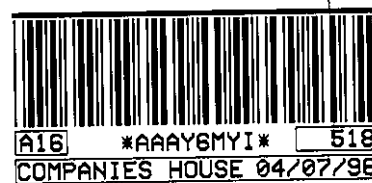


REPORT AND FINANCIAL STATEMENTS
MIDLAND NEWSPAPERS LIMITED
(formerly known as Coventry Newspapers Limited)
the 52 weeks ended 31 DECEMBER 1995
Company Number: 47310



Midland Newspapers Limited
formerly Coventry Newspapers Limited

DIRECTORS' REPORT

The directors submit their report and financial statements for the 52 weeks ended 31 December 1995.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity continued to be that of newspaper publishing. On 21st December 1995 the Company acquired 100% of the share capital of Midland Newspapers Limited. On the 29th December 1995 the Company changed its name from Coventry Newspapers Limited to Midland Newspapers Limited. On the 31st December 1995 the whole of the trading operations and assets and liabilities of The Property Bureau Limited (formerly known as Midland Newspapers Limited) were transferred to the company.

Both the level of business and the year end financial position remain satisfactory, and the directors expect the present level of activity will be sustained for the foreseeable future.

RESULTS AND DIVIDENDS FOR THE YEAR

The profit for the year, before taxation, amounted to £5,904,000. On the 20th December a dividend of £9,827,000 was paid leaving £5,854,000 to be deducted from reserves.

FUTURE DEVELOPMENTS

The company will continue to serve the market needs of the communities in the Midlands.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

C.J. Oakley (Chairman)	
R.C. Chappell	- resigned 10 January 1996
P.J. Day	
M. Hutchby	- resigned 10 January 1996
R. Mander	- resigned 26 July 1995
D. Wells	- resigned 10 January 1996
J. Whitehouse	
D. Mason	- resigned 10 January 1996
T.W. Page	- resigned 26 July 1995
R. Burton	- appointed 26 July 1995, resigned 10 January 1996
C.S. Payne	- appointed 26 July 1995, resigned 10 January 1996

None of the directors had any interest in the share capital of the company. C.J. Oakley, P.J. Day, T. W. Page and J. Whitehouse are directors of the ultimate parent undertaking, and their interests in the share capital of that company are shown in the financial statements of that company.

The interests of the directors in the shares of Midland Independent Newspapers plc at 31 December 1995 together with their interests at 1 January 1995 and movements in their share options in the year were as follows:

	Shareholdings			
	1st January 1995	31st December 1995		
R. C. Chappell	17,000	18,881		
M. Hutchby	-	-		
R. Mander	18,214	8,214		
D. Wells	8,000	2,500		
D. Mason	-	-		
	Share Options			
	1st January 1995	Granted	Exercised	31st December 1995
R. C. Chappell	80,000	-	-	80,000
M. Hutchby	65,000	-	-	65,000
R. Mander	60,000	-	-	60,000
D. Wells	35,000	-	-	35,000
D. Mason	35,000	-	-	35,000

All Share Options were granted on 25th October 1994 at an option price of £1.35 per share with an exercise period of 25th October 1997 to 24th October 2004.

CHANGES IN FIXED ASSETS

The movements in tangible fixed assets are set out in note 10 to the financial statements.

There is a policy of reviewing property values annually and in the opinion of the directors there is no significant difference between market values and book values as at 31 December 1995.

Midland Newspapers Limited
formerly Coventry Newspapers Limited

DIRECTORS' REPORT (continued)

CHARITABLE CONTRIBUTIONS

During the year the company made charitable contributions amounting to £1,150 (1994: £906).

EMPLOYEE CONSULTATION AND INVOLVEMENT

The company recognises the importance of good communications in relationships with its staff. This is pursued in a number of ways, including regular meetings between management, staff and their representatives.

EMPLOYMENT POLICY

The company is an equal opportunity employer, providing equal employment and advancement opportunities for all employees and applicants for employment regardless of race, sex or age.

DISABLED PERSONS

The company gives full and fair consideration to applications for employment from disabled persons and has an established policy to encourage their employment whenever it is practicable, bearing in mind the requirements of the job and having regard to their particular aptitudes and abilities.

Where an employee becomes disabled during the course of his or her employment, every effort is made to find suitable alternative employment within the company and re-training is given where necessary.

