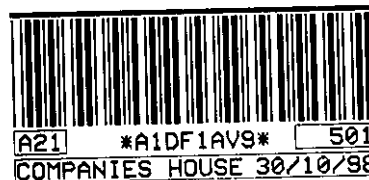


The Hinckley Times Limited
(formerly Midland Newspapers Limited)

Annual report
for the 52 week period ended 28 December 1997

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AMENDED VERSION



The Hinckley Times Limited
(formerly Midland Newspapers Limited)

Directors' report
for the 52 week period ended 28 December 1997

The directors present their report and the audited financial statements for the 52 week period ended 28 December 1997.

Principal activities

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

Review of business and future developments

Both the level of business and the period end financial position were satisfactory. Since the period end all of the activities within the company have been discontinued and the company is now dormant.

On 14 November 1997 the whole of the issued share capital of Midland Independent Newspapers plc and its subsidiaries was acquired by Mirror Group plc.

Results and dividends for the period

The profit and loss account for the period is set out on page 5. During the period dividends of £60,000,000 (1996: £6,000,000) were paid leaving a profit of £39,935,000 (1996 profit: £1,719,000) to be transferred to reserves.

Post balance sheet events

On 29 December 1997 the company's trade, assets and liabilities were transferred at their book value to a fellow subsidiary, The Hinckley Times Limited.

On 31 December 1997 the company's name was changed to The Hinckley Times Limited.

Directors and their interests

The directors who served during the period were as follows:

C J Oakley (Chairman) (resigned 31 March 1998)
P J Day (resigned 31 December 1997)
J Whitehouse (resigned 28 February 1998)
E R Petrie (resigned 15 May 1998)
T W Page (resigned 31 January 1997)

Since the period end Messrs C J Allwood and P Vickers were appointed directors of the company on 20 January 1998.

The Hinckley Times Limited **(formerly Midland Newspapers Limited)**

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Directors' report (continued)

None of the directors had any interests in the share capital of the company. C J Oakley was a director of the ultimate parent undertaking, and his 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.

Charitable contributions

During the period the company made charitable contributions amounting to £23,000 (1996: £10,000).

Employees

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 in order to achieve a common awareness of the financial and economic factors affecting the company's performance.

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.

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.

Trade creditor days of the company's material trading divisions, Birmingham Post & Mail and Coventry Newspapers, for the 52 week period ended 28 December 1997 were 66 and 45 days respectively, based on the ratio of the divisions' trade creditors at the end of the period to the amounts invoiced during the period by trade creditors.

Directors' report (continued)

Insurance of directors

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

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and 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 week period ended 28 December 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

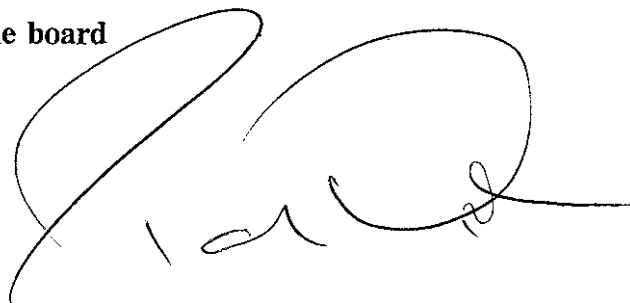
The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board

Director
25 June 1998

A large, stylized handwritten signature in black ink, likely belonging to a director, positioned to the right of the printed text.

Report of the auditors to the members of Hinckley Times Limited (formerly Midland Newspapers Limited)

We have audited the financial statements on pages 5 to 22.

Respective responsibilities of directors and auditors

As described on page 3 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.

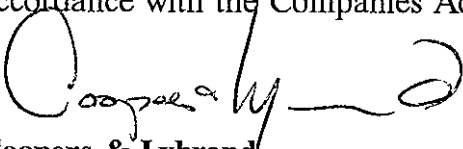
Basis of opinion

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 28 December 1997 and of its profit and total recognised gains and losses for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand

Chartered Accountants and Registered Auditors
Birmingham
25 June 1998

The Hinckley Times Limited
(formerly Midland Newspapers Limited)

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Profit and loss account
for the 52 week period ended 28 December 1997

