

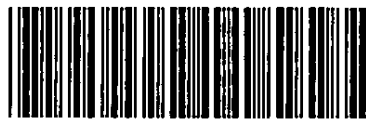
Registered number: 03064815

Independent Newspapers Finance Plc

Directors' report and financial statements

For the period ended 28 December 2012

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Independent Newspapers Finance Plc

Company Information

Directors	V Crowley R McClean E O'Kennedy
Company secretary	SG Snoddy
Company number	03064815
Registered office	2nd Floor 11 Welbeck Street London England W1G 9XZ
Independent auditors	PricewaterhouseCoopers Chartered Accountants and Statutory Audit Firm One Spencer Dock North Wall Quay Dublin Ireland
Bankers	Lloyds TSB Bank Plc 25 Gresham Street London EC2V 7HN

Independent Newspapers Finance Plc

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Independent Newspapers Finance Plc

Directors' report

For the period ended 28 December 2012

The directors present their report and the financial statements for the period ended 28 December 2012

Principal activities, review of business and future developments

The principal activity during the period was the servicing of loans. The directors consider the results for the year and the financial position of the company at the end of the financial year to be satisfactory.

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

Results and dividends

The profit for the period, after taxation, amounted to £630,000 (2011 - £630,000).

The directors do not recommend the payment of a dividend (2011 - £nil).

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.

Directors

The directors who served during the period were:

V Crowley
R McClean
E O'Kennedy

Principal risks and uncertainties

Overview

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to the recoverability of the loans. As all loans are inter-group loans the risks are minimized.

Key performance indicators ('KPIs')

Given the straightforward nature of the business, the Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Directors' responsibilities statement

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments and accounting estimates that are reasonable and prudent,

Independent Newspapers Finance Plc

Directors' report

For the period ended 28 December 2012

- state whether applicable UK 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 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.

Statement of disclosure of information to auditors

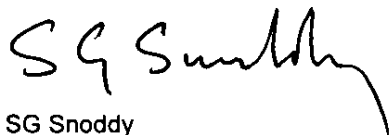
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- 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 auditors

PricewaterhouseCoopers were appointed as auditors during the year and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf



SG Snoddy
Secretary

Date 4 June 2013



Independent auditors' report to the members of Independent Newspapers Finance Plc

We have audited the financial statements of Independent Newspapers Finance Plc for the year ended 28 December 2012 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2 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 Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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's 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 Directors' report and financial statements 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 28 December 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

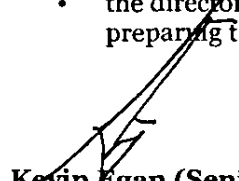
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



**Independent auditors' report to the members of Independent Newspapers Finance Plc
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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report



**Kevin Egan (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin
Ireland**

10 June 2013

Independent Newspapers Finance Plc

Profit and loss account For the period ended 28 December 2012

	Note	2012 £	2011 £
Interest receivable and similar income	4	<u>630,000</u>	<u>630,000</u>
Profit on ordinary activities before taxation		630,000	630,000
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
Profit for the financial period	8	<u>630,000</u>	<u>630,000</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 7 to 10 form part of these financial statements

Independent Newspapers Finance Plc
Registered number 03064815

Balance sheet
As at 28 December 2012

		28 December		31 December	
	Note	2012		2011	
		£	£	£	£
Current assets					
Debtors amounts falling due after more than one year	6	10,500,000		10,500,000	
Debtors amounts falling due within one year	6	142,213		142,213	
Cash at bank and in hand		1,191		1,191	
		<u>10,643,404</u>		<u>10,643,404</u>	
Creditors amounts falling due within one year	7	<u>(5,210,106)</u>		<u>(5,840,106)</u>	
Net current assets			5,433,298		4,803,298
Net assets			5,433,298		4,803,298
Capital and reserves					
Called up share capital		50,000		50,000	
Capital redemption reserve	8	10,500,000		10,500,000	
Profit and loss account	8	<u>(5,116,702)</u>		<u>(5,746,702)</u>	
Total shareholders' funds	9		5,433,298		4,803,298

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

R McClean
Director



Date 4 June 2013

The notes on pages 7 to 10 form part of these financial statements

Independent Newspapers Finance Plc

Notes to the financial statements For the period ended 28 December 2012

1 Accounting policies

1.1 Basis of preparation of 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.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Deferred taxation

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is only recognised when, on the basis of all available evidence, 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 is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Amounts relating to deferred taxation are undiscounted.