The company continues to train, and encourage the career development of disabled persons in its employment.

INSURANCE OF DIRECTORS

Adequate insurance cover against liabilities in relation to duties of directors for the company is effected through policies negotiated by Midland Independent Newspapers plc.

AUDITORS

Coopers & Lybrand have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the Board



J. Whitehouse
Company Secretary
Date 20.3.96.

Midland Newspapers Limited
formerly Coventry Newspapers Limited

REPORT OF THE AUDITORS
To the members of Midland Newspapers Limited

We have audited the financial statements on pages 4 to 17.

Respective responsibilities of directors and auditors

As described below 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.

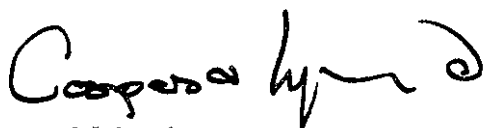
Basis of opinion

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 at 31 December 1995 and of its loss, and total recognised losses for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
Birmingham
Date 20.3.96.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the 52 weeks ended 31 December 1995. The directors also confirm that applicable accounting standards have been followed with the exception of the departure disclosed and explained in note 1 to the financial statements and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and the group, and to prevent and detect fraud and other irregularities.

By order of the Board



J. Whitehouse
Company Secretary
Date 20.3.96.

Midland Newspapers Limited
formerly Coventry Newspapers Limited

PROFIT AND LOSS ACCOUNT
for the 52 weeks ended 31 December, 1995

	Notes	1995 £'000	1994 £'000
TURNOVER			
Continuing operations	2	22,516	21,167
Raw materials and consumables		3,241	3,029
Other external charges		4,369	4,374
Staff costs	5	7,312	7,027
Depreciation		951	904
Other operating charges		950	767
		16,823	16,101
OPERATING PROFIT			
Continuing operations	2	5,693	5,066
Property rent receivable		17	16
Interest receivable		34	29
Profit on Sale of Investment		<u>160</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	5,904	5,111
Tax on profit on ordinary activities	6	(1,931)	(4,702)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,973	409
DIVIDENDS	8	9,827	-
(LOSS) /PROFIT FOR THE YEAR	15	(5,854)	409

All of the company's activities during the year were in respect of continuing operations

Midland Newspapers Limited
formerly Coventry Newspapers Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the 52 weeks ended 31 December, 1995

The company has no recognised gains or losses other than those included in the profit and loss account on page 4 and therefore no separate statement of total recognised gains and losses has been presented.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

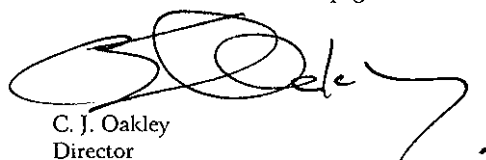
	1995 £'000	1994 £'000
Reported profit on ordinary activities before taxation	5,904	5,111
Difference between historical cost depreciation charge and the actual depreciation charge, calculated on the revalued amount	16	18
Historical cost profit on ordinary activities before taxation	5,920	5,129
Historical cost profit/(loss) for the year retained after taxation	3,989	427

Midland Newspapers Limited
formerly Coventry Newspapers Limited

BALANCE SHEET
at 31 December, 1995

	Notes	1995 £'000	1994 £'000
FIXED ASSETS			
Intangible assets	9	137,638	25,786
Tangible assets	10	37,718	9,257
Investments	11	55,804	
		231,160	35,043
CURRENT ASSETS			
Stocks	12	3,832	236
Debtors	13	32,879	7,775
Cash at bank and in hand		577	1,110
		37,288	9,121
CREDITORS: amounts falling due within one year	14	(206,589)	(9,709)
NET CURRENT LIABILITIES		(169,301)	(588)
TOTAL ASSETS LESS CURRENT LIABILITIES		61,859	34,455
PROVISIONS FOR LIABILITIES AND CHARGES	15	(6,901)	(1,044)
NET ASSETS		54,958	33,411
CAPITAL AND RESERVES			
Called-up share capital	16	1,524	1,515
Share Premium Account	18	27,392	-
Property revaluation reserve	18	1,028	1,044
Title revaluation reserve	18	23,949	23,949
Profit and loss account	18	1,065	6,903
Equity shareholders' funds		54,758	33,211
Non Equity shareholders' funds		200	200
Shareholders' Funds	19	54,958	33,411

The financial statements on pages 4 to 17 were approved by the board of directors on and were signed on its behalf by:


C. J. Oakley
Director

Midland Newspapers Limited
formerly Coventry Newspapers Limited

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 31 December 1995

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable Accounting Standards in the United Kingdom. However, compliance with SSAP 19 'Accounting for investment properties', requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the result of the departure is given in the note relating to investment properties below. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets. The company by virtue of section 228.1.(a) of the Companies Act 1985, is exempt from preparing group financial statements.