	Notes	1997 £'000	1996 £'000 as restated
Turnover			
Discontinued operations	2	<u>96,244</u>	<u>96,171</u>
Raw materials and consumables		12,637	18,413
Other external charges		23,252	27,666
Staff costs	5	30,756	29,895
Depreciation		3,785	3,268
Other operating costs		1,730	-
Exceptional operating costs	3	<u>28,597</u>	<u>-</u>
Operating costs		<u>100,757</u>	<u>79,242</u>
Operating (loss)/profit before exceptional items			
Discontinued operations	2	(4,513)	16,929
Non-operating exceptional items			
Loss on disposal/closure of titles	7	-	(3,091)
Loss on closure of associated undertaking		-	(128)
		<u>-</u>	<u>(3,219)</u>
Income from other fixed asset investments	6	115,162	167
Income from interests in associated undertakings	14	(391)	(598)
Other interest receivable and similar income		56	54
Interest payable and similar charges	8	<u>(4,839)</u>	<u>(54)</u>
		<u>109,988</u>	<u>(431)</u>
Profit on ordinary activities before taxation	3	105,475	13,279
Tax on ordinary activities	9	<u>(5,540)</u>	<u>(5,560)</u>
Profit on ordinary activities after taxation		99,935	7,719
Dividends	11	<u>(60,000)</u>	<u>(6,000)</u>
Retained profit for the period	20	<u><u>39,935</u></u>	<u><u>1,719</u></u>

All of the company's activities are discontinued.

The Hinckley Times Limited (formerly Midland Newspapers Limited)

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Statement of total recognised gains and losses

	1997 £'000	1996 £'000 as restated
Profit for the financial period	99,935	7,719
Unrealised surplus on revaluation of titles	51,448	-
Total recognised gains and losses relating to the period	151,383	7,719

Note of historical cost profits and losses

	1997 £'000	1996 as restated £'000
Reported profit on ordinary activities before taxation	105,475	13,279
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	105,491	13,295
Historical cost profit/(loss) on ordinary activities retained after taxation and dividends	(39,951)	1,735

The Hinckley Times Limited (formerly Midland Newspapers Limited)

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Balance sheet at 28 December 1997

	Notes	1997 £'000	1996 as restated £'000
Fixed assets			
Intangible assets	12	177,430	125,949
Tangible assets	13	22,329	37,785
Investments	14	49,351	55,519
		<u>249,110</u>	<u>219,253</u>
Current assets			
Stocks	15	958	1,877
Debtors	16	165,831	47,847
Cash at bank and in hand		6,229	108
		<u>173,018</u>	<u>49,832</u>
Creditors: amounts falling due within one year	17	<u>(272,455)</u>	<u>(215,304)</u>
Net current liabilities		<u>(99,437)</u>	<u>(165,472)</u>
Total assets less current liabilities		<u>149,673</u>	<u>53,781</u>
Provisions for liabilities and charges	18	<u>(10,687)</u>	<u>(6,177)</u>
Net assets		<u>138,986</u>	<u>47,604</u>
Capital and reserves			
Called up share capital	19	1,524	1,524
Share premium account	20	27,392	27,392
Property revaluation reserve	20	996	1,012
Title revaluation reserve	20	75,463	23,949
Profit and loss account	20	33,612	(6,273)
		<u>138,986</u>	<u>47,604</u>
Equity shareholders' funds		<u>138,786</u>	<u>47,404</u>
Non-equity shareholders' funds		<u>200</u>	<u>200</u>
Shareholders' funds	21	<u>138,986</u>	<u>47,604</u>

The financial statements on pages 5 to 22 were approved by the board of directors on 25 June 1998 and were signed on its behalf by:

Director



The Hinckley Times Limited **(formerly Midland Newspapers Limited)**

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Notes to the financial statements **for the 52 week period ended 28 December 1997**

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. However, compliance with SSAP19 '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 Property below. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statement 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

As part of the acquisition of Midland Newspapers Limited by Mirror Group plc, the decision was taken to reclassify investment property as tangible fixed assets.

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

The Hinckley Times Limited (formerly Midland Newspapers Limited)

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Notes to the financial statements (continued)

1 Principal accounting policies (continued)

Intangible assets

Following the company's acquisition by Mirror Group plc comparative figures have been restated to reflect a change of accounting policy.

Paid for newspaper titles are stated at directors' valuation. No value is attributed to free titles. 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 and capital gains that would arise on disposal of these titles at their revalued amounts, since there are currently no plans for their disposal.

Previously the company carried all titles at cost. As a result, comparative figures for the period ended 29 December 1996 have been adjusted as follows:-

	Profit for the year after dividends £'000	Net assets £'000
As previously reported	1,719	56,677
Effect of change in accounting policy	-	(9,073)
As restated	<u>1,719</u>	<u>47,604</u>

The profit and loss account for the period ended 28 December 1997 is unaffected by the change in accounting policy as no free titles have been purchased in the year (1996: £Nil)

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 for completion and disposal.

