Registered Number: 4623961

MNAIP LIMITED

ANNUAL REPORT AND ACCOUNTS FOR THE 52 WEEKS ENDED

1st JANUARY 2005

MNAIP LIMITED

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 1ST JANUARY, 2005

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DIRECTORS' REPORT

The Directors present their report and the accounts for the year (52 weeks) ended 1st January 2005.

ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is owning Intellectual Property and leasing it to fellow group undertakings.

The results for the year are considered satisfactory as are future prospects.

RESULTS

The retained loss for the year amounted to £468,469 (2003 - loss £92,942).

The directors do not propose a dividend and the loss for the year has been transferred to reserves.

FIXED ASSETS

During the year the company spent £nil (2003 - £119,000,000) on intangible fixed assets.

BOARD OF DIRECTORS

The members of the Board who held office during the year were Messrs. M. G. D. Graham (Chairman), G. W. Evers and D. J. Hughes.

DIRECTORS' INTERESTS

The Directors at 1st January 2005 are also Directors of the parent company, The Midland News Association Limited, and their interests in the share capital of group companies are shown in the Directors' Report of that company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts 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 accounts, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards and
- prepare the accounts 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 accounts 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.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

POST BALANCE SHEET EVENT

On the 2nd January 2005, the shareholding in the company's immediate parent company, The Midland News Association Limited, held by Claverley Company was transferred to Claverley Group Limited, a wholly owned subsidiary of Claverley Company.

BY ORDER OF THE BOARD

D. J. HUGHES
Secretary

Registered Office:
Queen Street,
Wolverhampton.

8th April 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MNAIP LIMITED

We have audited the company's accounts for the year ended 1st January 2005 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 17. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 1st January 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP.

Ernst & Young LLP
Registered Auditor
Birmingham

8th April 2005

MNAIP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 1st JANUARY 2005.

	Notes	Year ended 1st January 2005 £	54 weeks ended 3rd January 2004 £
Turnover	2	7,100,000	1,400,548
Net operating expenses	3	(5,954,315)	(1,177,699)
Operating Profit		1,145,685	222,849
Interest Payable	4	(2,343,024)	(452,843)
Guarantee fee		35,240	-
Loss on ordinary activities before taxation		(1,162,099)	(229,994)
Taxation credit	7	693,630	137,052
Retained loss for the year	13	(468,469)	(92,942)

All activities of the company are continuing.

The company has no recognised gains or losses other than those included in the losses above, and therefore no separate statement of total recognised gains and losses has been presented.

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

MNAIP LIMITED

BALANCE SHEET AT 1st JANUARY 2005

	Notes	2004 £	2003 £
Fixed Assets			
Intangible fixed assets	8	111,876,301	117,826,301
Current Assets			
Debtors	9	864,507	137,152
Creditors: amounts falling due within one year	10	(9,902,667)	(7,556,843)
Net current liabilities		(9,038,160)	(7,419,691)
Total assets less current liabilities		102,838,141	110,406,610
Creditors : amounts falling due after one year	11	(103,399,452)	(110,499,452)
Net Liabilities		(561,311)	(92,842)
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account	13	(561,411)	(92,942)
Equity Shareholders' deficit	14	(561,311)	(92,842)

The accounts on pages 5 to 11 were approved by the Board on the 8th April 2005 and the following was authorised to sign the accounts on behalf of the Board:

M. G. DOUGLAS GRAHAM
Chairman

MNAIP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 1st JANUARY 2005

1. ACCOUNTING POLICIES

A summary of the more important accounting policies, which have been applied consistently throughout the year, unless otherwise stated, is set out below.

a) Fundamental accounting concept

The company is party to group banking facilities. These facilities are made available to the company, if and when required, to enable the company to continue operating and to meet its liabilities as they fall due. The accounts have been prepared on the going concern basis as the directors have obtained an undertaking from the ultimate parent company, Claverley Company, that sufficient finance will be available to meet any obligations as they fall due. The Directors believe that it is therefore appropriate to prepare the accounts on a going concern basis.

b) Basis of accounting and consolidation

The company prepares its accounts on the historical cost basis of accounting, in accordance with applicable accounting standards in the United Kingdom. They incorporate the results of the company for the 52 weeks ended 1st January 2005. (2003 – 54 weeks ended 3rd January 2004).

c) Turnover

Turnover represents licence fee rental's receivable (excluding VAT) in respect of the year for services supplied.

d) Intangible Assets

Intangible assets are amortised on a straight-line basis over their estimated useful lives up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

e) Deferred Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all 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 or a right to pay less tax in the future have occurred at the balance sheet date, with the following exceptions.

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned.

MNAIP LIMITED

NOTES TO THE ACCOUNTS (Continued)

e) Deferred Taxation (Continued)

However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when the replacement assets are sold;

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

f) Leases

Assets held for use on operating leases are recorded as fixed assets and are amortised over the term of the lease. Rental income from operating leases is recognised on a straight line basis over the period of the lease.