The basis of accounting has changed from calendar months to a 4 or 5 week accounting period. These results therefore, cover the fifty-two week period to 31 December 1995 whereas the 1994 figures cover the twelve month period to 31 December 1994.

Investment Property

In accordance with SSAP 19 the investment property is professionally valued by an independent firm of valuers at regular intervals and by the directors at other times. The valuations are adopted in the financial statements and the aggregate surplus transferred to a revaluation reserve. Any deficit is initially charged to the revaluation reserve, with any permanent deficit in excess of the balance on the revaluation reserve being charged to the profit and loss account. Although required by the Companies Act 1985, no depreciation is provided in respect of the investment property. The directors consider that as these properties are held for investment and not for consumption, this accounting policy results in the financial statements giving a true and fair view.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold property	- 50 years
Long leasehold buildings	- over the period of the lease
Short leasehold buildings	- over the period of the lease
Plant and other equipment	- 3 to 15 years

Intangible assets

The value attributable to individual titles is stated at directors' valuation. No amortisation is provided on the value attributed to titles since, in the opinion of the directors, they do not have a finite useful life. Provision is made for permanent diminution in value. No provision is made for corporation tax on capital gains that would arise on the disposal of these titles at their revalued amounts, since there are currently no plans for their disposal.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Cash flow statement

The company is a wholly-owned subsidiary of Midland Independent Newspapers plc and the cash flow of the company is included in the consolidated cash flow statement of Midland Independent Newspapers plc. Consequently, the company is exempt under the terms of Financial Reporting Standard Number 1 from publishing a cash flow statement.

Leasing and hire purchase commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital element of the leasing commitment is shown as obligations under finance leases.

Midland Newspapers Limited
formerly Coventry Newspapers Limited

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 31 December 1995 (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities and is stated net of value added tax and sales discounts.

Pensions

The expected cost of pensions in respect of the company's defined benefit pension schemes are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes. Variations from regular cost are spread over the expected remaining service lives of current employees in the schemes. The pension cost is assessed in accordance with the advice of a qualified actuary, with valuations carried out on a triennial basis. There are no post-retirement benefits other than pensions.

2. ANALYSIS OF TURNOVER, OPERATING PROFIT, AND NET ASSETS

The directors have decided not to analyse turnover, operating profit or net assets by class of business, as in their opinion no additional meaningful information would result. All activities are carried out in the United Kingdom and are in respect of continuing operations.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1995 £'000	1994 £'000
This is stated after charging/(crediting) the following		
Depreciation - owned assets	951	904
Auditors' remuneration for audit	20	21
Operating lease rentals - land and buildings	69	70
- plant and machinery	250	204
Profit on disposal of tangible fixed assets	(4)	(58)
Rental income	(17)	(16)
Profit on disposal of investment	(160)	-

Remuneration of the company's auditors for provision of non-audit services was £7,000. This includes taxation compliance and advisory fees of £5,000, and also includes non-statutory audit services.

Midland Newspapers Limited
formerly Coventry Newspapers Limited

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 31 December 1995 (continued)

4. DIRECTORS' EMOLUMENTS

	1995	1994
	£'000	£'000
Salary (including benefits in kind)	263	273
Pension contributions (see note 7)	10	25
	<u>273</u>	<u>298</u>
Compensation for loss of office	-	-
	<u>273</u>	<u>298</u>

The emoluments of the chairman and highest paid director were as follows:

	Chairman £'000	1995 Highest paid director £'000	Chairman £'000	1994 Highest paid director £'000
Salary (including benefits in kind)	-	62	-	68
Pension contributions (see note 7)	-	Nil	-	12
	<u>-</u>	<u>62</u>	<u>-</u>	<u>80</u>

