

**NEWSQUEST MEDIA (SOUTH) LIMITED**

**Directors' Report and Financial Statements  
for the 53 weeks ended 30 December 2012**



**REPORT AND FINANCIAL STATEMENTS 2012**

<b>CONTENTS</b>	<b>Page</b>
<b>Directors' report</b>	<b>1</b>
<b>Auditor's report</b>	<b>3</b>
<b>Profit and loss account</b>	<b>4</b>
<b>Balance sheet</b>	<b>5</b>
<b>Notes to the accounts</b>	<b>6</b>

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the 53 weeks ended 30 December 2012

### **PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE PROSPECTS**

The company did not trade during the period

On 10 December 2012 a special resolution was passed to reduce the share capital of the company by the cancellation of £5,197,000 from the share premium account and transfer that amount to the profit and loss reserve. The company wrote down its investment in its subsidiaries by £157,000 in the period.

Since 10 December 2012 the company has been a dormant employing company and has continued not to trade. The directors expect this to continue.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The company is a wholly owned subsidiary within the Gannett Co, Inc group of companies. All of its material transactions are with fellow group undertakings and as such its activities are dependent on the activities of the Gannett Co, Inc group of companies as a whole.

The risks and uncertainties facing the company are linked to those of the group. A discussion of the Group risks and uncertainties is contained in the group's annual report.

### **RESULTS AND DIVIDENDS**

The loss on ordinary activities after taxation amounted to £157,000 (2011 - £nil).

A dividend of £10,079,000 was made during the year (2011 - £nil). The directors do not recommend a final dividend (2011 - £nil).

### **DIRECTORS**

The directors who served during the period are listed below:

P Davidson

P Hunter

### **DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The group maintains Director's and Officer's liability insurance for the directors during the course of their employment. The insurance will cover the directors' legal costs incurred in defending any proceedings brought by third parties. Such qualifying third party indemnity provision remains in place as at the date of approving the directors' report.

### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

Details of political and charitable contributions are contained in the directors' report and financial statements of Gannett UK Limited.

### **EMPLOYEE PARTICIPATION AND THE ENVIRONMENT**

The company places value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and the company. Such communications are undertaken on a regional basis, and include consultation with staff via elected representatives on a Staff Council, the publication of regular newsletters and the regular meetings of directors and senior managers with staff throughout the period. There is a share incentive plan in place which is open to all employees.

The company is conscious of the importance of good environmental practices and strives to comply with all relevant regulations. Information about the recycled content of newsprint used in the production of newspapers by the UK industry can be found on the Newspaper Society website, [www.newspapersoc.org.uk](http://www.newspapersoc.org.uk)

### **DISABLED PERSONS**

It is the policy of the company to consider the skills and aptitudes of disabled persons fully and fairly at all times in recruitment, career development, training and promotion. In pursuing this policy and having special concern for employees who become disabled, all practical measures are taken to ensure that disabled persons are placed in jobs suited to their individual circumstances.

## DIRECTORS' REPORT (CONTINUED)

### DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- selected suitable accounting policies and then applied them consistently,
- made judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### GOING CONCERN

The company's business activities, together with the factors likely to affect its future development and position, are set out above in the directors' report under the sections principal activities and review of the business.

On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the Board at the time of approving the directors' report are listed on page 1. Having made enquires of fellow directors and of the company's auditors, each of these directors confirm that

- to the best of each directors' knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- each director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### AUDITORS

Ernst & Young LLP are deemed to be reappointed in accordance with an elective resolution made under Section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

This report was approved by the Board and signed on its behalf on 14 May 2013 by



N Carpenter  
Joint Company Secretary

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWSQUEST MEDIA (SOUTH) LIMITED**

We have audited the financial statements of Newsquest Media (South) Limited for the year ended 30 December 2012 which comprise the Balance Sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

