Company Registration No. 1676637

NEWSQUEST MEDIA GROUP LIMITED

Annual Report and Financial Statements for the year ended 31 December 2021

ANNUAL REPORT AND FINANCIAL STATEMENTS 2021

CONTENTS

Country of incorporation:

A company incorporated in Great Britain and registered in England and Wales.

Registered address:

Loudwater Mill, Station Road, High Wycombe, Buckinghamshire, HP10 9TY

STRATEGIC REPORT

The directors present their reports and the audited financial statements for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS AND FUTURE PROSPECTS

Newsquest Media Group Limited ("the company") operates within the publishing, printing and digital marketing industry. The company is one of the largest regional news publishers in the UK with a portfolio of more than 120 news brands and 29 magazines.

These financial statements are not consolidated accounts and therefore do not consolidate the results of all the operations in the UK of the Newsquest group of companies. There was a resilient performance from the company in 2021 despite the trading environment including a national lockdown in the first quarter of 2021 due to the Covid-19 pandemic and higher newsprint prices in the second half of 2021 when the impact of significant inflationary pressures became more widespread.

A clear strategy delivered by a committed and professional staff along with the diversity of our revenue streams has achieved these results. Over half of the year's operating profit went to paying £14.6m of pension contributions towards funding the company's legacy pension obligations (which is the company's main financial liability).

The purchases of content by Facebook and Google for their news services that began in 2021 is a positive development, but still only represents a tiny fraction of the value that these tech companies garner from using quality news journalism on their platforms. In smaller towns and communities a viable subscription model that can fund quality local journalism in the long term remains hard to envisage.

On 18 March 2022 the company completed the acquisition of Archant Community Media Limited. Archant owns not only a portfolio of local news brands principally in East Anglia but also publishes a portfolio of regional County Life magazines. Its news brands include the Eastern Daily Press, the East Anglia Daily Times, Norwich Evening News, and Ipswich Star. Archant employs 760 staff and its head office is in Norwich.

The acquisition provides the opportunity to achieve more economies of scale and in so doing provide a more sustainable future for the Archant local news brands and their local journalism. The Newsquest overarching goal is to empower its local communities to thrive – we do this by providing a sustainable model for trusted local journalism and providing local businesses with highly effective advertising solutions. The successful execution of this strategy is expected to enable the company to continue its evolution from a traditional print media business to a digitally led one.

Trading and prospects

The local advertising and news market in the UK remains a highly competitive space with a multitude of providers supplying a wide range of choice for local advertisers and for local news.

We deliver high-quality, trusted content with a commitment to balanced, unbiased journalism, where and when consumers want to engage with it on virtually any device or platform. Additionally, we have strong relationships with hundreds of thousands of local and national businesses in U.K. markets due to our on the ground sales teams and a robust advertising and digital marketing solutions product suite.

It has been heartening to continue to see the countless examples of the essential role that local news brands play in communities up and down the country. helping local people seek out trusted and reliable news sources to keep them properly informed. As always, our local journalists get to the heart of the story – celebrating local heroes, calling out wrong-doing and championing and galvanising communities behind important causes. We were pleased to be able to do our part in raising money for charity, most recently for Ukraine with a proportion of the cover price going to the British Red Cross Ukraine Humanitarian Appeal.

The impact of the war in Ukraine on the global economy, particularly on energy prices, is putting significant inflationary pressure on the business in 2022. Despite these inflationary head winds, the company remains positive about the opportunities for 2022 given the resilience of the business and skills of its teams to drive the necessary audience growth and deliver the value and quality response sought by our advertisers.

Our advertising teams employ a multi-platform approach to advertising sales under the LOCALiQ brand, which can be specifically tailored to the individual needs of advertisers from small, locally-owned businesses to large, complex groups. Our experience has been that local and national advertisers without dedicated resource find it challenging to manage the complexity of their media budgets, particularly on the digital side, and are seeking to reach a shifting audience while also desiring to influence attitudes and experience at each stage of the purchase path.

STRATEGIC REPORT (CONTINUED)

Trading and prospects (continued)

The nature and extent of any slow-down in the UK economy is inherently uncertain but the company remains in a strong position to remain cash positive after meeting its scheduled pension contributions to the legacy defined benefit scheme.

Key performance indicators

The company's key financial and other performance indicators during the financial period were as follows:

	2021 £'000	2020 £'000	Change %
Turnover	141,964	139,678	1.6%
Adjusted EBITDA*	35,689	32,314	10.4%
Adjusted EBITDA margin*	25.1%	23.1%	2.0

* Earnings before interest, tax, depreciation on tangible fixed assets and right of use assets, restructuring costs, write-down of investments, impairment of tangible and intangible fixed assets, net credit on disposal of long leasehold property, share based payment charges and IAS 19 pension charges (see note 2 (b)). This does not include the EBITDA of unconsolidated subsidiaries.

Revenue growth and prudent cost control has maintained overall profitability of the business, giving rise to a 2 point increase in the adjusted EBITDA margin.

PRINCIPAL RISKS AND UNCERTAINTIES

Consistent and sustainable revenue generation

The company along with its trading subsidiaries operate in a competitive and dynamic environment where maintaining and developing the interest of local audiences is critical to its commercial success in attracting advertisers and readers. Competing news platforms and alternative media impact the company's ability to grow revenues.

The company manages this competitive risk by continually seeking to ensure its products meet the needs of the communities it serves and investing in digital services.

Pension funding

The company, as the principal employer of the Newsquest Pension Scheme (the Scheme), is ultimately responsible for meeting any deficit in the pension scheme. On 31 March 2011 the Scheme closed the future accrual of pension benefits. Since 1 July 2018 annual increases in pension benefits have been with reference to CPI in all sections of the Newsquest Pension Scheme.

Even though the level of contribution funding and investment strategy for the Scheme has enhanced the security of pensioner benefits since the last actuarial valuation, changes introduced by the government on inflation indexing has negatively impacted the position of the Scheme.