The number of directors (including the chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1995	1994
	Number	Number
£0 - £5,000	5	4
£5,001 - £10,000	-	-
£10,001 - £15,000	-	-
£15,001 - £20,000	-	1
£20,001 - £25,000	1	-
£25,001 - £30,000	1	-
£35,001 - £40,000	-	-
£40,001 - £45,000	-	2
£45,001 - £50,000	1	1
£55,001 - £60,000	1	-
£50,001 - £55,000	1	1
£60,001 - £65,000	1	-
£65,001 - £70,000	-	1

Midland Newspapers Limited
formerly Coventry Newspapers Limited

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 31 December 1995 (continued)

5. EMPLOYEE INFORMATION

The average weekly number of employees during the year was as follows:

	1995 Number	1994 Number
Newspaper publishing		
Full time	391	404
Part time (full time equivalents)	56	65
	447	469
Other activities		
Full time	6	8
Part time (full time equivalents)	1	1
	7	9
	1995	1994
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	6,553	6,404
Social security costs	563	567
Other pension costs (see note 7)	12	25
Redundancy costs	184	31
	7,312	7,027

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995 £'000	1994 £'000
United Kingdom corporation tax charge/(credit) at 33% (1994: 33%)		
Current	1,817	-
Deferred	128	224
Group relief	(14)	4,475
(Over)/under provision in respect of previous years:		
Deferred	-	3
	(1,931)	4,702

Midland Newspapers Limited
formerly Coventry Newspapers Limited

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 31 December 1995 (continued)

7. PENSIONS

The company is a participating company in the Midland Independent Newspapers plc group pension schemes namely, Midland Independent Newspapers Pension Scheme ("MINPS"), Midland Independent Newspapers Executive Pension Plan ("MINEPP"). Details of the schemes and the underlying actuarial assumptions can be found in the notes to the financial statements of Midland Independent Newspapers plc, a company registered in England and Wales.

The latest valuations were performed on the following dates:

MINPS - 30 September, 1993

MINEPP - 31 March, 1993

The pension cost charged to the company's profit and loss account for the financial year ended 31 December 1995 was £ 12,000 (1994: £25,000). Included in debtors at 31 December 1995 is a prepayment of £270,000 (1994 : £270,000)

8. DIVIDENDS

A dividend of £9,827,000 was paid to Ordinary Equity Shareholders on 20th December 1995.

The Property Bureau Limited (formerly Midland Newspapers Limited) who hold 100% of the Preference Shares have waived their rights to dividends for the year 1995 and to arrears of dividends for prior years.

9. INTANGIBLE FIXED ASSETS

	1995 £'000	1994 £'000
At cost or valuation:		
At 1 January 1995	25,731	25,731
Transfer from Subsidiary	111,907	-
At 31 December 1995	137,638	25,731

Newspaper titles are included at valuation, their historical cost comprising £113,744,000 (1994: £1,837,000)

Midland Newspapers Limited
formerly Coventry Newspapers Limited

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 31 December 1995 (continued)

10. TANGIBLE FIXED ASSETS

	Freehold property £'000	Short leasehold property £'000	Long leasehold property £'000	Plant and other equipment £'000	Total £'000
Cost/Valuation:					
At 1 January 1995	277	-	4,955	8,958	14,190
Additions	-	-	-	505	505
Transfer from group undertaking	17,111	142	173	33,924	51,350
Disposals	-	-	-	(374)	(374)
At 31 December 1995	17,388	142	5,128	43,013	65,671
Depreciation:					
At 1 January 1995	53	-	625	4,255	4,933
Charge for year	4	-	66	881	951
Transfer from group undertaking	2,424	136	21	19,862	22,443
Disposals	-	-	-	(374)	(374)
At 31 December 1995	2,481	136	712	24,624	27,953
Net book value					
At 31 December 1995	14,907	6	4,416	18,389	37,718
Net book value					
At 31 December 1994	224	-	4,330	4,703	9,257
Cost or valuation at 31 December 1995 is represented by:					
Valuation	223	-	959	-	1,182
Cost	17,165	142	4,169	43,013	64,489
	17,388	142	5,128	43,013	65,671

If land and buildings had not been revalued they would have been included at the following amounts:

	Freehold land & buildings £'000	Short leasehold property £'000	Long leasehold property £'000	Total £'000
Cost	54	-	3,996	4,050
Aggregate depreciation based on cost	(18)	-	(574)	(592)
Net book value	36	-	3,422	3,458

The revaluation was carried out in 1988 using an open market basis of valuation.

