

THE PERFECT POSTER COMPANY LIMITED
(Registered Number: 1131184)

DIRECTORS' REPORT AND ACCOUNTS

27 DECEMBER 1996



THE PERFECT POSTER COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS

52 WEEKS ENDED 27 DECEMBER 1996

DIRECTORS' REPORT

The directors submit their report and the accounts of the company for the 52 weeks ended 27 December 1996.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements 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 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 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 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 financial statements 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.

REVIEW OF THE BUSINESS

The company acts as a holding company.

On 2 August 1996, the company increased its interest in Buspak (UK) Limited from 50% to 51% for a cash consideration of £75,375. On 26 November 1996, the entire interest in Buspak (UK) Limited was sold to the company's immediate holding company, Independent Newspapers Holdings Limited, for consideration of £4,000,000.

RESULTS AND DIVIDENDS

The company's profit, after taxation, was £3,799,625 (the company did not trade in 1995). The entire profit has been transferred to reserves. The directors do not recommend payment of a dividend (1995: £Nil).

THE PERFECT POSTER COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS

52 WEEKS ENDED 27 DECEMBER 1996

DIRECTORS' REPORT (Continued)

DIRECTORS

The following directors served during the year:

L P Healy
B M A Hopkins
J J Parkinson

The interests of the directors in the ultimate holding company are disclosed in that company's accounts. None of the directors had any beneficial interest in the shares of the company during the year.

A J Round was appointed as director and company secretary on 1 May 1997.

AUDITORS

The auditors, Price Waterhouse, have expressed their willingness to be reappointed.

By order of the Board



A J Round
Company Secretary

26 June 1997

**AUDITORS' REPORT TO THE MEMBERS OF
THE PERFECT POSTER COMPANY LIMITED**

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 27 December 1996 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Price Waterhouse,

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

26 June 1997

Southwark Towers
32 London Bridge Street
London SE1 9SY

THE PERFECT POSTER COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

52 WEEKS ENDED 27 DECEMBER 1996

	Note	52 weeks ended 27 December 1996 £	52 weeks ended 29 December 1995 £
NET OPERATING PROFIT	2	-	-
Profit on sale of fixed asset investment	3	3,799,625	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,799,625	-
Taxation	4	-	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,799,625	-
Additional finance costs of non - equity shares	9	(51,813)	-
		<hr/>	<hr/>
RETAINED PROFIT ATTRIBUTABLE TO SHAREHOLDERS		3,747,812	-
Additional finance costs of non - equity shares		51,813	-
		<hr/>	<hr/>
RETAINED PROFIT FOR THE YEAR		3,799,625	-
ACCUMULATED LOSSES BROUGHT FORWARD		(7,568)	(7,568)
		<hr/>	<hr/>
RETAINED PROFIT CARRIED FORWARD		3,792,057	(7,568)

There were no recognised gains or losses other than the profit for the year.

There is no difference between the results reported above and the results on an unmodified historical cost basis.

The notes on pages 6 to 8 form part of these accounts.

THE PERFECT POSTER COMPANY LIMITED

BALANCE SHEET

AS AT 27 DECEMBER 1996

	Note	27 December 1996		29 December 1995	
		£	£	£	£
FIXED ASSETS					
Investments	5		-		125,000
CURRENT ASSETS					
Debtors	6	3,824,560		850,168	
CREDITORS					
Amounts falling due within one year	7	<u>-</u>		<u>(950,233)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>3,824,560</u>		<u>(100,065)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,824,560</u>		<u>24,935</u>
CAPITAL AND RESERVES					
Represented by:					
Called up share capital	8		32,503		32,503
Profit and loss account			<u>3,792,057</u>		<u>(7,568)</u>
	12		<u>3,824,560</u>		<u>24,935</u>
Comprising:					
Equity interests			3,740,247		(7,565)
Non - equity interests			<u>84,313</u>		<u>32,500</u>
			<u>3,824,560</u>		<u>24,935</u>

Approved by the Board on 26 June 1996



A J Round - Director

The notes on pages 6 to 8 form part of these accounts.

THE PERFECT POSTER COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 27 DECEMBER 1996

1 ACCOUNTING POLICIES

- a) The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.
- b) Investments are valued at cost less provision for any permanent diminution in value.
- c) The financial year ends on the last Friday nearest 31 December. Periodically this results in a fifty three week year.