Consequently, the current triennial valuation assessing the position of the Scheme at 31 March 2021 is indicating a technical provisions deficit of approximately £50m. A new schedule of contributions is being agreed between the company and Scheme Trustee.

CORPORATE GOVERNANCE – S172 STATEMENT

The company has noted the Wates Corporate Governance Principles for large private companies and s172 of the Companies Act 2006, and in response to these has prepared the following statement to take the reader through the key principles of the business and make comment on the actions taken around these.

Purpose and Leadership

Newsquest was formed in 1996 as a management buy-out of Reed Regional Newspapers and was acquired by the Gannett Co., Inc in 1999.

We aim to provide accurate reports of news, information and local life in the communities we serve, and to reflect the views of the community. Newsquest Editors have complete editorial independence and are free to edit as they see fit and do so in the interests of the individual communities they represent. Newsquest management does not interfere in editorial content decisions. Newsquest's editorial policy gives its editors the freedom to publish what they think is appropriate for their local community, thus maintaining plurality and diversity of local voices.

As a community focussed business our leadership model is a devolved one on a day-to-day basis, applied by regional business leaders, and supported by specialists and centralised support functions. Policy, goal setting, co-ordination and operating standards are the responsibility of the Chief Executive and Finance Director.

STRATEGIC REPORT (CONTINUED)

CORPORATE GOVERNANCE – S172 STATEMENT (CONTINUED)

The Board's Approach

The board of our parent company Gannett Co., Inc. exercises governance over the entire group including Newsquest.

Newsquest's Board consists of four Directors, two of whom are representatives of the parent company Gannett being Gannett's CEO and CFO, alongside the Newsquest Chief Executive and Finance Director. The Board formally meet quarterly to review trading and forecasts and to discuss and define the business strategy. In between Board meetings a regular dialogue of updating on business developments takes place.

Regional business leaders meet collectively with the Chief Executive and Finance Director typically six times a year to discuss business development. Regional manging directors develop and review business plans with their regional management teams. The Chief Executive leads at least monthly senior management online meetings to communicate important messages about staff welfare and business operations.

Typically, the company holds an annual strategy day, attended by regional commercial leaders and central management. Business plans and ideas are discussed at this event, and the Board use it to set out more context to the group's plans to a wider management group.

The Chief Executive and Finance Director receive regular and timely information on all key aspects of the business from the regional managing directors and the central group heads. This information includes, but is not limited to, risks and opportunities, environmental matters, health and safety, market conditions, significant developments, financial information and KPIs. Further oversight on the finance function is provided by Gannett's internal audit function.

Sustainability and the Environment

The company is conscious of the importance of good environmental practices and aims to achieve on-going improvement in environmental performance and to comply with all relevant regulations. Actions to improve sustainability are principally focussed on reducing energy consumption and waste. Further details are provided in the Streamlined Energy and Carbon Reporting (SECR) section in the Directors' report.

Key decisions made in the year

This year's budget was approved by the Board following a comprehensive review of our strategic priorities and risks to our business.

Throughout 2021 management have continued to review the requirements for physical office spaces, and has further reduced the company's property portfolio over the year, realising sale proceeds of £21m.

Capital allocation and dividend policy

Cumulatively, the majority of the company's cash flow has historically been devoted to funding legacy pension commitments. Dividends are paid after taking account of likely future cash needs. The relationship of dividends and pension contributions paid over the last 6 years is as follows:

	Pension contributions	Dividends
2021	£14,630,000	£15,150,000
2020	£20,107,000	£nil
2019	£24,023,000	£5,000,000
2018	£28,125,000	£18,107,260
2017	£15,000,000	£nil
2016	£36,600,000	£nil

There have been no other significant capital allocations in the year, and no significant capital projects have been undertaken.

This report was approved by the Board and signed on its behalf on 27 May 2022.

Paul Hunt

P Hunter
Director

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2021.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation amounted to £35,828,000 (2020 - £35,954,000 loss). The prior year includes an impairment of the group's publishing rights of £61.8m together with a £2.4m write-down of fixed assets, driven by the COVID-19 pandemic.

Dividends of £15,150,000 were paid during the period (2020 - £nil, 2019 - £5,000,000, 2018 - £18,107,260, 2017 - £nil, 2016 - £nil). Over the same six-year period, the company paid pension contributions in respect of the closed defined benefit schemes of £138.5m. The directors do not recommend a final dividend (2020 - £nil).

FUTURE DEVELOPMENTS

As further detailed in the strategic report, inflation is putting significant pressure on the business in 2022, particularly on energy prices. Despite these inflationary head winds, the company remains positive about the opportunities for 2022 given the resilience of the business and skills of its teams to drive the necessary audience growth and deliver the value sought by our advertisers. The company will be competitive on pay reviews to make sure the employees delivering the results for the business are retained throughout the organisation, this can only be achieved by continuing to re-engineer the business to take out inefficient costs. These measures are essential to protect the company during these challenging times. We have strong local brands for neighbourhood businesses to market their goods and services. We are looking forward to lots of community events supported by our publications and online platforms in the coming months.

On 18 March 2022 the company completed the acquisition of Archant Community Media Limited. Archant owns a portfolio of local news brands principally in East Anglia, and also publishes a portfolio of successful regional County Life magazines. Its news brands include the Eastern Daily Press, the East Anglia Daily Times, Norwich Evening News, and Ipswich Star. Archant employs 760 staff and its head office is in Norwich.

The Directors expect the company's activities to continue for the foreseeable future.

DIRECTORS

The directors who served during the period and up to the date of signing the financial statements are listed below.

H Faure Walker
P Hunter
D Horne
M Reed

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company 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

The company and its trading subsidiaries made no political contributions.

