

**The Hinckley Times Limited**  
**(formerly Midland Newspapers Limited)**  
**(Registered No: 47310)**

**Directors' Report And Financial Statements**

**For The 53 Weeks Ended 3 January 1999**



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

## **Report Of The Directors** **For the 53 Weeks Ended 3 January 1999**

The directors present their report and the audited financial statements of The Hinckley Times Limited (the "Company") for the 53 weeks ended 3 January 1999.

### **Principal Activity**

The principal activity of the Company was newspaper publishing.

### **Results And Review Of Activities**

On 29 December 1997 the Company's trade, assets and liabilities were transferred to Midland Newspapers Limited (formerly The Hinckley Times Limited) at a market value of £166,729,000 giving rise to a profit of £103,206,000. The Company did not trade during the period.

### **Dividends And Transfers To Reserves**

During the period dividends of £nil (1997: £60,000,000) were paid leaving a profit of £103,206,000 (1997: £39,935,000) to be transferred to reserves.

### **Directors**

The directors of the Company, together with their dates of appointment and resignation, where relevant were:

|              |                                                       |
|--------------|-------------------------------------------------------|
| CJ Allwood   | (appointed 30 March 1998)                             |
| SD Barber    | (appointed 11 November 1998)                          |
| C J Oakley   | (Chairman) (resigned 31 March 1998)                   |
| E R Petrie   | (resigned 15 May 1998)                                |
| VL Vaghela   | (appointed 28 August 1998, resigned 19 November 1998) |
| PA Vickers   | (appointed 30 March 1998)                             |
| J Whitehouse | (resigned 28 February 1998)                           |

### **Directors' Interests**

No director had any interests in the shares of the Company at any time during the period. The interests of directors in the shares of the Company's immediate parent undertaking, Mirror Group plc ("MG plc"), who were also directors of MG plc at the period end are disclosed in the financial statements of that company.

### **Insurance Of Directors**

MG plc maintains insurance for its directors, including directors of its subsidiary undertakings, in respect of their duties.

**The Hinckley Times Limited**  
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**Report Of The Directors**  
**For the 53 Weeks Ended 3 January 1999** (Continued)

**Statement Of Directors' Responsibilities**

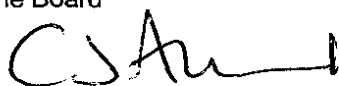
The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period.

*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 53 weeks ended 3 January 1999. 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.

By Order Of The Board

CJ Allwood  
Director



22nd October 1999

## Report Of The Auditors To The Members Of The Hinckley Times Limited (formerly Midland Newspapers Limited)

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on pages 8 and 9.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report, including as described on page 2 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### 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.

**Report Of The Auditors To The Members Of  
The Hinckley Times Limited (formerly Midland Newspapers Limited) (Continued)**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 3 January 1999 and of its profit for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

*Pricewaterhouse Coopers*

Chartered Accountants  
and Registered Auditors

22 October 1999

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

**Profit And Loss Account**  
**For The 53 Weeks Ended 3 January 1999**  
**(52 Weeks Ended 28 December 1997)**

|                                                  | <i>Note</i> | <b>1998</b><br><b>£'000</b> | <b>1997</b><br><b>£'000</b> |
|--------------------------------------------------|-------------|-----------------------------|-----------------------------|
| Turnover                                         |             |                             |                             |
| Discontinued operations                          | 2           | -                           | 96,244                      |
| Raw materials and consumables                    |             | -                           | (12,637)                    |
| Other external charges                           |             | -                           | (23,252)                    |
| Staff costs                                      | 5           | -                           | (30,756)                    |
| Depreciation                                     |             | -                           | (3,785)                     |
| Other operating costs                            |             | -                           | (1,730)                     |
| Exceptional operating costs                      | 3           | -                           | (28,597)                    |
| Operating costs                                  |             | -                           | (100,757)                   |
| Operating loss before exceptional items          |             |                             |                             |
| Discontinued operations                          |             | -                           | (4,513)                     |
| Profit on sale of business                       |             | <b>103,206</b>              | -                           |
| Income from other fixed asset investments        | 6           | -                           | 115,162                     |
| Income from interests in associated undertakings |             | -                           | (391)                       |
| Interest receivable and similar income           |             | -                           | 56                          |
| Interest payable and similar charges             | 7           | -                           | (4,839)                     |
| Profit on ordinary activities before taxation    | 3           | <b>103,206</b>              | 105,475                     |
| Tax on profit on ordinary activities             | 8           | -                           | (5,540)                     |
| Profit on ordinary activities after taxation     |             | <b>103,206</b>              | 99,935                      |
| Dividends                                        | 10          | -                           | (60,000)                    |
| Retained profit for the financial period         | 19          | <b>103,206</b>              | 39,935                      |

All of the company's activities are discontinued.

