

**INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED**  
(Registered Number: 3899652)

**DIRECTORS' REPORT AND ACCOUNTS**

**31 DECEMBER 2007**

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**INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**YEAR ENDED 31 DECEMBER 2007**

**DIRECTORS' REPORT**

The Directors submit their report and the accounts of the Company for the year ended 31 December 2007

**REVIEW OF THE BUSINESS**

The principal activity during the period was investment monitoring

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

**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

**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.

**RESULTS AND DIVIDENDS**

Profit on ordinary activities for the year after taxation was £2,388,077 (2006 loss £217,761). The Directors do not recommend the payment of a dividend (2006 nil).

**DIRECTORS AND THEIR INTEREST**

The following Directors served throughout the year

B M A Hopkins  
A J Round  
A A Canavan  
Dr C Gibson  
B McIvor  
Lady M Quigley  
T M Ringland  
Lord D Rogan  
L J P O'Hagan  
I G Fallon  
D O'Reilly

Following changes to UK company law by the Companies Act 2006, which came into effect on 6 April 2007, the requirements to maintain a register of Directors' interests and to disclose these interests in the Company's statutory report and accounts have been repealed. Consequently the Company no longer makes a disclosure in this regard.

**INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**YEAR ENDED 31 DECEMBER 2007**

**DIRECTORS' REPORT (continued)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 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.

In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that they ought to have taken as a director 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**

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**



**D Bracken**  
Company Secretary

6 Oct 2008

2008

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED**

We have audited the financial statements of Independent News and Media (Northern Ireland) Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions 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**

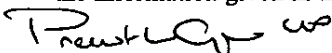
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

1 Embankment Place

London

WC2N 6RH

16 October 2008

**INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31 DECEMBER 2007**

	Note	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
Administrative expenses		<u>(316,923)</u>	<u>(316,761)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	(316,923)	(316,761)
Tax on loss on ordinary activities	4	<u>2,705,000</u>	<u>99,000</u>
<b>RETAINED PROFIT / (LOSS) FOR THE PERIOD</b>		2,388,077	(217,761)
<b>ACCUMULATED PROFIT BROUGHT FORWARD</b>		<u>7,058,842</u>	<u>7,276,603</u>
<b>ACCUMULATED PROFITS CARRIED FORWARD</b>		<u>9,446,919</u>	<u>7,058,842</u>

The result for the financial period is derived entirely from continuing operations within the United Kingdom

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

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

**The notes on pages 6 to 10 form part of these accounts**

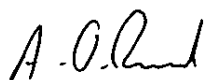
**INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2007**

	Note	31 December 2007 £	31 December 2006 £
<b>CURRENT ASSETS</b>			
Debtors	6	9,454,920	7,066,843
<b>CREDITORS</b>			
Amounts falling due within one year	7	<u>(8,000)</u>	<u>(8,000)</u>
<b>NET CURRENT ASSETS</b>		<u>9,446,920</u>	<u>7,058,843</u>
<b>NET ASSETS</b>		<u>9,446,920</u>	<u>7,058,843</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	1	1
Profit and loss account		<u>9,446,919</u>	<u>7,058,842</u>
<b>EQUITY SHAREHOLDER'S FUNDS</b>		<u>9,446,920</u>	<u>7,058,843</u>

Approved by the Board on 6<sup>th</sup> Oct 2008



A J Round – Director

The notes on pages 6 to 10 form part of these accounts.

# INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2007

### 1 ACCOUNTING POLICIES

#### a) Basis of Preparation

The accounts are prepared under the historical cost convention, in accordance with the Companies Act and with applicable accounting standards. The financial statements are prepared on the going concern basis because the company's ultimate parent company has committed to provide financial support to the company to enable it to meet its liabilities as they fall due, for the foreseeable future.

#### b) Deferred Tax

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.

### 2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2007 £	2006 £
Loss on ordinary activities before taxation is stated after charging		
Wages and salaries	200,000	200,000
Social security costs	20,923	20,761
Staff costs	<u>220,923</u>	<u>220,761</u>
Consultancy fees	<u>96,000</u>	<u>96,000</u>

Auditors' remuneration is borne by the parent company.

