

Independent Newspapers Finance Plc

Directors' report and
financial statements

Year ended 30 December 2016

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Independent Newspapers Finance Plc

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Directors' report	2
Statement of directors' responsibilities in respect of the directors' report and the financial statements	4
Independent auditor's report	5
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes forming part of the financial statements	11

Independent Newspapers Finance Plc

Directors and other information

Directors

R.J. McClean
R Preston

Secretary

S.G. Snoddy

Registered office

39 Welbeck Street
London
W1G 8DR
United Kingdom

Independent auditor

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

Bankers

Lloyds TSB Bank Plc
25 Gresham Street
London
EC2V 7HN

Registered number

03064815

Independent Newspapers Finance Plc

Directors' report

The directors present their report and the financial statements of Independent Newspapers Finance Plc ("the Company") for the year ended 30 December 2016.

Principal activities, review of business and future developments

The principal activity during the year was the servicing of loans.

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

Results and dividends

The profit for the year, after taxation, amounted to £630,000 (2015: £630,000).

The directors do not recommend the payment of a dividend (2015: £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 and secretary

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

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 relate to the recoverability of the loans. As all loans are inter-group loans these risks are minimised.

Key performance indicators ('KPIs')

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

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.

Political contributions

The Company made no political contributions or incurred any political expenditure during the year (2015: £Nil).

Subsequent events

Information in relation to subsequent events is contained in note 11.

Independent Newspapers Finance Plc

Directors' report *(continued)*

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 auditor is 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 auditor in connection with preparing their report and to establish that the Company's auditor are aware of that information.

Independent auditor

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
19 June 2017

Independent Newspapers Finance Plc

Statement of directors' responsibilities in respect of the directors' report and the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including *FRS 101 Reduced Disclosure Framework*.

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the board



R.J. McClean
Director
19 June 2017



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent auditor's report to the members of Independent Newspapers Finance Plc

We have audited the financial statements ("financial statements") of Independent Newspapers Finance Plc for the year ended 30 December 2016 set out on pages 7 to 14 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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) including FRS 101 *Reduced Disclosure Framework*.

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 December 2016 and of its profit 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.

2 Our conclusions on other matters on which we are required to report by the Companies Act 2006 are set out below

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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

3 We have nothing to report in respect of matters on which we are required to report by exception

Under ISAs (UK & Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.



Independent auditor's report to the members of Independent Newspapers Finance Plc *(continued)*

3 We have nothing to report in respect of matters on which we are required to report by exception *(continued)*

Under the Companies Act 2006 we are required 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; and
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of the above responsibilities.

Basis of our report, responsibilities and restrictions on use

As explained more fully in the statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with UK law and International Standards on Auditing (UK & Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.



**Independent auditor's report to the members of Independent Newspapers
Finance Plc (continued)**

Basis of our report, responsibilities and restrictions on use (continued)

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.

Ruaidhri Gibbons
for and on behalf
KPMG

Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2

23 June 2017

Independent Newspapers Finance Plc

Statement of comprehensive income for year ended 30 December 2016

	Note	2016 £	2015 £
Interest receivable and similar income	4	630,000	630,000
Profit on ordinary activities before taxation		630,000	630,000
Taxation charge	5	-	-
Profit for the financial year		630,000	630,000
Other comprehensive income		-	-
Total comprehensive income for the year		630,000	630,000

The notes on pages 11 to 15 form an integral part of these financial statements.



R. J. McClean
Director
19 June 2017

Independent Newspapers Finance Plc

Balance sheet

as at 30 December 2016

	Note	2016 £	2015 £
Current assets			
Debtors: amounts falling due within one year	6	10,642,213	10,642,213
Cash at bank and in hand		1,191	1,191
		<hr/>	<hr/>
		10,643,404	10,643,404
Creditors: amounts falling due within one year	7	(2,690,106)	(3,320,106)
		<hr/>	<hr/>
Net current assets		7,953,298	7,323,298
		<hr/>	<hr/>
Net assets		7,953,298	7,323,298
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	8	50,000	50,000
Capital redemption reserve		10,500,000	10,500,000
Retained profit		(2,596,702)	(3,226,702)
		<hr/>	<hr/>
Shareholders' funds		7,953,298	7,323,298
		<hr/>	<hr/>

The notes on pages 11 to 15 form an integral part of these financial statements.