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**Statement Of Total Recognised Gains And Losses**  
**For The 53 Weeks Ended 3 January 1999**  
**(52 Weeks Ended 28 December 1997)**

There were no recognised gains and losses other than those reported in the profit and loss account. The effect of the adjustment arising from the change in accounting policy in respect of intangible assets on the opening balance of reserves was £75,463,000.

**Note Of Historical Cost Profits And Losses**  
**For The 52 Weeks Ended 3 January 1999**  
**(52 Weeks Ended 28 December 1997)**

There is no material difference between the reported profit and the historical cost profit on ordinary activities for either period.

**Reconciliation Of Movements In Shareholders' Funds**  
**For The 53 Weeks Ended 3 January 1999**  
**(52 Weeks Ended 28 December 1997)**

|                                                    | 1998<br>£'000 | 1997<br>£'000 |
|----------------------------------------------------|---------------|---------------|
| Opening shareholders' funds as previously reported | 63,523        | 47,604        |
| FRS10 prior year adjustment                        | -             | (24,016)      |
| Restated opening reserves                          | 63,523        | 23,588        |
| Profit on ordinary activities after taxation       | 103,206       | 99,935        |
| Dividends                                          | -             | (60,000)      |
| Closing shareholders' funds                        | 166,729       | 63,523        |
| Less non equity shareholders' funds                | (200)         | (200)         |
| Equity shareholders' funds                         | 166,529       | 63,323        |

**The Hinckley Times Limited**  
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**Balance Sheet At 3 January 1999 (28 December 1997)**

|                                                       | <i>Note</i> | <b>1998<br/>£'000</b> | <b>1997<br/>restated<br/>£'000</b> |
|-------------------------------------------------------|-------------|-----------------------|------------------------------------|
| <b>Fixed Assets</b>                                   |             |                       |                                    |
| Intangible assets                                     | 11          | -                     | 101,967                            |
| Tangible assets                                       | 12          | -                     | 22,329                             |
| Investments                                           | 13          | -                     | 49,351                             |
|                                                       |             | -                     | 173,647                            |
| <b>Current Assets</b>                                 |             |                       |                                    |
| Stocks                                                | 14          | -                     | 958                                |
| Debtors                                               | 15          | 166,729               | 165,831                            |
| Cash at bank and in hand                              |             | -                     | 6,229                              |
|                                                       |             | 166,729               | 173,018                            |
| <b>Creditors: amounts falling due within one year</b> | 16          | -                     | (272,455)                          |
| <b>Net Current Assets/(Liabilities)</b>               |             | 166,729               | (99,437)                           |
| <b>Total Assets Less Current Liabilities</b>          |             |                       | 74,210                             |
| <b>Provisions For Liabilities And Charges</b>         | 17          | -                     | (10,687)                           |
|                                                       |             | 166,729               | 63,523                             |
| <b>Capital And Reserves</b>                           |             |                       |                                    |
| Called up share capital                               | 18          | 1,524                 | 1,524                              |
| Share premium account                                 | 19          | 27,392                | 27,392                             |
| Property revaluation reserve                          | 19          | -                     | 996                                |
| Title revaluation reserve                             | 19          | -                     | -                                  |
| Profit and loss account                               | 19          | 137,813               | 33,611                             |
|                                                       |             | 166,729               | 63,523                             |
| <b>Equity shareholders' funds</b>                     |             | 166,529               | 63,323                             |
| <b>Non-equity shareholders' funds</b>                 |             | 200                   | 200                                |
| <b>Shareholders' Funds</b>                            |             | 166,729               | 63,523                             |

The financial statements on pages 5 to 17 were approved by the board of directors on 22nd October 1999 and were signed on its behalf by:



CJ Allwood  
Director

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

## **Notes To The Financial Statements** **For The 53 Weeks Ended 3 January 1999**

### **1 Principal Accounting Policies**

For administrative convenience, the financial statements are made up to the nearest Sunday to the end of the calendar year (1997: 28 December 1997). The financial statements have been prepared in accordance with applicable UK Accounting Standards. 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 is set out below.

