

INDEPENDENT NEWSPAPERS (REGIONALS) LIMITED

(Registered Number: 366295)

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 2010

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INDEPENDENT NEWSPAPERS (REGIONALS) LIMITED

(Registered Number: 366295)

**DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

The directors submit their report and the audited financial statements of the company for the year ended 31 December 2010

The directors' report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company is an investment holding company and holds shares in Independent News and Media Limited. As a result of the economic downturn the company's investment in Independent News and Media Limited is deemed to be impaired and therefore an impairment charge in respect of this investment has been booked this year.

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

RESULTS AND DIVIDENDS

The company made a loss of £5,470,657 (year ended 31 December 2009 £7,923,874)

The directors do not recommend payment of a dividend (year ended 31 December 2009 £nil)

DIRECTORS

The following directors served during the year

I G Fallon	(resigned 23 February 2010)
B M A Hopkins	(resigned 31 December 2010)
A J Round	(resigned 1 September 2011)
V Crowley	(appointed 29 September 2010)
E O'Kennedy	(appointed 1 September 2011)
R J McClean	(appointed 1 September 2011)

DIRECTORS' INSURANCE

During the year to 31 December 2010 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 (REGIONALS) LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (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.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

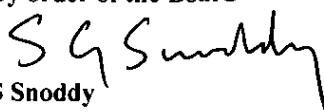
So far as each of the directors in office at the date of approval of the financial statements is aware:

- (a) there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board


S Snoddy
Company Secretary

Date: 23 September 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

INDEPENDENT NEWSPAPERS (REGIONALS) LIMITED

We have audited the financial statements of Independent Newspapers (Regionals) Ltd for the year ended 31 December 2010 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.

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 2010 and of its loss 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

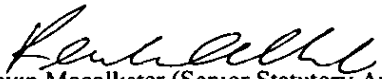
Opinion on other matter prescribed by the Companies Act 2006

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


Kevin Macallister (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast

23 September 2011

INDEPENDENT NEWSPAPERS (REGIONALS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Year ended 31 December 2010 £	Year ended 31 December 2009 £
TURNOVER		-	-
COST OF SALES		<u>-</u>	<u>-</u>
GROSS LOSS		-	-
EXCEPTIONAL COSTS	2	(5,470,657)	(7,923,874)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>(5,470,657)</u>	<u>(7,923,874)</u>
Tax on loss on ordinary activities	7	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR		<u>(5,470,657)</u>	<u>(7,923,874)</u>

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

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

INDEPENDENT NEWSPAPERS (REGIONALS) LIMITED
COMPANY NUMBER · 366295

BALANCE SHEET

AS AT 31 DECEMBER 2010

	Note	Year ended 31 December 2010 £	Year ended 31 December 2009 £
FIXED ASSETS			
Investment	4	5,845,180	11,315,837
		<u>5,845,180</u>	<u>11,315,837</u>
 NET ASSETS		 <u>5,845,180</u>	 <u>11,315,837</u>
 CAPITAL AND RESERVES			
Represented by			
Called up share capital	5	7,226,546	7,226,546
Share premium account	6	29,604	29,604
Profit and loss account	6	(1,410,970)	4,059,687
		<u></u>	<u></u>
TOTAL SHAREHOLDERS' FUNDS		<u>5,845,180</u>	<u>11,315,837</u>

The financial statements on pages 4 to 9 were approved by the board on 23 September 2011 and were signed on its behalf by

R J McClean - Director



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

INDEPENDENT NEWSPAPERS (REGIONALS) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards

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 (Independent News and Media PLC 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

(b) Investments

Investments in subsidiary and associated undertakings are stated at cost. The directors have considered the amount at which investments are carried at 31 December 2010 and are satisfied that their value was not less than the amount at which those assets are stated in the company's balance sheet. Those fixed asset investments, which have suffered a diminution in value, are recorded in the balance sheet after providing for that diminution in value

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year Ended 31 December 2010	Year Ended 31 December 2009
Loss on ordinary activities before taxation is stated after charging	£	£
Exceptional cost - Impairment of investment	5,470,657	7,923,874