During the period charitable contributions of £1,275 (2020 - £3,000) were made by the company and its trading subsidiaries. In addition, editorial support was provided to many local charitable initiatives.

The Gannett Foundation is the charitable arm of Gannett Co., Inc., the ultimate parent undertaking of Newsquest Media Group Limited. The Gannett Foundation provides funding to support local organisations. During the year the Gannett Foundation made charitable donations of £145,000 to projects in the United Kingdom. The approach taken by the Trustees was to invite readers to nominate local good causes they believed should benefit from the scheme. An editorial panel considered all nominations received and shortlisted those causes that would deliver the most worthwhile practical benefits to communities served by Newsquest's local news brands. Readers were invited to collect voting tokens published in the newspapers to support their choice from eight charities in each of the seven regions across the UK. The more tokens collected for the respective charity, the larger the share of cash awarded.

DIRECTORS' REPORT (CONTINUED)

CHARITABLE CONTRIBUTIONS (CONTINUED)

Among the grants made was one for the Leeds Cancer Centre towards buying vital signs monitors and dignity screens to help patients with cancer at Leeds Teaching Hospitals. Asylum Welcome in Oxford received a grant to help new arrivals from Afghanistan and support a welcoming and safe environment for them.

Another recipient was South Wight Area Youth Partnership which is involved with engaging young people, often those who may have been marginalised in education and society, with healthy activities, safe social meeting points, helping them grow and discover their full potential and fostering community spirit. Amelia's Rainbow, based in Dorset supports children who have disabilities, serious illnesses or terminal conditions also received a grant.

The trustees also gave £10,000 to the National Council for the Training of Journalists' Journalism Diversity Fund which awards bursaries to people from diverse backgrounds who need help funding their journalism training.

Many more grants were given in 2021 across the UK for a myriad of good causes. We were pleased to be able to do our part in raising money for charity, most recently in 2022 for Ukraine with a proportion of the cover price going for war relief efforts.

In 2022 the company commenced offering all employees the opportunity to work for a local charity of their choice for one day without loss of salary.

DISABLED PERSONS AND DIVERSITY

It is the policy of the group 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.

The company's diversity and inclusion committee is working with human resources to build on existing best practices, raising awareness and communicating about diversity and inclusion throughout the business.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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 Directors have made an assessment in preparing these financial statements as to whether the company and its subsidiaries (the "group") are a going concern. The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The group meets its funding requirements through existing cash balances and cash generated from operations. Cashflow is also assisted by the disposal of surplus properties.

DIRECTORS' REPORT (CONTINUED)

GOING CONCERN (CONTINUED)

The company's diverse revenue streams, from print and digital advertising to circulation along with wide geographical dispersion provide a degree of resilience. The business has demonstrated a long track record of ability in adjusting its business model and cost base to maintain positive cash generation in the event of lower revenues.

The company's principal liability and use of its cash flows is to meet contributions to its legacy pension scheme commitments.

The Directors regularly assess cash flow forecasts, including stress testing, which cover a period of more than twelve months from the date of approval of these financial statements. These forecasts indicated the company has adequate cash resources to maintain the group as a going concern without factoring in any benefit from asset disposals. At the time of signing these financial statements the group has access to £13m of unrestricted liquidity resources, and to date the level of ebitda is ahead of budget.

On this basis the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis, for the going concern period until 31 December 2023.

EMPLOYEE ENGAGEMENT

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 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.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

Our environment

The company recognises its responsibility to minimise its impact on the natural environment and is conscious of the importance of good environmental practices. The company aims to achieve on-going improvement in environmental performance and to comply with all relevant regulations. Actions to improve sustainability are principally focussed on reducing energy consumption and waste.

We are committed to year-on-year improvements in our operational energy efficiency. As such, a register of energy efficiency measures available to us has been compiled, with a view to implementing these measures in the next 5 years.

Energy Consumption and Carbon Emissions

Measures ongoing and undertaken through 2021:

Office Space Rationalisation

The business over 2021 has continued to review the requirements for physical office spaces, and has further reduced the property portfolio over the year. When reviewing potential new office spaces, energy efficiency and environmental performance of the demise is an important criteria, with focus placed on LED lighting, and efficient heating, air conditioning and ventilation plant installations.

Environmental & Sustainability Group

The holding company of Newsquest, Gannett Co. Inc., has an environmental and sustainability group, which, using the UN Sustainable Development Goals (SDGs), focusses on improving the environmental performance and documentation of the group operations. Newsquest and Gannett have chosen initially to focus on the SDGs surrounding People, Planet and Communities in the first instance.

Business Focus Changes

As the business environment develops, a number of changes have been implemented across Newsquest's operations. In product development of late there has been significant shift away from physical newspaper printing and into digital end products for consumers, which naturally reduces the operations of those energy intensive processes in printing sites. The business is also evolving to a more hybrid approach to working, with more staff working from home, reducing the amount of business travel required.

DIRECTORS' REPORT (CONTINUED)

STREAMLINED ENERGY AND CARBON REPORTING (SECR) (CONTINUED)

Energy Consumption and Carbon Emissions (continued)

Measures ongoing and undertaken through 2021 (continued):

Regional Projects

The Herald newspaper in Scotland has been at the forefront of climate change reporting throughout 2021, to the extent of launching a campaign titled '100 Days of Hope', providing a platform for organisations to highlight their efforts to mitigate climate change. The Hereford Times has also launched 'The OnePlanet' – a weekly pull-out that covers a mixture of news and commentary showcasing the works of the community – from volunteers to scientists and local firms working to respond to the challenge of climate change.

Environmental Management System Implementation

All four Newsquest printing centres have ISO14001 Environmental Management System certifications, further demonstrating the business' commitment to continuous improvement in environmental performance. This certification also ensures consistent monitoring is undertaken for the energy usage across the sites, maintaining the maximum efficiency in operation. The business also monitors waste outputs and implements measures to reduce this wherever possible. The energy intensive processes on site are also reviewed regularly to ensure that any developments in technology are considered in any plant replacement projects.

