REPORT AND FINANCIAL STATEMENTS

MIDLAND NEWSPAPERS LIMITED
(Formerly Coventry Newspapers Limited)

the 52 weeks ended 29 DECEMBER 1996

Company Number : 47310



Midland Newspapers Limited
(Formerly Coventry Newspapers Ltd)

DIRECTORS' REPORT

The directors submit their report and financial statements for the 52 weeks ended 29 December 1996.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity continued to be that of newspaper publishing.

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 £13,279,000. On the 20 December 1996 a dividend of £6,000,000 was paid leaving £1,719,000 to be transferred to 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
D. Wells	-	resigned 10 January 1996
J. Whitehouse		
D. Mason	-	resigned 10 January 1996
R. Burton	-	resigned 10 January 1996
C.S. Payne	-	resigned 10 January 1996

None of the directors had any interests in the share capital of the company. C.J. Oakley, P.J. Day 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.

CHANGES IN FIXED ASSETS

The movements in tangible fixed assets are set out in note 13 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 29 December 1996.

CHARITABLE CONTRIBUTIONS

During the year the company made charitable contributions amounting to £10,000 (1995 : £1,150)

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.

DIRECTORS' REPORT (continued)

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.

CREDITOR PAYMENT POLICY

The Company has no formal code or standard which deals specifically with the payment of suppliers. However, it is the Company's policy to make payment in line with terms agreed with individual suppliers.

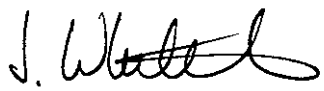
INSURANCE OF DIRECTORS

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

12 September 1997

Midland Newspapers Limited
(Formerly Coventry Newspapers Ltd)

REPORT OF THE AUDITORS
To the members of Midland Newspapers Limited

We have audited the financial statements on pages 4 to 18.

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 29 December 1996, and of its profit 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

12 September 1997

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 as at the end of the financial year and of its profit or loss of the company 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 29 December 1996. 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 to prevent and detect fraud and other irregularities.

By order of the Board

J. Whitehouse
Company Secretary

12 September 1997

Midland Newspapers Limited
(Formerly Coventry Newspapers Ltd)

PROFIT AND LOSS ACCOUNT
for the 52 weeks ended 29 December 1996

	Notes	Discontinued Operations	Continuing Operations	**Total 1996** £'000	1995 £'000
TURNOVER					
Continuing operations		-	94,545	**94,545**	22,516
Discontinued operations		1,626	-	**1,626**	-
	2	1,626	94,545	**96,171**	22,516
Raw materials and consumables		541	17,872	**18,413**	3,241
Other external charges		955	26,711	**27,666**	4,369
Staff costs	5	552	29,343	**29,895**	7,312
Depreciation		42	3,226	**3,268**	951
Other operating charges		-	-	**-**	950
Operating Costs		2,090	77,152	**79,242**	16,823
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS					
Continuing operations		-	17,393	**17,393**	5,693
Discontinued operations		(464)	-	**(464)**	-
	2	(464)	17,393	**16,929**	5,693
NON-OPERATING EXCEPTIONAL ITEMS					
(Loss)/Profit on disposal/closure of titles	7	(3,091)	-	**(3,091)**	-
Profit on sale of investment		-	-	**-**	160
Loss on closure of associated undertaking	14	(128)	-	**(128)**	-
		(3,219)	-	**(3,219)**	160
Income from other fixed asset investments	6	-	167	**167**	17
Income from interests in associated undertakings	14	(69)	(529)	**(598)**	-
Other interest receivable and similar income		-	54	**54**	34
Interest payable and similar charges	8	-	(54)	**(54)**	-
		(69)	(362)	**(431)**	51
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(3,752)	17,031	**13,279**	5,904
Tax on ordinary activities	9			**(5,560)**	(1,931)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION				**7,719**	3,973
Dividends	11			**(6,000)**	(9,827)
PROFIT/(LOSS) FOR THE PERIOD	21			**1,719**	(5,854)

Midland Newspapers Limited
(Formerly Coventry Newspapers Ltd)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the 52 weeks ended 29 December 1996

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
for the 52 weeks ended 29 December 1996