2. TURNOVER

Turnover arises from the leasing of intellectual property carried out wholly within the United Kingdom.

3. NET OPERATING EXPENSES

	Year ended 1st January 2005	54 weeks ended 3rd January 2004
	£	£
Auditors' Remuneration		
- audit services	2,750	2,500
- non-audit services	1,550	1,500
Amortisation of intangible assets	5,950,000	1,173,699
Other operating charges	15	-
	5,954,315	1,177,699

4. INTEREST PAYABLE

	£	£
Interest payable on long term loans from Fellow subsidiary undertakings	2,343,024	452,843

MNAIP LIMITED

NOTES TO THE ACCOUNTS (Continued)

5. EMPLOYEES

There were no employees of the company during the year.

6. DIRECTORS' REMUNERATION

No payments were made to the Directors during the year.

7. TAXATION

	Year ended 1st January 2005	54 weeks ended 3rd January 2004
UK Current Tax:	£	£
UK Corporation Tax on losses for the year		(137,052)
Group Relief receivable	(693,630)	-
	(693,630)	(137,052)

Factors affecting the tax credit for the year
The tax credit on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK (30%)

Loss on ordinary activities before tax	(1,162,099)	(229,994)
Loss on ordinary activities multiplied by the standard rate of corporation tax in UK (30%) (2003: 30%)	(348,630)	(68,998)
Effects of:		
Expenses not deductible for tax purposes	1,785,000	352,110
Book profit in excess of chargeable gain	(2,130,000)	(420,164)
Current tax credit for the year (see above)	(693,630)	(137,052)

8. INTANGIBLE FIXED ASSETS

	Intellectual Property
At Cost:	£
At 3rd January 2004	119,000,000
Addition	-
At 1st January 2005	119,000,000
Amortisation:	
At 3rd January 2004	1,173,699
Amounts charged during the year	5,950,000
At 1st January 2005	7,123,699
Net book value at 1st January 2005	111,876,301
Net book value at 3rd January 2004	117,826,301

NOTES TO THE ACCOUNTS (Continued)

9. DEBTORS

	2004	2003
	£	£
Corporation Tax – Group relief	340,676	137,052
Amounts due from parent undertaking	488,591	100
Amounts due from fellow subsidiary undertaking	35,240	-
	864,507	137,152

10. CREDITORS: Amounts falling due within one year

	£	£
Amounts due to Fellow subsidiary companies	2,795,867	452,843
Other creditors	6,800	4,000
Accruals and deferred income	7,100,000	7,100,000
	9,902,667	7,556,843

11. CREDITORS: Amounts falling due after one year

	£	£
Amounts due to fellow subsidiary undertakings (see below)		
- long term interest bearing loan	48,000,000	48,000,000
Accruals and deferred income -		
Between 1 and 2 years	7,100,000	7,100,000
Between 2 and 5 years	21,300,000	21,300,000
Between 5 and 10 years	26,999,452	34,099,452
	103,399,452	110,499,452

The long-term interest bearing loans will be repaid in full on 21st October 2023 and bear interest in the first 10 years at 4.85% and in the second 10 years at 0.5% above the yield on 10 year Treasury Gilts available at that time.

12. SHARE CAPITAL

Authorised, Allotted, called up and fully paid

	£	£
Ordinary shares of £1 each	100	100

MNAIP LIMITED

NOTES TO THE ACCOUNTS (Continued)

13. PROFIT AND LOSS ACCOUNT

	2004	2003
	£	£
Retained losses at 3rd January 2004	(92,942)	-
Retained loss for the year	(468,469)	(92,942)
Retained loss at 1st January 2005	(561,411)	(92,942)

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2004	2003
	£	£
Opening Shareholders' deficit	(92,842)	-
Shares issued	-	100
Retained loss for the year	(468,469)	(92,942)
Closing Shareholders' deficit	(561,311)	(92,842)

15. CONTINGENT LIABILITY

The company is party to group banking arrangements under which subsidiaries of Claverley Company cross guarantee their overdraft facilities of £55 million.

16. RELATED PARTY DISCLOSURE

The company has taken advantage of the exemption in FRS8 as a wholly owned subsidiary not to disclose details of related party transactions required by the standard.

17. PARENT COMPANY

The company is a wholly owned subsidiary undertaking of The Midland News Association Limited, a company registered in England & Wales. It has included the company in its group accounts. The ultimate parent undertaking is Claverley Company, also registered in England & Wales.

On the 2nd January 2005, the shareholding in the company's immediate parent company, The Midland News Association Limited, held by Claverley Company was transferred to Claverley Group Limited, a wholly owned subsidiary of Claverley Company.