Greenhouse gas emissions

We report Scope 1, 2 and 3 emissions defined by the Greenhouse Gas protocol as follows:

- Scope 1 (Direct emissions): operation of facilities;
- Scope 2 (Indirect emissions): consumption of purchased electricity, heat and steam; and
- Scope 3 (Emissions resulting from sources not directly owned by the company): for Newsquest, this is related to grey fleet (business travel undertaken in employee-owned vehicles) only.

Energy Consumption

Consumption data in respect of the 2021 reporting period was as follows:

	kWh*	kWh*
Consumption	**2021**	**2020**
Scope 2: Grid-Supplied Electricity	8,669,922	12,328,985
Scope 1: Gaseous and other fuels	5,328,481	8,793,220
Scope 1 and 3: Transportation	1,290,949	2,087,546
Total Consumption	**15,289,352**	**23,209,751**

* Kilowatt-hour of energy

Greenhouse gas emissions data

Emissions data in respect of the 2021 reporting period was as follows:

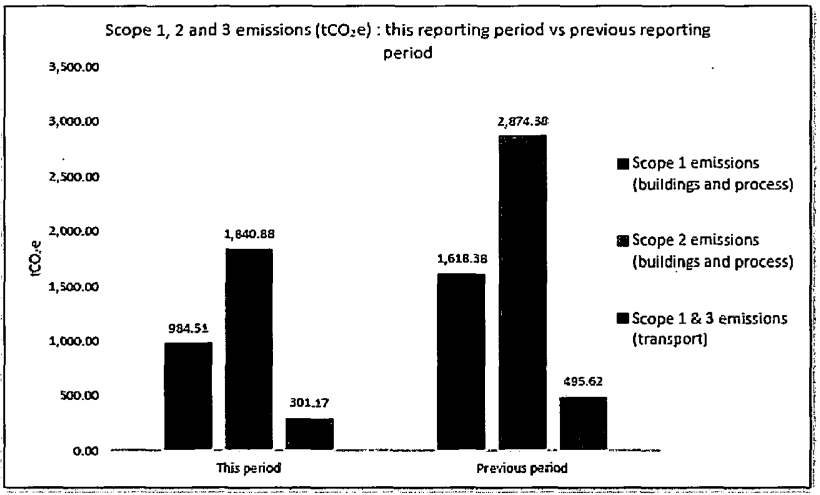
	tCO2e*	tCO2e*
Emission Type	**2021**	**2020**
Scope 2: Grid-Supplied Electricity	1,840.88	2,874.38
Scope 1: Gaseous and other fuels	984.51	1,618.38
Scope 1 and 3: Transportation	301.17	495.62
Total Emissions	**3,126.56**	**4,988.38**

* Tonnes of carbon dioxide equivalent

DIRECTORS' REPORT (CONTINUED)

STREAMLINED ENERGY AND CARBON REPORTING (SECR) (CONTINUED)

Greenhouse gas emissions data (continued)



Intensity Ratio

		2021		2020	
Intensity Measurement	**Units**	**Value**	**Intensity Ratio (CO2e tonnes / turnover or FTE respectively)**	**Value**	**Intensity Ratio (CO2e tonnes / turnover or FTE respectively)**
Turnover	£million	141.96	22.02	138.68	35.97
Full Time Equivalents	Number of FTE	1,489	2.10	1,820	2.74

Scope and Methodology:

Our methodology has been based on the principles of the Greenhouse Gas Protocol, taking account of the 2015 amendment which set out a 'dual reporting' methodology for the reporting of Scope 2 emissions. We have reported on all the measured emissions sources required under The Companies Act 2006 (Strategic Report and Directors Report Regulations 2013), and the UK government's policy on Streamlined Energy and Carbon Reporting, except where stated.

The period of our report is from 1 January 2021 to 31 December 2021. This includes emissions under Scope 1, 2 and 3, except where stated.

Scope 1 and 2 consumption and CO2e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. The following Emission Factor Databases consistent with the 2019 UK Government environmental reporting guidance have been used, utilising the current published kWh gross calorific value (CV) and kgCO2e emissions factors relevant for reporting year 01/01/2021 – 31/12/2021: Database 2021, Version 1.0.

Estimations undertaken to cover missing billing periods for properties directly invoiced to Newsquest Media Group were calculated on a kWh/day pro-rata basis at meter level. These estimations equated to 2.0% (2020 - 4.9%) of reported consumption.

Intensity metrics have been calculated utilising the 2021 and 2020 reportable figures respectively for turnover and full-time equivalents. The tCO2e for both individual sources and total emissions has been divided these metrics to determine the tCO2e per metric.

DIRECTORS' REPORT (CONTINUED)

SUBSEQUENT EVENTS

On 1 January 2022 the trade, assets and liabilities of a subsidiary entity, Newsquest Specialist Media Limited, were transferred to Newsquest Media Group Limited at book value.

On 22 February 2022 a surplus property was sold for sale proceeds of £925,000, resulting in a profit on disposal of £746,000.

On 18 March 2022 the company acquired TRL 2019 Limited and its associated subsidiaries, including the main trading entity, Archant Community Media Limited.

There are no other events subsequent to the year end to report.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the Board at the time of approving the Strategic Report and Directors' Report are listed on page 4. 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 27 May 2022.