R. J. McClean
Director
19 June 2017

Independent Newspapers Finance Plc

Statement of changes in equity for year ended 30 December 2016

	Called up share capital £	Capital conversion reserve fund £	Retained profit £	Total £
Balance at 26 December 2014	50,000	10,500,000	(3,856,702)	6,693,298
Profit for the year	-	-	630,000	630,000
Balance at 26 December 2015	50,000	10,500,000	(3,226,702)	7,323,298
Profit for the year	-	-	630,000	630,000
Balance at 30 December 2016	50,000	10,500,000	(2,596,702)	7,953,298

The notes on pages 11 to 15 form an integral part of these financial statements.

Independent Newspapers Finance Plc

Notes

Forming part of the financial statements

1 Accounting policies

1.1 Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ('FRS 101').

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Independent News & Media plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Independent News & Media plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Independent News & Media plc, Independent House, 27 - 32 Talbot Street, Dublin 1.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy, the correction of error, or the reclassification of items in the financial statements;
- Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Independent News & Media plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Independent Newspapers Finance Plc

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Basis of preparation of the financial statements

Functional currency

The Company's financial statements are denominated in euro which is its functional currency.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Judgements, estimates and assumptions

The preparation of financial statements in accordance with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which are the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1.3 Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract.

1.4 Non-derivative financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If payments received from customers exceed the income recognised, then the difference is presented as deferred income.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1.5 Interest receivable and Interest payable

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Independent Newspapers Finance Plc

Notes (continued)

1 Accounting policies (continued)

1.6 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 2016 financial year and 52 weeks in the 2015 financial year.

2 Operating profit

Auditor's remuneration was borne by the parent company in 2016 and 2015.

3 Directors' emoluments and employees

The Company has no employees other than the directors, who did not receive any remuneration during the year (2015: £Nil).

4	Interest receivable and similar income	2016 £	2015 £
	Interest receivable from fellow group undertakings	630,000	630,000
		<hr/>	<hr/>
5	Tax on profit on ordinary activities	2016 £	2015 £
	UK corporation tax charge on profit for the year	-	-
		<hr/>	<hr/>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015: lower than) the standard effective rate of corporation tax in the UK of 20% (2015: 20%). The differences are explained overleaf:

	2016 £	2015 £
Profit on ordinary activities before tax	630,000	630,000
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard effective rate of corporation tax in the UK of 20% (2015: 20%)	126,000	126,000
Effects of:		
Expenses not deductible for tax purposes	-	-
Group relief received	(126,000)	(126,000)
	<hr/>	<hr/>
Total tax charge for the year	-	-
	<hr/>	<hr/>

Independent Newspapers Finance Plc

Notes (continued)

5 Tax on profit on ordinary activities (continued)

Factors that may affect future tax charges

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were enacted on 26 October 2015. Finance Bill 2016 further reduced the 18% rate to 17% from 1 April 2020, following substantial enactment on 6 September 2016. Together this will reduce the Company's future tax charge accordingly.

6 Debtors	2016 £	2015 £
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Due within one year:

Amounts owed by group undertakings	10,642,213	10,642,213
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The amount owed by group undertakings includes a loan of principal amount £10,500,000 which is unsecured, repayable on demand and bears interest at 6% per annum.

7 Creditors: amounts falling due within one year	2016 £	2015 £
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Amounts owed to group undertakings	2,690,106	3,320,106
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Amounts due to group undertakings are interest free, unsecured and repayable on demand.

8 Share Capital	2016 £	2015 £
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At 26 December 2015 and 31 December 2016	50,000	50,000
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Authorised

100,000 ordinary shares of £1 each	100,000	100,000
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Allotted and fully paid

50,000 ordinary shares of £1 each	50,000	50,000
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9 Related party transactions

The Company has availed of the exemptions available in FRS 101 from disclosing transactions entered into between two or more members of a group and also key management personnel compensation disclosures. There were no other related party transactions.

Independent Newspapers Finance Plc

Notes *(continued)*

10 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.

11 Subsequent events

There were no events since the year end that would require adjustment or disclosure in the financial statements.

12 Approval of financial statements

The financial statements were approved by the directors on 19 June 2017.