

INDEPENDENT NEWSPAPERS (FINANCE) PLC
(Registered Number: 3064815)

ANNUAL REPORT

31 DECEMBER 2009

TUESDAY



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COMPANIES HOUSE

INDEPENDENT NEWSPAPERS (FINANCE) PLC
COMPANY REGISTERED NUMBER : 3064815

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009

DIRECTORS' REPORT

The directors submit their report and the accounts of the company for the year ended 31 December 2009

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity during the period was the servicing of loans

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

PRINCIPAL RISKS AND UNCERTAINTIES

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.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £630,000 (2008: £630,000). The directors do not recommend the payment of a dividend (2008: £nil).

GOING CONCERN

After making appropriate enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and have therefore prepared the accounts on a going concern basis.

DIRECTORS

The following directors served during the period:

L P Healy	(resigned 4 September 2009)
B M A Hopkins	
J J Parkinson	(resigned 4 September 2009)
A J Round	
I G Fallon	(resigned 23 February 2010)

DIRECTORS' INSURANCE

During the year to 31 December 2009 the Company maintained insurance covering officers of the Company against liabilities arising in relation to the Company. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

INDEPENDENT NEWSPAPERS (FINANCE) PLC
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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 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.

In the case of each director in office at the date the directors' report is approved:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the company will be put to the Annual General Meeting.

By order of the Board



A J Round
Director
29 June 2010

**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 31 December 2009 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 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.

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 31 December 2009 and of its profit for the year 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.

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

Stuart Newman (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

29 June 2010

INDEPENDENT NEWSPAPERS (FINANCE) PLC
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Administrative expenses		-	-
OPERATING LOSS	2	-	-
Interest receivable and similar income	5	630,000	630,000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		630,000	630,000
Tax on profit on ordinary activities	4	-	-
RETAINED PROFIT FOR THE YEAR		630,000	630,000
ACCUMULATED DEFICIT ON RESERVES BROUGHT FORWARD		(7,636,702)	(8,266,702)
ACCUMULATED DEFICIT ON RESERVES CARRIED FORWARD		(7,006,702)	(7,636,702)

There is no difference between the profit on ordinary activities before taxation and the retained loss for the years stated above and their historical cost equivalents

The results for the current and prior year wholly relate to continuing operations in the United Kingdom

The Company has no recognised gains or losses other than the profit for the period and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 6 to 9 form part of these accounts

INDEPENDENT NEWSPAPERS (FINANCE) PLC

BALANCE SHEET

AS AT 31 DECEMBER 2009

	Note	31 December 2009 £	31 December 2008 £
CURRENT ASSETS			
Cash at bank and in hand		1,192	1,291
Debtors amounts receivable in less than one year	6	<u>10,642,211</u>	<u>10,642,112</u>
		10,643,403	10,643,403
CREDITORS			
Amounts falling due within one year	7	<u>(7,100,105)</u>	<u>(7,730,105)</u>
NET CURRENT ASSETS		3,543,298	2,913,298
TOTAL ASSETS LESS CURRENT LIABILITIES		3,543,298	2,913,298
NET ASSETS		<u>3,543,298</u>	<u>2,913,298</u>
CAPITAL AND RESERVES			
Called up share capital	8	50,000	50,000
Capital Contribution reserve	9	10,500,000	10,500,000
Profit and loss account	9	<u>(7,006,702)</u>	<u>(7,636,702)</u>
EQUITY SHAREHOLDERS' FUNDS		<u>3,543,298</u>	<u>2,913,298</u>

Approved by the Board on 29 June 2010



A J Round
Director

The notes on pages 6 to 9 form part of these accounts

INDEPENDENT NEWSPAPERS (FINANCE) PLC

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

(a) Basis of preparation and Liquidity

The financial statements are prepared on the going concern basis under the assumption that the company's ultimate parent company (the Group) will continue to provide financial support to the company to enable it to meet its liabilities as they fall due, for the foreseeable future. The ultimate parent company has committed to this.

(b) 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.

(c) 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.

(d) Financial instruments

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

INDEPENDENT NEWSPAPERS (FINANCE) PLC

NOTES TO THE ACCOUNTS (Continued)

2 OPERATING PROFIT

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 (2008 £nil) The company had no employees during the year (2008 nil)

Details of the Directors' emoluments in respect of their services to the Group can be found in the financial statements of Independent News & Media (UK) Limited and Independent News & Media PLC

4 TAXATION

(a) Analysis of tax charge for the year

	2009 £	2008 £
<i>Current Tax</i>		
Adjustment in respect of prior years	-	-
Tax on profit on ordinary activities	-	-

(b) Factors affecting the tax charge for the year

The current tax assessed for the period is lower than (2008 lower than) the standard rate of corporation tax in the UK The differences are explained below

	2009 £	2008 £
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 28% (2008 28.5%)	176,400	179,550
<i>Effects of</i>		
Losses utilised in the period	-	-
Tax credit on imputed interest charge	(13,918)	(122,641)
Utilisation of brought forward tax losses	(162,482)	(56,909)
Current tax charge for period	-	-

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

INDEPENDENT NEWSPAPERS (FINANCE) PLC

NOTES TO THE ACCOUNTS (Continued)

4 TAXATION (Continued)

(c) Deferred Tax

No deferred tax was recognised at 31 December 2009 (31 December 2008 £nil) on the basis that there was insufficient evidence of suitable taxable profits against which the tax losses can be utilised

Total potential deferred tax asset is analysed as follows

	2009 £	2008 £
Tax losses carried forward	299,020	461,502
	<u>299,020</u>	<u>461,502</u>

5 INTEREST RECEIVABLE

	2009 £	2008 £
Interest income - fellow subsidiary undertakings	630,000	630,000
Bank interest	-	-
Interest receivable and similar income	<u>630,000</u>	<u>630,000</u>

6 DEBTORS (amounts receivable in less than one year)

	2009 £	2008 £
Amounts owed by fellow subsidiary undertakings	10,642,211	10,642,112
	<u>10,642,211</u>	<u>10,642,112</u>

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

7 CREDITORS (amounts falling due within one year)

	2009 £	2008 £
Amounts owed to parent undertaking	(7,100,105)	(7,730,105)
	<u>(7,100,105)</u>	<u>(7,730,105)</u>

Amounts owed to the parent undertaking are non-interest bearing, unsecured and repayable on demand

INDEPENDENT NEWSPAPERS (FINANCE) PLC

NOTES TO THE ACCOUNTS (Continued)

8 CALLED UP SHARE CAPITAL

	Authorised 2009 £	2008 £	Allotted and Fully Paid 2009 £	2008 £
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>50,000</u>	<u>50,000</u>

9 RESERVES

	Capital Contribution Reserve £	Profit and Loss Account £
At 1 January 2009	10,500,000	(7,636,702)
Profit for the year	<u>-</u>	<u>630,000</u>
At 31 December 2009	10,500,000	(7,006,702)

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Opening Shareholders' Funds at 1 January 2009	2,913,298
Profit for the year	<u>630,000</u>
Closing Shareholders' Funds at 31 December 2009	<u>3,543,298</u>

11 ULTIMATE HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The immediate parent company is Independent News & Media (UK) Limited

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

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.

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, 2023 Bianconi Avenue, Citywest Business Campus, Naas Road, Dublin 24, Ireland.