P Hunter
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWSQUEST MEDIA GROUP LIMITED

Opinion

We have audited the financial statements of Newsquest Media Group Limited for the year ended 31 December 2021 which comprise the Income Statement, the Statement of comprehensive income, the Statement of changes in equity, the Balance Sheet and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWSQUEST MEDIA GROUP LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct tax compliance regulations in the United Kingdom. In addition, the company has to comply with laws and regulations relating to its operations, including health and safety legislation and UK General Data Protection Regulation.
- We understood how Newsquest Media Group Limited is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities. We considered the oversight of those charged with governance and the culture of honesty and ethical behaviour, including the emphasis placed on fraud prevention. We consider these factors to reduce opportunities for fraud to take place as they could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk. We incorporated data analytics into our testing of manual journals, including segregation of duties, and into our testing of revenue recognition. We tested specific transactions back to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures also involved inquiries of management and those responsible for legal and compliance matters; as well as focused testing of journal entries identified by specific risk criteria and reviewing board minutes.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Ernst & Young LLP

Naresh Alimchandani (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

27 May 2022

INCOME STATEMENT
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
TURNOVER		141,964	139,678
Cost of sales		(27,062)	(26,944)
GROSS PROFIT		114,902	112,734
Selling and distribution costs		(25,657)	(26,566)
Administrative expenses		(59,327)	(61,531)
OPERATING PROFIT FROM CORE BUSINESS	2	29,918	24,637
Exceptional restructuring costs	2	(902)	(4,774)
Impairment of intangibles	2, 9	-	(61,763)
Impairment of tangible fixed assets	2, 10	-	(2,365)
Write down of investment in subsidiaries	2, 11	(5,095)	(4,388)
Net credit on disposal of long leasehold property	2	718	-
Past service cost pension plan amendments	2, 22	-	(845)
OPERATING PROFIT/(LOSS)	2	24,639	(49,498)
Profit on disposal of property	10	10,722	3,811
Other finance income	22	1,039	1,064
Income from fixed asset investments	5	9,369	-
Interest receivable and similar income	6	7	21
Interest payable and similar expenses	7	(538)	(455)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		45,238	(45,057)
Income tax (charge)/credit	8	(9,410)	9,103
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	20	35,828	(35,954)
STATEMENT OF OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to profit or loss			
Actuarial loss due to liability experiences	22	(8,399)	(2,800)
Actuarial gain/(loss) due to pension liability assumption changes	22	3,323	(76,304)
Return on pension plan assets greater than discount rate	22	38,752	75,471
Deferred tax (charge)/credit on items relating to components of other comprehensive income	8, 16	(10,208)	261
Other comprehensive income/(loss) for the year, net of tax	20	23,468	(3,372)
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD		59,296	(39,326)

The notes on pages 16 to 39 form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Share capital £'000	Retained earnings £'000	Total £'000
At 31 December 2019	-	184,521	184,521
Loss for the period	-	(35,954)	(35,954)
Other comprehensive income	-	(3,372)	(3,372)
Share-based payment transactions (note 3)	-	1,057	1,057
Payment to ultimate parent in respect of shares exercised (note 3)	-	(1,070)	(1,070)
At 31 December 2020	-	145,182	145,182
Profit for the period	-	35,828	35,828
Dividends (note 19)	-	(15,150)	(15,150)
Other comprehensive income	-	23,468	23,468
Share-based payment transactions (note 3)	-	1,178	1,178
Payment to ultimate parent in respect of shares exercised (note 3)	-	(939)	(939)
At 31 December 2021	-	189,567	189,567

BALANCE SHEET
31 December 2021

	Note	£'000	2021 £'000	£'000	2020 £'000
FIXED ASSETS					
Intangible assets	9		26,253		26,253
Tangible fixed assets	10		25,211		33,227
Right-of-use assets	24		7,995		5,294
Investments	11		1,708		6,803
			61,167		71,577
CURRENT ASSETS					
Assets held for resale	12	171		8,463	
Stock	13	861		690	
Debtors: amounts falling due within one year	14	39,761		24,578	
Cash at bank and in hand		32,766		27,023	
		73,559		60,754	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	15	(19,790)		(28,845)	
Lease liabilities	24	(904)		(820)	
NET CURRENT ASSETS			52,865		31,089
NON-CURRENT ASSETS					
Debtors: amounts falling due after one year	14	-		154	
Deferred tax assets	16	9,238		10,235	
Pension surplus	22	110,135		59,642	
			119,373		70,031
TOTAL ASSETS LESS CURRENT LIABILITIES			233,405		172,697
NON-CURRENT LIABILITIES					
Amounts owed to group undertakings		(15)		(15)	
Deferred tax liabilities	16	(36,793)		(18,487)	
Lease liabilities	24	(4,847)		(4,749)	
			(41,655)		(23,251)
PROVISIONS FOR LIABILITIES	17		(2,183)		(4,264)
NET ASSETS			189,567		145,182
CAPITAL AND RESERVES					
Called up share capital	18		-		-
Retained earnings	20		189,567		145,182
TOTAL EQUITY	20		189,567		145,182

The notes on pages 16 to 39 form part of the financial statements.

The financial statements on pages 13 to 39 were approved by the Board of Directors and were signed on its behalf on 27 May 2022 by:

Paul Hunter

P Hunter
Director

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

Basis of preparation of financial statements

The company meets the definition of a qualifying entity for the purpose of FRS 101 (Financial Reporting Standard 101). The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council and the Companies Act 2006. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to: the requirements of paragraphs 10 (d), 39 (c) and 134-136 of IAS 1 *Presentation of Financial Statements*, the requirements of paragraphs 30 and 31 of IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors*; the requirements of IFRS 7 *Financial Instruments*, the requirements of paragraphs 134 (d) – 134 (f) and 135 (c) – 135 (e) of IAS 36 *Impairment of Assets*, the requirements in IAS 24 *Related Party Disclosures* and the requirements of IAS 8.30 and 31 on new and not yet effective standards.

The company is exempt from preparing group financial statements under Section 401 of the Companies Act 2006 as it is a wholly owned subsidiary undertaking. Accordingly, these financial statements present information about the company and not its Group. Gannett Co. Inc., the ultimate parent company publishes consolidated financial statements which includes the cash flows of the company. The company has therefore taken advantage of the exemption granted by Financial Reporting Standard 101 – 'Reduced Disclosure Framework', to not present a cash flow statement.