*Ernst & Young LLP*

Philip Young

Senior statutory auditor

for and on behalf of Ernst & Young LLP, London

Date

*15 May 2013*

**PROFIT AND LOSS ACCOUNT**

**53 weeks ended 30 December 2012 (note 1)**

	Note	53 weeks ended 30 December 2012 £'000	52 weeks ended 25 December 2011 £'000
Operating expenses	2	-	-
Amounts written off investments	2	(157)	-
<b>OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	(157)	-
Tax charge on loss on ordinary activities	3	-	-
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>	9	(157)	-

All the above transactions relate to continuing operations

There were no recognised gains or losses in the current or preceding period, other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

**BALANCE SHEET**  
**30 December 2012 (note 1)**

	Note	£'000	2012 £'000	£'000	2011 £'000
<b>FIXED ASSETS</b>					
Investments	4		778		935
<b>CURRENT ASSETS</b>					
Debtors	5	935		11,014	
<b>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	6	<u>(935)</u>		<u>(935)</u>	
<b>NET CURRENT ASSETS</b>			<u>-</u>		<u>10,079</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>778</u>		<u>11,014</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	7		387		387
Share premium account	9		-		5,197
Profit and loss account	9		<u>391</u>		<u>5,430</u>
<b>SHAREHOLDERS' FUNDS</b>	9		<u>778</u>		<u>11,014</u>

The financial statements on pages 4 to 9 were approved by the Board and signed on its behalf on 14 May 2013 by



P Hunter  
Director

**NOTES TO THE ACCOUNTS**  
**For the 53 weeks ended 30 December 2012**

**1 ACCOUNTING POLICIES**

**Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

**Accounting period**

The profit and loss accounts cover the 53 weeks from 26 December 2011 to 30 December 2012 and 52 weeks from 26 December 2011 to 30 December 2012. The balance sheets for 2012 and 2011 have been drawn up at 30 December 2012 and 25 December 2011 respectively

**Investments**

Investments held as fixed assets are stated at cost, less provision, if appropriate, for any impairment in value other than a temporary impairment in value

The carrying value of investments is reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

**Group accounts and cash flow statement**

The company, as it is a wholly owned subsidiary itself, is not required to prepare group accounts because its parent undertaking is established under the law of an EEA state. Accordingly the financial statements present information about the company rather than the group as a whole. A cash flow statement is not required under Financial Reporting Standard 1 (revised), as the company is a wholly owned subsidiary and the group's financial statements are publicly available

**2. OPERATING LOSS**

	53 weeks ended 30 December 2012 £'000	52 weeks ended 25 December 2011 £'000
The operating loss is stated after charging		
Amounts written off investments	157	-
In the current year recharges for audit services for the entire Gannett U K Limited group totalling £269,000 (2011 - £248,000) were borne by Newsquest Media Group Limited		

**3. TAX CHARGE ON LOSS ON ORDINARY ACTIVITIES**

	53 weeks ended 30 December 2012 £'000	52 weeks ended 25 December 2011 £'000
Analysis of charge in the period:		
Current tax		
UK Corporation tax at 24.5% (2011 - 26.5%)	-	-

The tax charge for the period is different to the standard rate of corporation tax in the UK. The differences are explained below

**NOTES TO THE ACCOUNTS**  
**For the 53 weeks ended 30 December 2012**

**3. TAX CHARGE ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)**

Analysis of charge in the period.	2012 £'000	2011 £'000
Loss on ordinary activities before taxation	(157)	-
Loss on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%)	(38)	-
Expenses not taxable	38	-
	-	-

Tax losses arising within the Gannett UK Limited group of companies are relieved amongst group companies. The principal factor that may affect the tax charge in future periods is the basis on which tax losses are allocated within the group and the rate (if any) at which the company pays for those losses.

On 20 March 2013, the UK government confirmed its intention to propose that Parliament reduce the main rate of UK corporation tax to 20% from 1 April 2015. The rate has been reducing and enacted rates are 24% with effect from 1 April 2012 and 23% with effect from 1 April 2013. Reduction of the rate to 21% from 1 April 2014 and to 20% from 1 April 2015 is expected to be enacted during 2013.