#### **a) Basis of accounting**

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

#### **b) 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                |

#### **c) Intangible assets**

The Company has changed its accounting policy with regard to accounting for the value of its paid for newspaper titles in order to comply with Financial Reporting Standard 10 – "Goodwill and Intangible Assets". In previous years the titles were held at directors' valuation resulting in a title revaluation reserve of £75,463,000. FRS10 does not permit the revaluation of intangible assets. Accordingly the revaluation has been reversed as a prior year adjustment against opening shareholders' funds.

#### **d) 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.

#### **e) 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.

#### **f) Cash flow statements**

The Company is a wholly owned subsidiary of MG plc and the cash flows of the Company are included in the consolidated cash flow statement of MG plc. Consequently the Company is exempt under the terms of Financial Reporting Standard 1 – "Cash Flow Statements", from publishing a cash flow statement.

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**Notes To The Financial Statements**  
**For The 53 Weeks Ended 3 January 1999** (Continued)

**1 Principal Accounting Policies** (Continued)

**g) 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.

**h) 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.

**i) 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 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 Turnover**

Turnover consisted entirely of sales in the United Kingdom.

**3 Profit On Ordinary Activities Before Taxation**

This is stated after charging/(crediting) the following:

|                                             | 1998<br>£'000 | 1997<br>£'000 |
|---------------------------------------------|---------------|---------------|
| Depreciation - owned assets                 | -             | 3,785         |
| Auditors' remuneration for audit            | -             | 89            |
| Operating lease rentals                     |               |               |
| - land and buildings                        | -             | 400           |
| - plant and machinery                       | -             | 1,586         |
| Profit on disposal of tangible fixed assets | -             | (35)          |
| Rental income                               | -             | (162)         |
| Exceptional operating costs:                |               |               |
| Reorganisation and redundancy costs         | -             | 1,759         |
| Fair value adjustments                      | -             | 26,838        |

**4 Directors' Emoluments**

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

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**Notes To The Financial Statements**  
**For The 53 Weeks Ended 3 January 1999 (Continued)**

**5 Employee Information**

The average weekly number of persons employed by the Company during the period was:

|                                   | <b>1998</b>   | <b>1997</b>   |
|-----------------------------------|---------------|---------------|
|                                   | <b>Number</b> | <b>Number</b> |
| <b>Newspaper publishing</b>       |               |               |
| Full time                         | -             | 1,374         |
| Part time (full time equivalents) | -             | 111           |
|                                   | -             | 1,485         |
| <b>Other activities</b>           |               |               |
| Full time                         | -             | 51            |
| Part time (full time equivalents) | -             | 3             |
|                                   | -             | 54            |
| <b>Staff costs comprise:</b>      |               |               |
| Wages and salaries                | -             | 27,570        |
| Social security costs             | -             | 2,305         |
| Other pension costs (see note 10) | -             | 666           |
| Redundancy costs                  | -             | 215           |
|                                   | -             | 30,756        |

**6 Income From Fixed Asset Investments**

|                                      | <b>1998</b>  | <b>1997</b>  |
|--------------------------------------|--------------|--------------|
|                                      | <b>£'000</b> | <b>£'000</b> |
| Property rental less expenses        | -            | 162          |
| Dividend from subsidiary undertaking | -            | 115,000      |
|                                      | -            | 115,162      |

**7 Interest Payable And Similar Charges**

|                    | <b>1998</b>  | <b>1997</b>  |
|--------------------|--------------|--------------|
|                    | <b>£'000</b> | <b>£'000</b> |
| On bank overdrafts | -            | 3,015        |
| Group interest     | -            | 1,824        |
|                    | -            | 4,839        |

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**Notes To The Financial Statements**  
**For The 53 Weeks Ended 3 January 1999 (Continued)**

**8 Tax On Profit On Ordinary Activities**

|                                                                       | 1998<br>£'000 | 1997<br>£'000 |
|-----------------------------------------------------------------------|---------------|---------------|
| United Kingdom corporation tax charge/(credit) at 31.5% (1997: 31.5%) |               |               |
| Current                                                               | -             | 5,838         |
| Deferred                                                              | -             | (312)         |
| Under provision in respect of previous periods:                       |               |               |
| Current                                                               | -             | -             |
| Deferred                                                              | -             | 14            |
|                                                                       | -             | 5,540         |

**9 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.

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 £nil for the period ended 3 January 1999 (1997: £666,000). This charge, for both 1997 and 1996, covers both MINEPP and MINPS. Included in debtors at 3 January 1999 is a prepayment of £nil (1997: £945,000) in respect of MINPS.