	1996 £'000	1995 £'000
Reported profit on ordinary activities before taxation	13,279	5,904
Difference between historical cost depreciation charge and the actual depreciation charge, calculated on the revalued amount	16	16
Historical cost profit on ordinary activities before taxation	13,295	5,920
Historical cost profit for the year retained after taxation	7,735	3,989

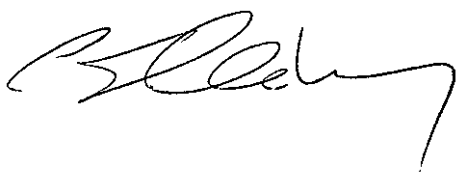
Midland Newspapers Limited
(Formerly Coventry Newspapers Ltd)

BALANCE SHEET
as at 29 December 1996

	Notes	1996 £'000	1995 £'000
FIXED ASSETS			
Intangible assets	12	135,022	137,638
Tangible assets	13	37,785	37,718
Investments	14	55,519	55,804
		228,326	231,160
CURRENT ASSETS			
Stocks	15	1,877	3,832
Debtors	16	47,847	32,879
Cash at bank and in hand		108	577
		49,832	37,288
CREDITORS:			
Amounts falling due within one year	17	(215,304)	(206,589)
NET CURRENT LIABILITIES		(165,472)	(169,301)
TOTAL ASSETS LESS CURRENT LIABILITIES		62,854	61,859
PROVISIONS FOR LIABILITIES AND CHARGES	18	(6,177)	(6,901)
NET ASSETS		56,677	54,958
CAPITAL AND RESERVES			
Called-up share capital	19	1,524	1,524
Share premium account	20	27,392	27,392
Property revaluation reserve	20	1,012	1,028
Title revaluation reserve	20	23,949	23,949
Profit and loss account	20	2,800	1,065
Equity shareholders' funds		56,477	54,758
Non-Equity shareholders' funds		200	200
SHAREHOLDERS' FUNDS	21	56,677	54,958

The financial statements on pages 4 to 18 were approved by the board of directors on 12 September 1997 and were signed on its behalf by:-

C.J. Oakley
Director



12 September 1997

Midland Newspapers Limited
(Formerly Coventry Newspapers Ltd)

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 29 December 1996

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.

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. If this departure from the Act had not been made the profit for the financial year would have been reduced by depreciation on the properties of £121,000 (1995 : £121,000).

Depreciation
Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, 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 material timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable. Full provision is made for deferred tax on timing differences arising from the provision of employee pensions.

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.

Midland Newspapers Limited
(Formerly Coventry Newspapers Ltd)

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 29 December 1996

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Leasing and hire purchase commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

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.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

		1996 £'000	1995 £'000
This is stated after charging/(crediting) the following:-			
Depreciation - owned assets		3,268	951
Auditors' remuneration for audit		88	20
Operating lease rentals	- land and buildings	420	69
	- plant and machinery	1,472	250
(Profit) on disposal of tangible fixed assets		(26)	(4)
Rental income		(167)	(17)
(Profit) on disposal of investment		-	(160)

Remuneration of the company's auditors for provision of non-audit services was £49,760. This includes taxation compliance and advisory fees of £33,260, and also includes non-statutory audit services.

Midland Newspapers Limited
(Formerly Coventry Newspapers Ltd)

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 29 December 1996 (continued)

4. DIRECTORS' EMOLUMENTS

	1996 £'000	1995 £'000
Salary (including benefits in kind)	9	263
Pension contributions	1	10
	10	273

Directors' emoluments are for the ten days to 10 January 1996 for Messrs. R.C.Chappell, M. Hutchby, D. Wells, E. Burton and C.S. Payne.

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

	1996		1995	
	Chairman £'000	Highest paid director £'000	Chairman £'000	Highest paid director £'000
Salary (including benefits in kind)	-	-	-	62
Pension contributions	-	-	-	-
	-	-	-	62

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:-

	1996 Number	1995 Number
£0 - £5,000	-	5
£20,001 - £25,000	-	1
£25,001 - £30,000	-	1
£45,001 - £50,000	-	1
£50,001 - £55,000	-	1
£55,001 - £60,000	-	1
£60,001 - £65,000	-	1

The director's emoluments of Messrs. C. J. Oakley, P. J. Day and J. Whitehouse are disclosed in the consolidated accounts of Midland Independent Newspapers plc, its ultimate parent company.