Deferred taxation

Deferred tax 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.

The Hinckley Times Limited **(formerly Midland Newspapers Limited)**

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Notes to the financial statements (continued)

1 Principal accounting policies (continued)

Cash flow statement

The company is a wholly-owned subsidiary of Mirror Group plc and the cash flow of the company is included in the consolidated cash flow statement of Mirror Group 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

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 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.

The Hinckley Times Limited (formerly Midland Newspapers Limited)

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Notes to the financial statements (continued)

3 Profit on ordinary activities before taxation

	1997 £'000	1996 £'000
This is stated after charging/(crediting) the following:		
Depreciation - owned assets	3,785	3,268
Auditors' remuneration for audit	89	88
Operating lease rentals		
- land and buildings	400	420
- plant and machinery	1,586	1,472
(Profit) on disposal of tangible fixed assets	(35)	(26)
Rental income	(162)	(167)
Exceptional operating costs:		
Reorganisation and redundancy costs	1,759	-
Fair value adjustments	26,838	-
	<u> </u>	<u> </u>

On acquisition by Mirror Group plc on 14 November 1997, in accordance with FRS 7, the following adjustments to the values of assets within Hinckley Times (formerly Midland Newspapers Limited) have been processed.

Revaluation of freehold property (note 13)	14,210
Permanent diminution in value of presses (note 13)	6,831
Provision for property costs in respect of surplus leasehold property (note 18)	5,274
Other adjustments	523
	<u> </u>
	26,838
	<u> </u>

4 Directors' emoluments

None of the directors received any emoluments in respect of their services as directors of the company in the period.

The Hinckley Times Limited (formerly Midland Newspapers Limited)

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Notes to the financial statements (continued)

5 Employee information

The average weekly number of persons including executive directors employed by the company during the period was:

	1997 Number	1996 Number
Newspaper publishing		
Full time	1,374	1,546
Part time (full time equivalents)	111	110
	<u>1,485</u>	<u>1,656</u>
Other activities		
Full time	51	67
Part time (full time equivalents)	3	2
	<u>54</u>	<u>69</u>
	<u>1997</u>	<u>1996</u>
	<u>£'000</u>	<u>£'000</u>
Staff costs (for the above persons)		
Wages and salaries	27,570	27,373
Social security costs	2,305	2,324
Other pension costs (see note 10)	666	105
Redundancy costs	215	93
	<u>30,756</u>	<u>29,895</u>

6 Income from fixed asset investments

	1997 £'000	1996 £'000
Property rental less expenses	162	167
Dividend from subsidiary undertaking	115,000	-
	<u>115,162</u>	<u>167</u>

7 Loss on disposal and closure of titles

	1997 £'000	1996 £'000
Loss on disposal and closure of titles	-	(3,091)

The Hinckley Times Limited
(formerly Midland Newspapers Limited)

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Notes to the financial statements (continued)

8 Interest payable and similar charges

	1997 £'000	1996 £'000
On bank overdrafts	3,015	54
Group interest	1,824	-
	<u>4,839</u>	<u>54</u>

9 Tax on profit on ordinary activities

	1997 £'000	1996 £'000
United Kingdom corporation tax charge/(credit) at 31.5% (1996: 33%)		
Current	5,838	5,432
Deferred	(312)	371
(Over)/under provision in respect of previous periods:		
Current	-	399
Deferred	14	(642)
	<u>5,540</u>	<u>5,560</u>

10 Pensions

The company is a participating company in the Midland Independent Newspapers plc group pension schemes namely, Midland Independent Newspapers Pension Scheme ("MINPS") and Midland Independent Newspapers Executive Pension Plan ("MINEPP"). Both schemes are of the defined benefit type.

The schemes are subject to independent actuarial valuations at least every three years by a qualified actuary and annual contributions to the schemes are paid in accordance with this advice.

Notes to the financial statements (continued)

10 Pensions (continued)

The most recent actuarial valuation of the MINPS was undertaken at 5 April 1996. At that date, the MINPS had assets with a market value of £84,465,992 and the actuarial value of these assets represented 115% of the benefits that had accrued to members, including the effect of future increases in their earnings. The scheme's surplus is being amortised over 15 years, being the average remaining service life of employees.

The most recent actuarial valuation of the MINEPP was undertaken at 31 March 1996. At that date, the MINEPP had assets with a market value of £5,559,122 and the actuarial value of these assets represented 92% of the benefits that had accrued to members, after allowing for the effect of future increases in their earnings.