### 3 DIRECTORS' EMOLUMENTS

	2007 £	2006 £
Director's emoluments consist of		
Aggregate emoluments (see note 2)	<u>220,923</u>	<u>220,761</u>

Full details of the Directors' emoluments of A J Round, I G Fallon and B M A Hopkins 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 NEWS & MEDIA (NORTHERN IRELAND) LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**4 TAXATION**

**(a) Analysis of (credit) for the period**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
Adjustment in respect of prior years	-	(99,000)
	-	(99,000)

**(b) Factors affecting the tax credit for the period**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%)  
The differences are explained below

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Profit / (Loss) on ordinary activities before tax	(316,923)	(316,761)
Profit / (Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(95,077)	(95,028)
<i>Effects of</i>		
Losses not utilised in the period	-	95,028
Tax charge on imputed interest income	114,653	-
Adjustments to tax charge in respect of previous periods	282,831	(99,000)
Brought forward losses utilised	(126,930)	-
Group relief claimed	(2,880,477)	-
Current tax credit for period	(2,705,000)	(99,000)

Both the current and total tax credit on the profit / (loss) before tax will continue to be affected by the generation and surrender of tax losses

The current tax credit relates to group relief provided to a fellow subsidiary company against capital profit in that subsidiary company for which payment will be received by Independent News & Media (Northern Ireland) Limited

**(c) Deferred Tax**

No deferred tax was recognised at 31 December 2007 (31 December 2006 £nil) on the basis that there is insufficient evidence of suitable taxable profits from which the tax losses can be offset against and from which the future reversal of the underlying timing difference can be deducted

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Tax losses carried forward	-	126,930
	-	126,930

The potential deferred tax asset in 2006 was measured on a non-discounted basis at the current corporation tax rate of 30% at that time



# INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 5 INVESTMENTS

	Shares in Group Undertakings £
At 31 December 2006 & 31 December 2007	
Cost	172,015,350
Impairment provision	<u>(172,015,350)</u>
Net book value	<u>-</u>

The Company's subsidiaries (which are all registered and operating in England) at 31 December 2007 were as follows

Subsidiaries	Business	Percentage of nominal value of ordinary shares
TIH Belfast	Investment	100%
Independent News & Media (Nominees) Ltd	Investment	100%

TIH Belfast is in the process of being wound up

Independent News & Media (Nominees) Ltd was dormant during the financial period

Under Section 228 of the Companies Act 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 12)

### 6 DEBTORS (amounts falling due within one year)

	2007 £	2006 £
Amounts owed by Group undertakings	9,441,919	7,053,842
Other debtors	<u>13,001</u>	<u>13,001</u>
	<u>9,454,920</u>	<u>7,066,843</u>

Amounts owed by Group undertakings are non-interest bearing, unsecured and repayable on demand

**INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**7 CREDITORS (amounts falling due within one year)**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Other creditors	<u>8,000</u>	<u>8,000</u>
	<u>8,000</u>	<u>8,000</u>

**8 SHARE CAPITAL**

	<b>Authorised</b>		<b>Allotted, called up and fully paid</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>1</u>	<u>1</u>

**9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**

	<b>£'000</b>
Opening Shareholders Funds at 1 January 2007	7,058,843
Profit for the year	<u>2,388,077</u>
Closing Shareholders Funds at 31 December 2007	<u>9,446,920</u>

**10 EMPLOYEES**

The Company had no employees other than directors (11) during the period (2006 11)

**11 CONTINGENT LIABILITIES**

The Company has guaranteed the bank advances of its parent company and certain subsidiary undertakings to a maximum of €440,000,000 in conjunction with other Group companies

**12 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.

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**INDEPENDENT NEWS & MEDIA (NORTHERN IRELAND) LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**13 ULTIMATE HOLDING COMPANY AND RELATED PARTY TRANSACTIONS**

The ultimate holding company is Independent News & Media 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. There are no other related party transactions.

The immediate parent company is Independent News & Media (UK) Ltd, a company incorporated in the United Kingdom.

The only consolidated accounts produced that include the results of the Company are those of Independent News & Media PLC. A copy of those accounts can be obtained from Independent House, 2023 Bianconi Avenue, Citywest Business Campus, Naas Road, Dublin 24, Ireland.