Midland Newspapers Limited
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NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 29 December 1996 (continued)

5. EMPLOYEE INFORMATION

The average weekly number of employees including executive directors, during the year was as follows:-

	1996 Number	1995 Number
Newspaper publishing		
Full time	1,546	391
Part time (full time equivalents)	110	56
	1,656	447
Other activities		
Full time	67	6
Part time (full time equivalents)	2	1
	69	7

	1996 £'000	1995 £'000
Staff costs (for the above persons)		
Wages and salaries	27,373	6,553
Social security costs	2,324	563
Other pension costs (see note 10)	105	12
Redundancy costs	93	184
	29,895	7,312

6. INCOME FROM FIXED ASSET INVESTMENTS

	1996 £'000	1995 £'000
Property rental less expenses	167	17

7. LOSS ON DISPOSAL AND CLOSURE OF TITLES

	1996 £'000	1995 £'000
Loss on disposal and closure of titles	(3,091)	-

The loss on disposal and closure includes costs of £475,000 and the write-off of the intangible balance sheet carrying value of those titles amounting to £2,616,000.

8. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £'000	1995 £'000
On bank overdrafts	54	-

Midland Newspapers Limited
(Formerly Coventry Newspapers Ltd)

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 29 December 1996 (continued)

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £'000	1995 £'000
United Kingdom corporation tax charge/(credit) at 33% (1995 : 33%)		
Current	5,432	1,817
Deferred	371	128
Group relief	-	(14)
(Over)/under provision in respect of previous years:		
Current	399	-
Deferred	(642)	-
	5,560	1,931

10. 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	-	5 April 1996
MINEPP	-	31 March 1996

The pension cost charged to the company's profit and loss account for the financial year ended 29 December 1996 was £105,000 (1995 : £12,000). Included in debtors at 29 December 1996 is a prepayment of £1,485,000 (1995 : £270,000).

11. DIVIDENDS

	1996 £'000	1995 £'000
Dividends paid on 20 December 1996		
Class A ordinary shares (£203.51 per share)	2,820	4,619
Class B ordinary shares (£203.51 per share)	3,180	5,208
	6,000	9,827

The dividend was settled by a transaction in the inter-company balance with the company's ultimate parent company.

The Property Bureau Limited (formerly Midland Newspapers Limited) who hold 100% of the Preference Shares have waived their rights to dividends for the year 1996 and to arrears of dividends for prior years.

Midland Newspapers Limited
(Formerly Coventry Newspapers Ltd)

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 29 December 1996 (continued)

12. INTANGIBLE FIXED ASSETS

	1996 £'000	1995 £'000
At cost or valuation:		
At 1 January	137,638	25,731
Transfer from subsidiary	-	111,907
Disposal/closure	(2,616)	-
At 29 December	135,022	137,638

13. 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 1996	17,388	142	5,128	43,013	65,671
Additions	-	-	-	3,467	3,467
Disposals	(13)	-	-	(611)	(624)
At 29 December 1996	17,375	142	5,128	45,869	68,514
Depreciation:					
At 1 January 1996	2,481	136	712	24,624	27,953
Charge for year	255	3	71	2,939	3,268
Disposals	-	-	-	(492)	(492)
At 29 December 1996	2,736	139	783	27,071	30,729
Net book value At 29 December 1996	14,639	3	4,345	18,798	37,785
Net book value At 31 December 1995	14,907	6	4,416	18,389	37,718
Cost or valuation at 29 December 1996 is represented by:					
Valuation	224	-	958	-	1,182
Cost	17,151	142	4,170	45,869	67,332
	17,375	142	5,128	45,869	68,514

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 29 December 1996 (continued)

13. TANGIBLE FIXED ASSETS (continued)

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

	Freehold property £'000	Short leasehold property £'000	Long leasehold property £'000	Total £'000
Cost	54	-	3,996	4,050
Aggregate depreciation based on cost	(19)	-	(627)	(646)
Net book value	35	-	3,369	3,404

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 (1995 : £41,400).

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 29 December 1996 (continued)

14. INVESTMENTS

Group

	Investments in associated undertaking £'000	Loans to associated undertaking £'000	Subsidiary undertakings £'000	Investment property £'000	Unlisted investments £'000	Total £'000
At cost or valuation:						
At 1 Jan 1996	35	663	49,026	6,050	30	55,804
Additions	178	263	-	-	-	441
Written off	(65)	(63)	-	-	-	(128)
Share of retained losses	(598)	-	-	-	-	(598)
At 29 Dec 1996	(450)	863	49,026	6,050	30	55,519

The investment property is freehold and was revalued by Grimley, International Property Advisors 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 29 December 1996. 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 undertaking

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

The above company, which operated principally in England and Wales, its country of registration, traded as a local Cable T.V. broadcaster.