The principal assumptions on which these valuations are based are that the investment return would be 2.5% greater than the increases in relevant pension payments. To put an actuarial value on the assets, the investment return was assumed to exceed increases in dividends by 4.5% per annum.

The pension cost charged to the company's profit and loss account has been assessed in accordance with the advice of a qualified actuary using the projected unit method and is £666,000 for the period ended 28 December 1997 (1996: £323,000). This charge, for both 1997 and 1996, covers both MINEPP and MINPS. Included in debtors at 28 December 1997 is a prepayment of £945,000 (1996: £1,485,000) in respect of MINPS.

11 Dividend

	1997 £'000	1996 £'000
Dividends paid during the period amount to:		
Class A ordinary shares (£2,035.14 (1996: £203.51) per share)	28,201	2,820
Class B ordinary shares (£2,035.14 (1996: £203.51) per share)	31,799	3,180
	<u>60,000</u>	<u>6,000</u>

The Property Bureau Limited who hold 100% of the Preference Shares have waived their rights to dividends for the period ended 28 December 1997 and to arrears of dividends for prior periods.

The Hinckley Times Limited
(formerly Midland Newspapers Limited)

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Notes to the financial statements (continued)

12 Intangible fixed assets

Titles	1997 £'000	1996 £'000 as restated
At cost or valuation:		
At 30 December	125,949	137,638
Prior year adjustment	-	(9,073)
Addition	33	-
Disposal/closure	-	(2,616)
Revaluation	51,448	-
At 28 December	177,430	125,949

Following the acquisition of Midland Independent Newspapers plc by Mirror Group plc, titles have been revalued using the model adopted by Mirror Group plc in 1994, which takes account of an independent professional valuation performed by Hambros Bank plc. The titles have been valued at £177.430 million as at the date of acquisition using the same valuation method as for Mirror Group plc's existing titles representing the directors' valuation of current cost. No provision has been made for the corporation tax that could arise if the titles were to be disposed of at their book amounts, because it is not the directors' intention to dispose of the titles.

The Hinckley Times Limited
(formerly Midland Newspapers Limited)

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Notes to the financial statements (continued)

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 30 December 1996	17,375	142	5,128	45,869	68,514
Additions	-	-	-	4,352	4,352
Transfer from investment properties	6,050	-	-	-	6,050
Disposals	(238)	-	-	(2,050)	(2,288)
Revaluation during period	(17,187)	-	-	-	(17,187)
Fair value adjustment	-	-	-	(817)	(817)
Group transfers	-	-	-	(536)	(536)
At 28 December 1997	6,000	142	5,128	46,818	58,088
Depreciation					
At 30 December 1996	2,736	139	783	27,071	30,729
Charge for period	251	1	69	3,464	3,785
Disposals	(10)	-	-	(1,997)	(2,007)
Permanent diminution in value	-	-	-	6,831	6,831
Revaluation during period	(2,977)	-	-	-	(2,977)
Fair value adjustment	-	-	-	(294)	(294)
Group transfers	-	-	-	(308)	(308)
At 28 December 1997	-	140	852	34,767	35,759
Net book value					
At 28 December 1997	6,000	2	4,276	12,051	22,329
Net book value					
At 29 December 1996	14,639	3	4,345	18,798	37,785
Cost or valuation at 28 December 1997 is represented by:					
Valuation	6,000	-	958	-	6,958
Cost	-	142	4,170	47,635	51,947
	6,000	142	5,128	47,635	58,905

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

Notes to the financial statements (continued)

	Freehold property £'000	Short leasehold property £'000	Long leasehold property £'000	Total £'000
Cost	54	-	3,996	4,050
Aggregate depreciation based on cost	(20)	-	(678)	(698)
Net book value	34	-	3,318	3,352

Depreciation was not charged on the freehold land which was stated at cost of £41,400 (1996: £41,400). The Colmore Circus freehold property was valued on 14 November 1997 by independent valuers, Montague Evans, at £6 million, using an open market basis of valuation. The historical cost of the freehold property was £16,906.

On acquisition by Mirror Group plc printing presses have been valued by independent valuers at £2,000,000 using an open market basis of valuation. The net book value prior to revaluation was £8,831,000.

14 Investments

	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:						
30 December 1996	(450)	863	49,026	6,050	30	55,519
Additions	-	273	-	-	-	273
Share of retained losses	(391)	-	-	-	-	(391)
Reclassification as freehold property	-	-	-	(6,050)	-	(6,050)
At 28 December 1997	(841)	1,136	49,026	-	30	49,351

The investment property was reclassified as freehold property during the period (note 13).