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**Notes To The Financial Statements**  
**For The 53 Weeks Ended 3 January 1999** (Continued)

**10 Dividend**

|                                             | 1998<br>£'000 | 1997<br>£'000 |
|---------------------------------------------|---------------|---------------|
| Dividends paid during the period amount to: |               |               |
| Class A ordinary shares (1997: £2,035.14)   | -             | 28,201        |
| Class B ordinary shares (1997: £2,035.14)   | -             | 31,799        |
|                                             | -             | 60,000        |

Midland Newspapers Limited who hold 100% of the preference shares have waived their rights to dividends for the 53 weeks ended 3 January 1999 and to arrears of dividends for prior periods.

**11 Intangible Assets**

|                                                   | Titles<br>£'000 |
|---------------------------------------------------|-----------------|
| At 28 December 1997 as previously reported        | 177,430         |
| FRS10 prior year adjustment (Note 1)              | (75,463)        |
| Balance at 28 December 1997 as restated for FRS10 | 101,967         |
| Transfer to fellow Group undertaking              | (101,967)       |
| Balance at 3 January 1999                         | -               |

The £75,463,000 FRS10 prior year adjustment is in respect of the revaluation previously attributed to the Company's newspaper titles.

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**Notes To The Financial Statements**  
**For The 53 Weeks Ended 3 January 1999** (Continued)

**12 Tangible Assets**

|                                      | Freehold<br>property | Short<br>leasehold<br>property | Long<br>leasehold<br>property | Plant<br>and other<br>equipment | Total    |
|--------------------------------------|----------------------|--------------------------------|-------------------------------|---------------------------------|----------|
|                                      | £'000                | £'000                          | £'000                         | £'000                           | £'000    |
| <b>Cost or valuation</b>             |                      |                                |                               |                                 |          |
| At 28 December 1997                  | 6,000                | 142                            | 5,128                         | 46,818                          | 58,088   |
| Transfer to fellow Group undertaking | (6,000)              | (142)                          | (5,128)                       | (46,818)                        | (58,088) |
| <b>At 3 January 1999</b>             | -                    | -                              | -                             | -                               | -        |
| <b>Depreciation</b>                  |                      |                                |                               |                                 |          |
| At 28 December 1997                  | -                    | 140                            | 852                           | 34,767                          | 35,759   |
| Transfer to fellow Group undertaking | -                    | (140)                          | (852)                         | (34,767)                        | (35,759) |
| <b>At 3 January 1999</b>             | -                    | -                              | -                             | -                               | -        |
| <b>Net book value</b>                |                      |                                |                               |                                 |          |
| <b>At 3 January 1999</b>             | -                    | -                              | -                             | -                               | -        |
| At 28 December 1997                  | 6,000                | 2                              | 4,276                         | 12,051                          | 22,329   |

Depreciation was not charged on the freehold land which was stated at cost of £nil (1997: £41,400). The Colmore Circus freehold property was valued on 14 November 1997 by independent valuers, Montague Evans, at £6,000,000, using an open market basis of valuation. The historical cost of the freehold property was £16,906.

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**Notes To The Financial Statements**  
**For The 53 Weeks Ended 3 January 1999** (Continued)

**13 Investments**

|                                         | Investments<br>in associated<br>undertaking<br>£'000 | Loans to<br>associated<br>undertaking<br>£'000 | Subsidiary<br>undertakings<br>£'000 | Unlisted<br>investments<br>£'000 | Total<br>£'000 |
|-----------------------------------------|------------------------------------------------------|------------------------------------------------|-------------------------------------|----------------------------------|----------------|
| <b>Cost or valuation</b>                |                                                      |                                                |                                     |                                  |                |
| At 28 December 1997                     | (841)                                                | 1,136                                          | 49,026                              | 30                               | 49,351         |
| Transfer to fellow group<br>undertaking | 841                                                  | (1,136)                                        | (49,026)                            | (30)                             | (49,351)       |
| <b>At 3 January 1999</b>                | -                                                    | -                                              | -                                   | -                                | -              |

**14 Stocks**

|                               | 1998<br>£'000 | 1997<br>£'000 |
|-------------------------------|---------------|---------------|
| Raw materials and consumables | -             | 958           |

**15 Debtors**

|                                    | 1998<br>£'000 | 1997<br>£'000 |
|------------------------------------|---------------|---------------|
| Trade debtors                      | -             | 15,593        |
| Amounts owed by Group undertakings | 166,729       | 146,028       |
| Other debtors                      | -             | 457           |
| Prepayments and accrued income     | -             | 3,753         |
|                                    | 166,729       | 165,831       |