Depreciation has not been charged on freehold land, which is stated at its revalued amount of £41,400 (1994: £41,000)

Midland Newspapers Limited
formerly Coventry Newspapers Limited

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 31 December 1995 (continued)

11. INVESTMENTS

Group	Investments in associated undertakings £'000	Loans to associated undertakings £'000	Subsidiary undertakings £'000	Investment property £'000	Unlisted investments £'000	Total £'000
At cost or valuation:						
At 1 January 1995	-	-	-	-	-	-
Additions	-	-	27,401	-	-	27,401
Transfer from subsidiary	35	663	21,625	6,050	30	28,403
At 31 December 1995	<u>35</u>	<u>663</u>	<u>49,026</u>	<u>6,050</u>	<u>30</u>	<u>55,804</u>

The investment property is freehold and was revalued by Grimley J.R. Eve International Property Consultants on an open market value basis on 31 December 1993 at £6,050,000. In the opinion of the directors the valuation of that property remained unchanged at 31 December 1995. The historical cost of the investment property was £8,250,000. The effect of not depreciating the investment property is £121,000 per annum.

The unlisted investments are stated at cost.

Investment in associated undertakings

Name of undertaking	Description of shares held	Proportion of nominal value of shares held	Accounting year end
Birmingham Live Limited	Ordinary Shares of £1 each	50%	31 December
Cable Daily (Milton Keynes) Limited	Ordinary Shares of £1 each	42%	31 July

Both the above companies, which operated principally in England and Wales, their country of registration, trade as local Cable T.V. broadcasters.

The associated undertakings are stated at the Company's share of their net tangible assets.

The above associated undertakings are managed jointly through management boards on which the Company and the other shareholders are represented in accordance with the respective interests held in the associated undertakings.

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The company holds 100% of the issued share capital of the following companies, all of which are registered in England and Wales, and which from 1 January 1996 have traded as unremunerated agents for the company.

The Birmingham Post & Mail Limited
Midland Independent Weekly Newspapers Limited
The Birmingham Post & Mail (Exhibitions) Limited
Coventry Newspapers Limited
Midland Independent Magazines Limited
Post Studios Limited
Midland Newspapers Printers Limited
Midland Weekly Newspapers Limited
MIN Marketing Direct Limited

The directors consider that the aggregate value of the company's investment in subsidiary undertakings is not less than the aggregate of the amounts at which the assets are included in the company's balance sheet.

Midland Newspapers Limited
formerly Coventry Newspapers Limited

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 31 December 1995 (continued)

12. STOCKS	1995 £'000	1994 £'000
Raw materials and consumables	3,832	236

13. DEBTORS	1995 £'000	1994 £'000
Amounts falling due within one year		
Trade debtors	13,286	3,417
Amounts owed by parent undertakings and fellow subsidiaries	15,286	3,826
Other debtors	571	270
Prepayments and accrued income	3,736	262
	32,879	7,775

14. CREDITORS: amounts falling due within one year

	1995 £'000	1994 £'000
Trade creditors	4,823	1,175
Amounts owed to parent undertakings and fellow subsidiaries	189,925	2,858
Group relief payable	4,464	4,478
Corporation tax	2,129	7
Other taxes and social security costs	2,409	764
Other creditors and accruals	2,839	427
	206,589	9,709

Midland Newspapers Limited
formerly Coventry Newspapers Limited

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 31 December 1995 (continued)

15. DEFERRED TAXATION

Deferred taxation provided in the financial statements, and the total potential liability including the amounts for which provision has been made, are as follows:

	Amount provided and total potential liability	
	1995	1994
Tax effect of timing because of:		
Excess of tax allowances over depreciation	4,912	984
Other timing differences	(291)	60
	<u>4,621</u>	<u>1,044</u>

The movement in provisions for liabilities and charges was as follows:-

	Reorganisation provision £'000	Deferred taxation £'000	Total £'000
At 1 January 1995	-	1,044	1,044
Transfer from subsidiary Profit and Loss Account	2,280	3,449	5,729
	-	128	128
	<u>2,280</u>	<u>4,621</u>	<u>6,901</u>
At 31 December 1995	<u>2,280</u>	<u>4,621</u>	<u>6,901</u>