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 & Wales, its country of registration, traded as a local Cable TV broadcaster.

The Hinckley Times Limited (formerly Midland Newspapers Limited)

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Notes to the financial statements (continued)

14 Investments (continued)

The associated undertaking is stated at cost plus the company's share of the associated undertaking's profits less losses.

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 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 30 December 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 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.

15 Stocks

	1997 £'000	1996 £'000
Raw materials and consumables	958	1,877

16 Debtors

	1997 £'000	1996 £'000
Trade debtors	15,593	14,016
Amounts owed by parent undertakings and fellow subsidiaries	146,028	28,929
Other debtors	457	568
Prepayments and accrued income	3,753	4,334
	165,831	47,847

The Hinckley Times Limited (formerly Midland Newspapers Limited)

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Notes to the financial statements (continued)

17 Creditors: amounts falling due within one year

	1997 £'000	1996 £'000
Bank overdraft	61,749	-
Trade creditors	4,549	2,609
Amounts owed to parent undertakings and fellow subsidiaries	192,307	201,404
Group relief payable	2,385	4,144
Corporation tax	6,322	1,806
Other taxation and social security	3,292	2,267
Other creditors and accruals	1,851	3,074
	<u>272,455</u>	<u>215,304</u>

18 Provisions for liabilities and charges

The movements in provisions for liabilities and charges was as follows:

	Leasehold property £'000	Reorganisation provision £'000	Deferred taxation £'000	Total £'000
At 30 December 1996	-	1,827	4,350	6,177
Utilised during the period	-	(466)	-	(466)
Profit and loss account	5,274	-	(298)	4,976
At 28 December 1997	<u>5,274</u>	<u>1,361</u>	<u>4,052</u>	<u>10,687</u>

Provision for leasehold property relates to the ongoing costs of surplus property leased by the company at the date of acquisition by Mirror Group plc.

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

	1997 £'000	1996 £'000
Tax effect of timing because of:		
Excess of tax allowances over depreciation	4,390	4,541
Other timing differences	(338)	(191)
	<u>4,052</u>	<u>4,350</u>

The Hinckley Times Limited (formerly Midland Newspapers Limited)

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Notes to the financial statements (continued)

19 Share capital

	1997 £'000	1996 £'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 £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 shareholders.

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

20 Reserves

	Share premium account £'000	Property revaluation reserve £'000	Title revaluation reserve £'000	Profit and loss account £'000
At 30 December 1996	27,392	1,012	23,949	2,800
Prior year adjustment	-	-	-	(9,073)
Retained profit for the period	-	-	-	39,935
Revaluation	-	-	51,448	-
Transfer from revaluation reserve to profit and loss account	-	(16)	66	(50)
At 28 December 1997	27,392	996	75,463	33,612

Notes for the financial statements (continued)

21 Reconciliation of movements in shareholders funds

	1997 £'000	1996 £'000
Opening shareholders funds	47,604	54,958
Prior year adjustment	-	(9,073)
As restated	47,604	45,885
Profit for the financial period	99,935	7,719
Dividends	(60,000)	(6,000)
Revaluation	51,447	-
Closing shareholders' funds	138,986	47,604
Less non-equity shareholders' funds	(200)	(200)
Equity shareholders' funds	138,786	47,404

22 Capital commitments

	1997 £	1996 £
Contracted but not provided for	77	800
Authorised by the directors but not yet contracted	416	309

23 Financial commitments

At 28 December 1997 the company had annual commitments under non-cancellable operating leases and contract hire agreements as follows:

	1997		1996	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	22	165	29	161
In the second to fifth years inclusive	69	2,132	46	473
Over five years	684	-	710	95
	775	2,297	785	729

Notes for the financial statements (continued)

24 Contingent liability

The company is party to guarantee in respect of the unsecured bank facility made available to its immediate parent undertaking Midland Independent Newspapers plc. The amount outstanding under the facility at 28 December 1997 was £15,000,000 (1996: £60,500,000).

25 Ultimate parent undertaking

The directors regard Mirror Group plc, a company registered in England and Wales, both as the ultimate parent company and the ultimate controlling party. A copy of the parent undertaking's financial statements may be obtained from the Secretary, Mirror Group plc, 1 Canada Square, Canary Wharf, London, E14 5AP.

26 Related party transactions

The company is a wholly owned subsidiary of Mirror Group 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.