Auditors' remuneration was borne by a fellow subsidiary

3 DIRECTORS' EMOLUMENTS

No director received any emoluments from the company in respect of services during the year (year to December 2009 nil)

Full details of the Directors' emoluments of A J Round, B M A Hopkins, I G Fallon and V Crowley in respect of their services to the UK Group and the International Group can be found in the financial statements of Independent News & Media (UK) Limited and Independent News & Media PLC

INDEPENDENT NEWSPAPERS (REGIONALS) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

4 INVESTMENTS

	£
Cost	
At 31 December 2010 & 31 December 2009	44,946,866
Provision for impairment	
At 31 December 2009	33,631,029
Charge for the year	5,470,657
At 31 December 2010	39,101,686
Net book value	
At 31 December 2010	5,845,180
At 31 December 2009	11,315,837

The company owns 12.5% of the ordinary shares of Independent News and Media Ltd, a company incorporated in the United Kingdom. Its principal activity is the publishing of newspapers and magazines.

Following continuing poor trading in 2010, a carrying value review of investments was undertaken on a value in use basis, assessing whether the carrying value of investments was supported by the net present value of future cash flows derived from those assets. A discount rate of 8.6% and a long term growth rate of 1.91% was used. The review indicated an impairment of £5,470,657 which has been booked in the current year.

The directors are of the opinion that the values of the investments in subsidiaries are not less than their book values.

Under Section 400 of the Companies Act 2006 the company is exempt from the obligation to prepare group accounts, as the company is a wholly owned subsidiary of Independent News and Media PLC, and is included in the consolidated financial statements of that company, a company incorporated in the Republic of Ireland (see Note 11).

5 CALLED UP SHARE CAPITAL

	Authorised 2009 & 2010 £	Issued and fully paid 2009 & 2010 £
Equity shares		
Ordinary shares of £1 each	7,226,546	7,226,546

All shares enjoy equal voting rights. Dividend rights are determined at the discretion of the company. All shares have equal rights on the winding up of the company.

INDEPENDENT NEWSPAPERS (REGIONALS) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

6 RESERVES

	Share Premium Account £	Profit & Loss £
At 1 January 2010	29,604	4,059,687
Loss for the year	-	(5,470,657)
	-	-
At 31 December 2010	29,604	(1,410,970)

7 TAX ON LOSS ON ORDINARY ACTIVITIES

Factors affecting the tax charge for the period

The tax assessed for the period is lower than (2009 lower than) the standard rate of corporation tax in the UK (28%) The differences are explained below

	2010 £	2009 £
Loss on ordinary activities before tax	(5,470,657)	(7,923,874)
Loss on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 28% (2009 28%)	(1,531,784)	(2,218,685)
Effects of Expenses not deductible for tax purposes	1,531,784	2,218,685
	-	-
Current tax charge for the period	-	-

Factors that may affect future tax charges

Further reductions to the UK Corporation tax rate have been announced The following changes had not been substantially enacted at the balance sheet date With effect from 1 April 2011 the rate was reduced from 28% to 26% rather than to 27% This change was substantively enacted on 29 March 2011 following the March 2011 budget Further changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 23% by 1 April 2014

8 EMPLOYEES

The company did not employ any staff during the year (2009 nil)

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Opening Shareholders' Funds at 1 January 2010	11,315,837
Loss for the year	(5,470,657)
Closing Shareholders' Funds at 31 December 2010	5,845,180

INDEPENDENT NEWSPAPERS (REGIONALS) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

10 CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The company is a wholly-owned subsidiary of a parent undertaking established under the law of a member state of the European Community. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1. The company is also exempt under the terms of FRS 8 from disclosing any related party transactions with entities that are part of the Independent News and Media PLC group. There were no other related party transactions.

11 ULTIMATE PARENT UNDERTAKING

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

The ultimate holding company and controlling party 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, 2023 Bianconi Avenue, Citywest Business Campus, Naas Road, Dublin 24, Ireland.

12 FINANCIAL SUPPORT

The ultimate parent company, Independent News & Media PLC, has undertaken to provide such additional funds as may be required to enable the company to meet its obligations as they fall due for a period of at least 12 months from the approval of these accounts.