**4. INVESTMENTS**

	Shares in subsidiary undertakings £'000
<b>Cost</b>	
At 30 December 2012 and 25 December 2011	935
<b>Provisions</b>	
At 26 December 2011	-
Charge for the period	157
At 30 December 2012	157
<b>Net Book Value</b>	
At 30 December 2012	778
At 25 December 2011	935

Investments comprise 100% direct holding of the issued ordinary share capital of the following dormant companies, at 30 December 2012:

Billington & Wright Ltd*	Newsquest (East London & West Essex) Ltd
Essex County Newspapers Ltd**	Newsquest (Hertfordshire & Middlesex) Ltd
Mega Suburban Printing Ltd	Newsquest (Lancs Free) Ltd
Morgan Truman Publications Ltd	South London Guardian Ltd
News Shopper Ltd	Bromley Property News Ltd
Newsquest (Buckinghamshire & West London) Ltd	The Croydon Property News Ltd

\* Also comprises 100% direct holding in the preference share capital

\*\* Also comprises 100% holding in the deferred share capital

In addition, the company has a 50% direct holding in the issued ordinary share capital of This is Essex Limited, at 30 December 2012.

# NEWSQUEST MEDIA (SOUTH) LIMITED

## NOTES TO THE ACCOUNTS

For the 53 weeks ended 30 December 2012

### 5. DEBTORS

	2012 £'000	2011 £'000
Due within one year		
Amounts owed by group undertakings	935	11,014

### 6. CREDITORS

	2012 £'000	2011 £'000
Amounts falling due within one year		
Amounts owed to group undertakings	935	935

### 7. CALLED UP SHARE CAPITAL

	2012 £'000	2011 £'000
Authorised		
9,500,000 ordinary shares of 5p each	475	475
Allotted, called up and fully paid		
7,750,969 ordinary shares of 5p	387	387

### 8. DIVIDENDS

	2012 £'000	2011 £'000
Dividends made during the year		
Interim for 2012 1 3p per share	10,079	-

### 9. RESERVES AND RECONCILIATION OF SHAREHOLDERS' FUNDS

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
As at 25 December 2011 and 26 December 2010	387	5,197	5,430	11,014
Loss for the period	-	-	(157)	(157)
Capital reduction	-	(5,197)	5,197	-
Dividend	-	-	(10,079)	(10,079)
As at 30 December 2012	387	-	391	778

On 10 December 2012 a special resolution was passed to reduce the share capital of the company by the cancellation of £5,197,000 from the share premium account and transfer that balance to the profit and loss reserve

### 10 EMPLOYEES AND DIRECTORS

In both 2012 and 2011 the costs of staff employed by the company were borne by a fellow subsidiary company. Directors remuneration in 2012 was £nil (2011 - £nil). All emoluments and pension payments made by related companies to directors are dealt with in the accounts of Newsquest Media Group Limited.

**NOTES TO THE ACCOUNTS**

**For the 53 weeks ended 30 December 2012**

**11 RELATED PARTIES**

The company is included in the consolidated financial statements of its ultimate parent company. These financial statements are publicly available, therefore, the company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosure of transactions with entities that are part of the group on the grounds that it is wholly owned.

**12. ULTIMATE PARENT COMPANY**

The company's ultimate parent and controlling company is Gannett Co, Inc, a company incorporated in the United States of America. The intermediate parent and controlling company in the United Kingdom is Gannett UK Limited, a company incorporated in Great Britain and registered in England and Wales. The consolidated financial statements of Gannett Co, Inc and Gannett UK Limited comprise respectively the largest and smallest groups of which the company is a member that prepare consolidated financial statements. The annual report and consolidated financial statements of Gannett Co, Inc can be obtained from the Secretary, Gannett Co, Inc, 7950 Jones Branch Drive, McLean, Virginia 22107. The annual report and consolidated financial statements of Gannett UK Limited can be obtained from Companies House, Crown Way, Mandy, Cardiff, CF4 3UZ.