General economic conditions and COVID 19

There was a strong and resilient performance from the company in 2021 despite the tough trading environment with a national lockdown in the first quarter of 2021 due to the Covid-19 pandemic and higher newsprint prices in the second half of 2021 arising from the growing impact of significant inflationary pressures.

The success of the vaccination programme in the UK has enabled the government to treat COVID like any other endemic virus, as a result there are now no public health restrictions affecting business operations in 2022.

The impact of the war in Ukraine on the global economy, particularly on energy prices, is putting significant inflationary pressure on the business in 2022. Despite these inflationary head winds, the company remains positive about the opportunities for 2022 given the resilience of the business and skills of its teams to drive the necessary audience growth and deliver the value sought by our advertisers.

The principal accounting policies adopted are set out under the notes below.

Going concern

The Directors have made an assessment in preparing these financial statements as to whether the company and its subsidiaries (the "group") are a going concern. The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The group meets its funding requirements through existing cash balances and cash generated from operations. Cashflow is also assisted by the disposal of surplus properties.

The company's diverse revenue streams, from print and digital advertising to circulation along with wide geographical dispersion provide a degree of resilience. The business has demonstrated a long track record of ability in adjusting its business model and cost base to maintain positive cash generation from lower revenues.

The company's principal liability and use of its cash flows is to meet the deficit contributions for its legacy pension scheme which the company is committed to paying off in a relatively short period.

The Directors regularly assess cash flow forecasts, including stress testing, which cover a period of more than twelve months from the date of approval of these financial statements. These forecasts indicated the company has adequate cash resources to maintain the group as a going concern without factoring in any benefit from asset disposals. At the time of signing these financial statements the group has access to £13m of unrestricted liquidity resources.

On this basis the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis, for the going concern period until 31 December 2023.

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

1. ACCOUNTING POLICIES (CONTINUED)

Accounting period

The income statements cover the year from 1 January 2021 to 31 December 2021 and the year from 1 January 2020 to 31 December 2020. The balance sheets for 2021 and 2020 have been drawn up at 31 December 2021 and 31 December 2020 respectively.

Critical judgements in applying the Company's accounting policies

In determining and applying accounting policies, judgement is often required where the choice of specific policy, assumption or accounting estimate to be followed could materially affect the reported results or net position of the company, should it later be determined that a different choice be more appropriate. Management considers the following to be areas of significant judgement and estimation for the group due to greater complexity and/or particularly subject to the exercise of judgement.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There are no significant judgements or critical accounting estimates impacting these financial statements.

Publishing and other rights

The company's intangible assets are publishing rights which are stated at fair value on acquisition with no subsequent revaluation. These publishing rights have no finite life and consequently are not amortised. The company does not capitalise internally generated publishing rights.

The carrying value of the publishing rights is reviewed for impairment at least annually with testing undertaken to determine any diminution in the recoverable amount below carrying value. The recoverable amount is the higher of the fair value less costs to sell and the publishing rights value in use. The latter is based on the net present value of estimated future cash flows discounted at the company's pre-tax weighted average cost of capital. Any impairment loss is recognised as an expense immediately.

For the purpose of impairment testing, publishing rights are allocated to each of the company's cash generating units. The directors consider the publishing rights to be one homogenous cash generating unit. The cash generating unit is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of the value of publishing rights and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Provisions for onerous leases and dilapidations

Where the company ceases to occupy a rented property for its trade, an estimate of the anticipated total future cost payable under the terms of the operating lease, including rent, rates and other related expenses, is charged to the income statement at the point where the unavoidable costs of meeting the obligations under the lease exceed the economic benefits expected to be received under it. Where there is a break clause in the lease, rent, rates and other related expenses are provided for up to that point. In addition, an estimate is made of the likelihood of sub-letting the premises and any rent that would be receivable from a sub-tenant. Where receipt of sub-lease rent is considered likely, these amounts are deducted from the rent payable by the group under the lease and provision charged for the net amount.

Under the terms of a number of property leases, the company is required to return the property to its original condition at the lease expiry date. The company has estimated the expected costs of thcsc dilapidations, sct up an asset retirement obligation ('ARO') and amortises the ARO to the income statement over the period of the lease.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. Further details are contained in note 8.

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

1. ACCOUNTING POLICIES (CONTINUED)

Judgements and key sources of estimation uncertainty (continued)

Valuation of share-based payments

The company estimates the expected value of equity-settled share-based payments and this is charged through the income statement over the vesting periods of the relevant awards. The cost is the actual cost when known or estimated using a Black-Scholes valuation model. The Black-Scholes calculations are based on a number of assumptions and are amended to take account of estimated levels of share vesting and exercise.

Significant accounting policies

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue is derived from advertising, printing and publishing local news and information, recharges to group companies, and arises mainly in the United Kingdom.

Print advertising revenues and circulation revenues for paid-for newspapers are recognised upon publication of the relevant newspaper.

Digital revenues are recognised on publication for advertising or delivery of the service for other digital revenues. The company recognises digital revenue from the display of graphical advertisements based on the actual impressions delivered in the period. An impression is delivered when an advertisement appears in pages viewed by users.

Printing revenue is recognised when the service is provided.

Revenues from barter transactions are recognised when the advertisements are published and are recorded at the fair value of goods or services received, in accordance with IFRS 15 '*Revenue from Contracts with Customers.*'

Royalties

Royalty income is recognised on an accruals basis in accordance with the relevant agreements and is included in other income.

Operating profit/(loss)

Operating profit/(loss) is stated after charging restructuring or other exceptional costs but before investment income, profit on disposal of property, other finance income and finance costs.

Dividend income/Income from fixed asset investments

Dividend income and income from fixed asset investments comprising dividends from group undertakings is recognised when the company's right to receive payment is established.