16. SHARE CAPITAL

	1995 £'000	1994 £'000
Authorised, allotted called-up and fully paid Equity		
13,857 A ordinary shares of £1 each	14	5
15,625 B ordinary shares of £1 each	16	16
79,167 B deferred shares of £1 each	79	79
1,215,000 deferred shares of £1 each	1,215	1,215
	<u>1,324</u>	<u>1,315</u>
Non-equity		
200,000 6% cumulative preference shares of £1 each	200	200
	<u>1,524</u>	<u>1,515</u>

The 6% Cumulative Preference Shares entitle the holders to a fixed cumulative preferential dividend at a rate of 6% per annum on paid up capital and arrears of dividend whether declared or not but do not confer any further rights to participate in profits or assets.

Holders of Deferred Shares have no rights to receive dividends or participate in profits or assets but are entitled, on liquidation or winding up, to receive out of the assets of the Company a sum not exceeding the amount paid up on the Deferred Shares as may be available after appropriate payments to Preference Share holders

On 21 December 1995 the company purchased the whole of the Share Capital of Midland Newspapers Limited from Midland Independent Newspapers plc for £27,401,000. The consideration was satisfied by the issue of 8,649 'A' Ordinary Shares of £1 each at a premium of £3.167.

Midland Newspapers Limited
formerly Coventry Newspapers Limited

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 31 December 1995 (continued)

17. TRANSFER OF BUSINESS

On 31 December 1995 the business assets and liabilities of the Property Bureau Limited (formerly Midland Newspapers Limited) were transferred to the company, in exchange for an intercompany loan of £115,386,000.

The assets and liabilities acquired were as follows:-

	Book and Fair Value £'000
Fixed Assets	
Intangible	111,907
Tangible assets	28,907
Investments	28,403
	169,217
Current Assets	
Stock	2,571
Debtors	37,913
Total Assets	209,701
Liabilities	
Creditors	(87,790)
Bank overdraft	(796)
Provisions	(5,729)
	(94,315)
Goodwill	-
	115,386
Satisfied by:	
Inter-company loan	115,386

18. RESERVES

	Property revaluation reserve £'000	Share Premium £'000	Title revaluation reserve £'000	Profit and loss account £'000
At 1 January 1995	1,044	-	23,949	6,903
Profit for year	-	-	-	(5,854)
Transfer from property revaluation reserve to profit and loss account	(16)	-	-	16
Share Premium Share Issue	-	27,392	-	-
At 31 December 1995	1,028	27,392	23,949	1,065

The transfer from the property revaluation reserve to the profit and loss account represents the difference between the historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount.

Midland Newspapers Limited
formerly Coventry Newspapers Limited

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 31 December 1995 (continued)

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £'000	1994 £'000
Opening shareholders' funds	33,411	33,002
Profit/(Loss) for the financial year	(5,854)	409
Share Issue	9	-
Share Premium on Share Issue	27,392	-
Closing shareholders' funds	54,958	33,411
Less Non-Equity shareholders funds	(200)	(200)
Equity shareholders funds	54,758	33,211

20. CAPITAL COMMITMENTS

	1995 £'000	1994 £'000
Contracted but not provided for	2,388	83
Authorised by the directors but not yet contracted	108	-

21. FINANCIAL COMMITMENTS

At 31 December 1995 the company had annual commitments under non-cancellable operating leases and contract hire agreements as follows:

	1995 Land & buildings £'000	Other £'000	1994 Land & buildings £'000	Other £'000
Operating leases which expire:				
Within one year	17	229	-	-
In the second to fifth years inclusive	58	1,577	13	147
Over five years	677	95	57	1
	752	1,901	70	148

22. CONTINGENT LIABILITY

The company is party to a guarantee in respect of the unsecured bank facility made available to its ultimate parent undertaking Midland Independent Newspapers plc. The amount outstanding under the facility at 31 December 1995 was £45,500,000

23. ULTIMATE PARENT UNDERTAKING

The directors regard Midland Independent Newspapers plc, a company registered in England and Wales as the ultimate parent company. A copy of the parent undertaking's financial statements may be obtained from the Secretary, Midland Independent Newspapers plc, 28 Colmore Circus, Queensway, Birmingham B4 6AX.