimate holding company are disclosed in that company's accounts.

AUDITORS

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

By Order of the Board

JJ McCORMACK

Secretary

30th April 1990

Registered office:

7-9 Rathbone Street
London W1P 1AF

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

We have audited the accounts on pages 3 and 4 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1989 and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Chartered Accountants
London

30th April 1990

INDEPENDENT NEWSPAPERS (UK) LIMITED

BALANCE SHEET

	31 December 1989 <u>£</u>	31 December 1988 <u>£</u>
INVESTMENT IN GROUP COMPANY (Note 4)	2,860,822	2,463,279
CREDITORS (amounts falling due within one year)		
Advances from immediate holding company (Note 5)	(3,358,952)	(2,961,409)
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>(498,130)</u> =====	<u>(498,130)</u> =====

CAPITAL AND RESERVES

Authorised and called up share capital: 1,000 ordinary shares of £1 each	1,000	1,000
Profit and loss account accumulated deficit	<u>(499,130)</u>	<u>(499,130)</u>
	<u>(498,130)</u> =====	<u>(498,130)</u> =====

DIRECTORS

LP Healy

JJ Parkinson

30th April 1990

LP Healy
James Parkinson

The notes on page 4
form part of these accounts.

INDEPENDENT NEWSPAPERS (UK) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989

1. ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention.

2. OPERATING PROFIT

The company did not trade during the year to 31 December 1989 and therefore made no profit or loss. No auditors' remuneration was charged during the year.

3. DIRECTORS' EMOLUMENTS

No Director received any emoluments in respect of services to the company during the year.

4. INVESTMENT IN GROUP COMPANY

	1989 <u>£</u>	1988 <u>£</u>
Ordinary shares, at cost	£2,860,822 =====	£2,463,279 =====

This investment represents 90% (1988: 80%) of the ordinary share capital of Greater London and Essex Newspapers Limited, a company incorporated in the United Kingdom.

The company is not required to submit group accounts as it is a wholly owned subsidiary of Independent Newspapers Holdings Limited, incorporated in the United Kingdom.

In the opinion of the Directors the value of the investment in the subsidiary company is not less than the amount at which the investment is stated in the balance sheet.

5. ADVANCES FROM IMMEDIATE HOLDING COMPANY

The advances are non-interest bearing and unsecured.

6. CONTINGENT LIABILITY

The company is a guarantor to an agreement entered into by its immediate holding company for a revolving multi-currency facility of £40,000,000.

7. ULTIMATE HOLDING COMPANY

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

The ultimate holding company has undertaken to provide such additional funds as may be required to enable the company to meet its obligations as they fall due.