2 NET OPERATING EXPENSES

Auditors' Remuneration

Auditors' remuneration is borne by the parent company.

Directors' Emoluments and Employees

No director received any emoluments in respect of services to the company during the year (1995: Nil). There were no employees during the year (1995: Nil).

3 PROFIT ON SALE OF FIXED ASSET INVESTMENT

	£
Proceeds	4,000,000
Cost of Investment	<u>(200,375)</u>
	<u>3,799,625</u>

The company sold its stake in Buspak (UK) Limited to its immediate holding company, Independent Newspapers Holdings Limited, on 26 November 1996.

4 TAXATION

No tax arose on the disposal of Buspak (UK) Limited to Independent Newspapers Holdings Limited.

5 INVESTMENTS

	Interests in associated undertakings £
At 29 December 1995	125,000
Additions	75,375
Disposals	<u>(200,375)</u>
At 27 December 1996	<u>-</u>

The company's interest in associated undertakings comprised an interest in Buspak (UK) Limited, a company registered in England and operating in the United Kingdom, whose principal activity is the provision of outdoor advertising services.

On 2 August 1996, the company acquired an additional 1% interest in Buspak (UK) Limited for £75,375. On 26 November 1996, the entire interest (51%) was sold to its immediate holding company, Independent Newspapers Holdings Limited, for a consideration of £4,000,000 (see note 3).

The company is exempt from preparing group accounts by virtue of Section 228 of the Companies Act 1985 as it is a wholly owned subsidiary of Independent Newspapers Plc, a company incorporated and registered in the Republic of Ireland.

THE PERFECT POSTER COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 27 DECEMBER 1996

6 DEBTORS

	1996 £	1995 £
Amounts owed by parent undertakings	3,824,560	-
Amounts owed by associated undertakings	-	850,168
	<u>3,824,560</u>	<u>850,168</u>

Amounts owed by parent and associated undertakings are non-interest bearing, unsecured and repayable on demand.

7 CREDITORS (amounts falling due within one year)

	1996 £	1995 £
Amounts owed to parent undertaking	-	950,233

The amounts owed to the parent undertaking are interest free and payable on demand.

8 CALLED UP SHARE CAPITAL

	1996 £	Authorised 1995 £	1996 £	Allotted and fully paid 1995 £
Equity shares:				
Ordinary £1 shares	5,000	5,000	3	3
Non - equity shares:				
'A' redeemable cumulative £1 preference shares	45,000	45,000	-	-
'B' redeemable cumulative £1 preference shares	<u>32,500</u>	<u>32,500</u>	<u>32,500</u>	<u>32,500</u>
	<u>82,500</u>	<u>82,500</u>	<u>32,503</u>	<u>32,503</u>

The preference shares have priority on dividends and payment of capital. However they have no voting rights unless the fixed preferential dividend remains unpaid. The preference shares are redeemable at the option of the company.

9 ARREARS OF CUMULATIVE PREFERENCE DIVIDEND

The dividends in arrears on the 'B' 10% redeemable cumulative preference shares at 27 December 1996 amount to £51,813(1995: £48,563).

10 CASH FLOW STATEMENT

The company is exempt from producing a cash flow statement under Financial Reporting Standard 1 as it is wholly owned by a parent undertaking established under the law of a member state of the European Community. The parent undertaking prepares consolidated financial statements, including a consolidated cash flow statement, which includes all subsidiary undertakings. These financial statements are drawn up in accordance with companies legislation promulgated within the Republic of Ireland.

THE PERFECT POSTER COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 27 DECEMBER 1996

11 ULTIMATE HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The company is a 100% owned subsidiary of Independent Newspapers Holdings Limited, a company incorporated in Great Britain and registered in England. The ultimate holding company is Independent Newspapers Plc, a company incorporated in the Republic of Ireland.

As permitted by paragraph 3(c) of FRS8 - Related Party Disclosures, transactions with other entities in the group are not disclosed.

The only accounts produced which include the results of the company are those of Independent Newspapers Plc. A copy of those accounts can be obtained from 1/2 Upper Hatch Street, Dublin 2.

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	1996 £	1995 £
Profit attributable to shareholders	3,747,812	-
Additional finance costs of non - equity shares	51,813	-
Opening shareholders funds	<u>24,935</u>	<u>24,935</u>
Closing shareholders funds	<u>3,824,560</u>	<u>24,935</u>