The associated undertaking is stated at the company's share of cost.

The above associated undertaking is 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 undertaking.

The amounts written off investments and loans to associated undertakings of £65,000 and £63,000 respectively relate solely to Cable Daily (Milton Keynes) Limited, which was closed during the year. The company held a 42% share in this company.

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 Newspaper 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 Ltd)

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 29 December 1996 (continued)

15. STOCKS

	1996 £'000	1995 £'000
Raw materials and consumables	1,877	3,832

16. DEBTORS

	1996 £'000	1995 £'000
Trade debtors	14,016	13,286
Amounts owed by parent undertakings and fellow subsidiaries	28,929	15,286
Other debtors	568	571
Prepayments and accrued income	4,334	3,736
	47,847	32,879

17. CREDITORS : amounts falling due within one year

	1996 £'000	1995 £'000
Trade creditors	2,609	4,823
Amounts owed to parent undertakings and fellow subsidiaries	201,404	189,925
Group relief payable	4,144	4,464
Corporation tax	1,806	2,129
Other taxation and social security	2,267	2,409
Other creditors and accruals	3,074	2,839
	215,304	206,589

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 29 December 1996 (continued)

18. PROVISIONS FOR LIABILITIES AND CHARGES

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

	Reorganisation provision £'000	Deferred taxation £'000	Total £'000
At 1 January 1996	2,280	4,621	6,901
Utilised during the year	(928)	-	(928)
Profit and loss account	475	(271)	204
At 29 December 1996	1,827	4,350	6,177

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

	1996 £'000	1995 £'000
Tax effect of timing because of:		
Excess of tax allowances over depreciation	4,541	4,912
Other timing differences	(191)	(291)
	4,350	4,621

19. SHARE CAPITAL

	1996 £'000	1995 £'000
Authorised, allotted called-up and fully paid equity		
13,857 A ordinary shares of £1 each	14	14
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
	1,324	1,324
Non-equity		
200,000 6% cumulative preference shares of £1 each	200	200
	1,524	1,524

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.

The A ordinary and B ordinary shares rank pari passu in all respects and their entitlement to income or on liquidation or winding up is after the prior claims of the preference and deferred shareholders.

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 29 December 1996 (continued)

20. RESERVES

	Share Premium £'000	Property revaluation reserve £'000	Title revaluation reserve £'000	Profit and loss account £'000
At 1 January 1996	27,392	1,028	23,949	1,065
Profit for year	-	-	-	1,719
Transfer from property revaluation reserve to profit and loss account	-	(16)	-	16
At 29 December 1996	27,392	1,012	23,949	2,800

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £'000	1995 £'000
Opening shareholders' funds	54,958	33,411
Profit/(loss) for the financial year	1,719	(5,854)
Share issue	-	9
Share premium on share issue	-	27,392
Closing shareholders' funds	56,677	54,958
Less non-equity shareholders' funds	(200)	(200)
Equity Shareholders' funds	56,477	54,758

22. CAPITAL COMMITMENTS

	1996 £'000	1995 £'000
Contracted but not provided for	800	2,388
Authorised by the directors but not yet contracted	309	108

NOTES TO THE FINANCIAL STATEMENTS
for the 52 weeks ended 29 December 1996 (continued)

23. FINANCIAL COMMITMENTS

At 29 December 1996 the company had annual commitments under non-cancellable operating leases and contract hire agreements as follows:-

	1996		1995	
	Land & buildings £'000	**Other £'000**	**Land & buildings £'000**	**Other £'000**
Operating leases which expire:				
Within one year	29	161	17	229
In the second to fifth years inclusive	46	473	58	1,577
Over five years	710	95	677	95
	785	729	752	1,901

24. 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 29 December 1996 was £60,500,000.

25. 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.

26. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Midland Independent Newspapers plc. The company is therefore exempt from disclosing transactions and balances with group entities that have been eliminated on consolidation under the terms of Financial Reporting Standard No. 8.