1.4 Foreign currencies

Assets, liabilities, revenues and costs arising from transactions denominated in foreign currencies are translated into sterling either at the exchange rate in operation on the date on which the transaction occurred or at the contracted rate if the transaction is covered by a related or matching foreign exchange contract.

At the balance sheet date monetary assets and liabilities are translated at closing or, if applicable, forward contract rates. Non-monetary assets are maintained at their historic sterling equivalent.

Exchange gains or losses on settled transactions and unsettled monetary items are dealt with in the profit and loss account as part of the results from ordinary activities.

1.5 Financial instruments

The group's policies are described in the financial statements of Independent News & Media PLC.

2. Operating profit

Auditors' remuneration was borne by the parent company.

Independent Newspapers Finance Plc

Notes to the financial statements For the period ended 28 December 2012

3 Directors' emoluments and employees

The company has no employees other than the directors, who did not receive any remuneration (2011 - £NIL)

4. Interest receivable and similar income

	2012 £	2011 £
Interest receivable from fellow subsidiary undertakings	630,000	630,000

5 Tax on profit on ordinary activities

	2012 £	2011 £
UK corporation tax charge on profit for the period/year	-	-

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	630,000	630,000
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26%)	154,350	163,800
Effects of:		
Tax credit on imputed interest charge	-	(12,924)
Utilisation of brought forward tax losses	(154,350)	(150,876)
Current tax charge for the period/year (see note above)	-	-

Both the current and total tax charge on the profit before tax will continue to be affected by the generation and surrender of tax losses

Factors that may affect future tax charges

The standard rate of corporation tax in the UK reduced from 26% to 24% with effect from 1 April 2012 and accordingly the company's profits for the financial year were taxed at an effective rate of 24.5%

Further reductions to the UK corporation tax rate were announced in the December 2012 Autumn Statement and the March 2013 Budget. Further reductions to the main rate are proposed to reduce the rate by a further 3% to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes in the corporation tax rate from 23% to 20% had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

Deferred tax

No deferred tax was recognised at 28 December 2012 (2011: £nil) on the basis that there was insufficient evidence of suitable taxable profits against which the tax losses can be utilised.

Independent Newspapers Finance Plc

Notes to the financial statements For the period ended 28 December 2012

6. Debtors

	28 December 2012 £	31 December 2011 £
Due after more than one year		
Amounts owed by group undertakings	<u>10,500,000</u>	<u>10,500,000</u>
	28 December 2012 £	31 December 2011 £
Due within one year		
Amounts owed by group undertakings	<u>142,213</u>	<u>142,213</u>

The amount owed by the fellow subsidiary undertakings relates to a loan of principal amount £10,500,000 which is unsecured and bears interest at 6% per annum

7. Creditors

Amounts falling due within one year

	28 December 2012 £	31 December 2011 £
Amounts owed to group undertakings	<u>5,210,106</u>	<u>5,840,106</u>

Amounts owed to the parent undertaking are non-interest bearing and unsecured

8 Reserves

	Capital redempt'n reserve £	Profit and loss account £
At 1 January 2012	10,500,000	(5,746,702)
Profit for the financial year	-	630,000
	<u>10,500,000</u>	<u>(5,116,702)</u>
At 28 December 2012		

9. Reconciliation of movement in members' funds

	28 December 2012 £	31 December 2011 £
Opening members' funds	4,803,298	4,173,298
Profit for the financial year	<u>630,000</u>	<u>630,000</u>
Closing members' funds	<u>5,433,298</u>	<u>4,803,298</u>

Independent Newspapers Finance Plc

Notes to the financial statements For the period ended 28 December 2012

10 Related party transactions

The company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Independent News and Media PLC group or investees of the Independent News and Media PLC group. There are no other related party transactions.

11. Ultimate parent undertaking and controlling party

The immediate parent company and controlling party is Independent News & Media (UK) Limited.

The ultimate parent company is Independent News & Media PLC, a company incorporated in the Republic of Ireland.

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