

The proposed transfer

2.1 In the following paragraphs we set out the present position as regards the ownership and control of the newspapers included in the reference.

Newspapers of which Mr Iliffe is the proprietor

2.2 These newspapers are published by four companies: The Birmingham Post & Mail Limited, London and Westminster Newspapers Limited, Burton Daily Mail Limited and North Wales Newspapers Limited. A list of the newspapers which each of them publishes is in Appendix 2.1. We refer in this report to these newspapers as the BPM newspapers.

2.3 BPM Holdings PLC (BPM Holdings), of which Mr Iliffe is the chairman, owns all the issued share capital of The Birmingham Post & Mail Limited and of London and Westminster Newspapers Limited. The Birmingham Post & Mail Limited publishes its newspapers as agent for BPM Holdings. BPM Holdings owns 75 per cent of the issued ordinary share capital of Burton Daily Mail Limited and is negotiating the purchase of the remaining 25 per cent of the ordinary shares. It also owns 25 per cent of the issued ordinary share capital of North Wales Newspapers Limited.

2.4 In turn all the share capital of BPM Holdings is owned by Yattendon Holdings PLC. Mr Iliffe holds 80 per cent of the voting shares of Yattendon Holdings PLC and he is also the chairman of that company. In relation to all four newspaper companies mentioned in paragraph 2.2 Mr Iliffe has therefore a controlling interest within the terms of section 57(4) of the 1973 Act and is within the terms of section 57(1)(b) a newspaper proprietor of the newspapers published by those companies.

The newspapers of which the trustees of Lord Iliffe's 1969 Settlement are the proprietors

2.5 The other newspapers with which we are concerned are the Coventry series of newspapers, listed at Appendix 2.2. We refer in this report to these newspapers as the Coventry newspapers. Two (the *Coventry Evening Telegraph* and the *Coventry Citizen*) are published by Coventry Newspapers Limited (Coventry); the others are published in the Cambridge area by Cambridge Newspapers Ltd (Cambridge) which trades only as an agent of Coventry. Mr Iliffe is chairman of both these companies. Both are wholly owned subsidiaries of Yattendon Investment Trust Ltd (YIT). All the voting share capital of YIT is held in equal parts by the trustees of sub-settlements of a settlement created by Lord Iliffe in 1969 (Lord Iliffe's 1969 Settlement). The trustees of these sub-settlements are Mr S T Gray, Mr R P R Iliffe and Mr M S E Carpenter; their holdings of voting shares of YIT are registered as half in the names of the trustees in that order, and as to the other half in the order Mr M S E Carpenter,

Mr R P R Iliffe and Mr S T Gray. Mr Gray and Mr Carpenter are respectively an accountant and a solicitor practising in London. Mr Gray is a director of YIT, Yattendon Holdings PLC and BPM Holdings. In relation to the Coventry newspapers, YIT and the sub-settlements therefore have controlling interests within the terms of section 57(4) of the 1973 Act and the trustees collectively are, within the terms of section 57(1)(b) and section 77(1), newspaper proprietors of the newspapers published by Coventry and Cambridge.

2.6 At Appendix 2.3 is a diagram setting out the present holdings of shares in the companies concerned and the relationships between them illustrating the situation described in the preceding paragraphs.

The proposal

2.7 The proposal is that Mr Iliffe would transfer his voting shares in Yattendon Holdings PLC (being 80 per cent of the voting share capital) to Coventry which owns the remaining 20 per cent. The effect of this transfer would be to make the trustees of the sub-settlements newspaper proprietors in relation to the newspapers listed in Appendix 2.1 in place of Mr Iliffe. The trustees would then be the newspaper proprietors of all the newspapers listed in Appendices 2.1 and 2.2.

2.8 It is also proposed that Coventry should issue further voting shares to certain members of the Iliffe family in exchange for their non-voting shares in Yattendon Holdings PLC as a result of which they would hold 15 per cent of the voting shares in Coventry. It does not appear to us that this change has any effect on the transfer which is the subject of this reference.