**16 Creditors: Amounts Falling Due Within One Year**

|                                    | 1998<br>£'000 | 1997<br>£'000 |
|------------------------------------|---------------|---------------|
| Bank overdraft                     | -             | 1,749         |
| Trade creditors                    | -             | 4,549         |
| Amounts owed to Group undertakings | -             | 252,307       |
| Group relief payable               | -             | 2,385         |
| Corporation tax                    | -             | 6,322         |
| Other taxation and social security | -             | 3,292         |
| Other creditors and accruals       | -             | 1,851         |
|                                    | -             | 272,455       |

**The Hinckley Times Limited**  
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**Notes To The Financial Statements**  
**For The 53 Weeks Ended 3 January 1999** (Continued)

**17 Provisions For Liabilities And Charges**

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

|                                      | Leasehold<br>property<br>£'000 | Reorganisation<br>provision<br>£'000 | Deferred<br>taxation<br>£'000 | Total<br>£'000 |
|--------------------------------------|--------------------------------|--------------------------------------|-------------------------------|----------------|
| At 28 December 1997                  | 5,274                          | 1,361                                | 4,052                         | 10,687         |
| Transfer to fellow group undertaking | (5,274)                        | (1,361)                              | (4,052)                       | (10,687)       |
| <b>At 3 January 1999</b>             | -                              | -                                    | -                             | -              |

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

|                                            | 1998<br>£'000 | 1997<br>£'000 |
|--------------------------------------------|---------------|---------------|
| Tax effect of timing because of:           |               |               |
| Excess of tax allowances over depreciation | -             | 4,390         |
| Other timing differences                   | -             | (338)         |
|                                            | -             | 4,052         |

**18 Called Up Share Capital**

|                                                              | 1998<br>£'000 | 1997<br>£'000 |
|--------------------------------------------------------------|---------------|---------------|
| <b>Authorised, allotted, called-up and fully paid equity</b> |               |               |
| 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         |
|                                                              | <b>1,324</b>  | <b>1,324</b>  |
| <b>Non equity</b>                                            |               |               |
| 200,000 6% cumulative preference shares of £1 each           | 200           | 200           |
|                                                              | <b>1,524</b>  | <b>1,524</b>  |

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.

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**Notes To The Financial Statements**  
**For The 53 Weeks Ended 3 January 1999** (Continued)

**18 Called Up Share Capital** (Continued)

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.

**19 Reserves**

|                                                       | Share<br>premium<br>account<br>£'000 | Property<br>revaluation<br>reserve<br>£'000 | Title<br>revaluation<br>reserve<br>£'000 | Profit<br>and loss<br>account<br>£'000 |
|-------------------------------------------------------|--------------------------------------|---------------------------------------------|------------------------------------------|----------------------------------------|
| Balance at 28 December 1997 as<br>previously reported | 27,392                               | 996                                         | 75,463                                   | 33,611                                 |
| FRS10 prior year adjustment (Note 1)                  | -                                    | -                                           | (75,463)                                 | -                                      |
| Balance at 28 December 1997 as<br>restated            | 27,392                               | 996                                         | -                                        | 33,611                                 |
| Transfer to profit and loss account                   | -                                    | (996)                                       | -                                        | 996                                    |
| Retained profit for the period                        | -                                    | -                                           | -                                        | 103,206                                |
| <b>At 3 January 1999</b>                              | <b>27,392</b>                        | <b>-</b>                                    | <b>-</b>                                 | <b>137,813</b>                         |

**20 Financial Commitments**

At 3 January 1999 the Company had annual commitments under non cancellable operating leases and contract hire agreements as follows:

|                                        | 1998<br>Land and<br>buildings<br>£'000 | Other<br>£'000 | 1997<br>Land and<br>buildings<br>£'000 | Other<br>£'000 |
|----------------------------------------|----------------------------------------|----------------|----------------------------------------|----------------|
| Operating leases which expire:         |                                        |                |                                        |                |
| Within one year                        | -                                      | -              | 22                                     | 165            |
| In the second to fifth years inclusive | -                                      | -              | 69                                     | 2,132          |
| Over five years                        | -                                      | -              | 684                                    | -              |
|                                        | -                                      | -              | 775                                    | 2,297          |

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

**Notes To The Financial Statements**  
**For The 53 Weeks Ended 3 January 1999** (Continued)

**21 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 3 January 1999 was £nil (1997: £15,000,000).

**22 Related Party Transactions**

The Company is a wholly owned subsidiary of MG 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 Number 8.

**23 Ultimate Parent Undertaking**

The directors regard MG 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, One Canada Square, Canary Wharf, London, E14 5AP.

On 6 September 1999 MG plc was acquired by Trinity plc.