Interest income

Interest income is recognised as the interest accrues using the effective interest method.

Exceptional items

The company presents as exceptional items those material items of income and expense which, because of the nature and expected frequency of the events giving rise to them, merit separate presentation to explain the elements of financial performance in the year and to facilitate comparison with prior periods.

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.

Tangible fixed assets and depreciation

Property, plant and equipment are stated at cost, net of accumulated depreciation and any accumulated impairment losses. The company elected, where appropriate, to use book values at the date of transition to FRS101 on 29 December 2014 as the "deemed" cost of plant, property and equipment. Consequently, any historic asset revaluations were not updated. In all other cases cost comprises the aggregate amount paid and the fair value of any other consideration given and includes costs directly attributable to making the asset capable of operating as intended. No depreciation is provided on assets in the course of construction.

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

1. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Tangible fixed assets and depreciation (continued)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Freehold buildings (excluding land)	40 - 50 years
Long leasehold properties	See note below*
Asset retirement obligations	See note below**
Web offset presses (excluding press components)	7 years
Pre-press systems	5 - 7 years
Computer equipment	3 years
Other plant and machinery	3 – 7 years
Motor vehicles	4 years

*Long leases are written off over the shorter of the duration of the lease or 2% straight line basis if the lease is longer than 50 years.

**Asset retirement obligations are written off over the duration of the lease.

Short leases are written off over the duration of the lease.

Land is not depreciated.

The carrying values of tangible fixed assets are reviewed for impairment, if events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

IFRS 16 'Leases'

Lease agreements give rise to the recognition of an asset representing the right to use the leased item and a corresponding loan obligation for future lease payables. The company's accounting policy in respect of leases, is set out below:

The company as a lessee

The company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The vast majority of the company's leases are buildings.

The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee at the commencement date of the lease (i.e. the date the underlying asset is available for use), except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the company recognises the lease payments as an operating expense within the income statement on a straight-line basis over the period of the lease.

At the commencement date of the lease, the lease liability is initially measured at the present value of lease payments to be made over the lease term, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

The lease liability is presented as a separate line in the balance sheet.

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

1. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

IFRS 16 'Leases'(continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method), and by reducing the carrying amount to reflect the lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option. Interest on the lease liability is presented within finance costs in the income statement.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the corresponding lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The right-of-use assets are presented as a separate line in the balance sheet.

The company as a lessor

When the company acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

The company subleases some of its buildings where the subleases are classified as operating leases. In these instances, the company recognises rental income on a straight-line basis over the term of the relevant lease.

Assets classified as held for resale

Where a property is available for immediate sale in its present condition, a sale is highly probable and expected to be completed within one year, the company classifies that asset as held for sale. The value of the asset is held at the lower of the carrying amount or the expected realisable sale value. The asset is no longer depreciated.

The Directors estimate the sale value based on the current price that the asset is being marketed at and advice from independent property agents. Actual sale proceeds may differ from the estimate.

Sale and leaseback

For a sale and leaseback transaction which results in an operating lease being established at fair value, any profit or loss is recognised to the income statement immediately.

Stocks

Stocks comprising paper, plates and ink are stated at the lower of cost and net realisable value. Costs incurred in bringing to their present location and condition comprises raw materials at purchase cost on a first in first out basis. Net realisable value is selling price less any further costs expected to be incurred to completion and disposal.

Trade and other debtors

Trade debtors are stated at their nominal value as reduced by appropriate allowance for estimated irrecoverable amounts and do not attract any interest. An allowance for impairment is made based on previous experience of recoverability. Other debtors are provided for where there is evidence that an amount is no longer recoverable.

Trade creditors

Trade creditors are not interest-bearing and are stated at their nominal value.

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

1. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is certain. The expense relating to any provision is presented in the income statement net of any reimbursement. When discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Operating leases

As a result of the adoption of the new lease accounting standard (IFRS 16) all operating lease commitments which met the recognition criteria under IFR16 were capitalised on 1 January 2019 are being amortised over the period of the lease in accordance with IFRS 16 requirements. For those contracts, predominately IT related, which do not meet the recognition criteria under IFRS16 these are accounted for as operating lease rentals and charged to the income statement on a straight-line basis over the periods of the leases. Where lease incentives are provided with the operating lease contract, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the term of the lease.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax-based values used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax outcomes that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when the relevant requirements of IAS 12 are satisfied.

Pensions

The company participates in both a defined benefit pension scheme and a defined contribution pension scheme.

The Newsquest Pension Scheme (the Scheme) is a final salary defined pension scheme. The Scheme is closed to new entrants and to future accrual with effect from 31 March 2011. On 12 March 2018 the company acquired CN Group Limited and its' two final salary schemes became sections (CN Fund and CN Supplementary Plan) of the Newsquest Pension Scheme. On 11 December 2019 the larger of the two CN sections was merged into the Newsquest Pension Scheme. On 1 September 2021 the W.I.N. Pension Fund, previously included in the accounts of its 100% owned subsidiary, Newsquest (Clyde & Forth Press) Limited, was merged into the Newsquest Pension Scheme.

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

1. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Pensions (continued)

The Scheme operates under trust law and is managed and administered by the trustee on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The Scheme, a funded defined benefit pension scheme, continues to operate to pay retired employees their pensions.

The trustee of the Newsquest Pension Scheme is responsible for the investment of the Scheme's assets, which are held separately from the group. The principal employer of the Scheme is Newsquest Media Group Limited (the company).

During the year, the company made contributions of £14,630,000 (2020 - £20,107,000) in respect of the combined Newsquest and CN sections of the Scheme, based on a new schedule of contributions agreed between the company and the Newsquest Trustees for the period from 30 June 2018 to 30 June 2023.

In respect of the defined contribution pension schemes, contributions are charged to the income statement for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

Pension scheme costs reported in the income statement and in other comprehensive income are assessed in accordance with the advice of qualified independent actuaries.

Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions share price volatility has been considered, no account has been taken of any vesting conditions. No expense is recognised for awards that do not ultimately vest.

At each balance sheet date before vesting, the cumulative expense is calculated with reference to the vesting period expired. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry to reserves.

Recharges from the company's ultimate parent undertaking for the intrinsic value of the option on exercise that is the difference between the market value on exercise and the option price is taken directly to retained earnings.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at the date or, where appropriate, at the rate of exchange specified in a matching forward contract or currency swap. Any translation differences arising are dealt with in the income statement.

Government grants

Coronavirus Job Retention Scheme grants are amounts received from the Government for furloughed staff unable to work during the pandemic. These grants are recognised in the income statement to match them with the costs that they are intended to compensate for.

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

2. OPERATING PROFIT/(LOSS) AND ADJUSTED EBITDA

	2021 £'000	2020 £'000
(a) Operating profit/(loss) is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
- owned	3,407	4,724
- held under finance leases	51	139
Depreciation charge on right of use assets (note 24)	1,135	1,757
Profit on disposal of tangible fixed assets	(110)	(507)
Operating lease rentals:		
- plant and equipment	3,423	3,470
Exceptional restructuring costs	902	4,774
Write down of investment in subsidiaries	5,095	4,388
Impairment of intangibles	-	61,763
Impairment of tangible fixed assets	-	2,365
Net credit on disposal of long leasehold property	(718)	-
Expenses relating to short term leases for which the recognition exception is applied (note 24)	54	73
Past service cost pension plan amendments	-	845

The company paid £566,000 (2020 - £566,000) to its auditors in respect of the audit of the financial statements and for audit services of the entire Gannett International Holdings LLP group. The auditors did not perform any non-audit services during the year (2020 - £nil).

Exceptional restructuring costs primarily relate to redundancy.

(b) Adjusted EBITDA* has been calculated as follows:

	2021 £'000	2020 £'000
Operating profit/(loss)	24,639	(49,498)
Depreciation on tangible fixed assets	3,458	4,863
Depreciation on Right of Use assets	1,135	1,757
Exceptional restructuring costs	902	4,774
Impairment of tangible fixed assets	-	2,365
Write down of investment in subsidiaries	5,095	4,388
Impairment of intangibles	-	61,763
Net credit on disposal of long leasehold property	(718)	-
Share based payments	1,178	1,057
Past service cost pension plan amendments	-	845
	35,689	32,314

* Earnings before interest, tax, depreciation of tangible fixed assets and right of use assets, restructuring costs, write-down of investments, impairment of tangible and intangibles fixed assets, net credit on disposal of long leasehold property, share based payment charges and IAS 19 pension charges.

3. STAFF COSTS

	2021 £'000	2020 £'000
Wages and salaries[1]	56,566	54,574
Social security costs	4,974	4,926
Other pension costs[2]	1,401	1,914
	62,941	61,414

[1] Included in wages and salaries is a total expense for share-based payments of £1,178,000 (2020 - £1,057,000). Recharges for the intrinsic value of options exercised in 2021 of £939,000 (2020 - £1,070,000) have been taken directly to reserves.

[2] Included in other pension costs in 2021 are £1,401,000 (2020 - £1,914,000) in respect of the defined contribution scheme. There are no costs in 2021 or 2020 in respect of defined benefit schemes.

Included within the 2021 staff costs is £183,000 (2020 - £5,175,000) of receipts the company received in the period from the Coronavirus Job Retention Scheme.

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

3. STAFF COSTS (CONTINUED)

The average number of full-time equivalent employees during the year was as follows:

	2021 Number	2020 Number
Pre-press and printing	142	170
Editorial	571	643
Marketing and sales	407	566
Information technology	34	37
Distribution	100	130
Finance and management	141	181
Digital media	94	93
	1,489	1,820

There are also 2,436 (2020 – 3,360) people involved in distribution who work limited hours to deliver the company's products. The costs of these people are included in staff costs above.

4. DIRECTORS' EMOLUMENTS

	2021 £'000	2020 £'000
Executive Directors' salaries	566	565
COVID 19 pay cut and unpaid leave	-	(65)
Taxable benefits and car allowance	29	28
Performance related payments	683	212
Pension related	31	28
	1,309	768
Maturity of January 2019 retention bonus (cost recharged to Gannett Co., Inc.,)	-	141
	1,309	909

The aggregate emoluments of the highest paid director were £793,452 (2020 - £587,192). During the year the highest paid director did not exercise share options under a long-term incentive scheme. In 2021 pension related payments of £17,761 were made by the company on behalf of the highest paid director (2020 - £15,391).

No directors are members of the Newsquest Pension Scheme (a defined benefit scheme closed to future accrual). In the current and prior year, two directors benefitted from contributions to the Newsquest stakeholder pension plan (a defined contribution scheme).

At 31 December 2021 the number of directors in respect of whose qualifying services shares in the company's ultimate parent company Gannett Co. Inc. were received or receivable under long-term incentive schemes is four (2020 – four). None of the directors exercised share options in the company's ultimate parent undertaking Gannett Co. Inc. during the year (2020 – none).

5. INCOME FROM FIXED ASSET INVESTMENTS

	2021 £'000	2020 £'000
Dividends from group undertakings	9,369	-

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £'000	2020 £'000
Bank interest	-	17
Other interest	7	4
	7	21

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £'000	2020 £'000
Unwind of discount on provisions (note 17)	66	77
Interest on lease liabilities (note 24)	472	378
	538	455

8. TAXATION

(a) Tax (charged)/credited in the income statement	**2021 £'000**	**2020 £'000**
Current income tax (charge)/credit:		
UK corporation tax at 19.00% (2020 – 19.00%)	(315)	114
Adjustments in respect of prior periods	-	-
	(315)	114
Deferred tax credit:		
Origination and reversal of temporary differences	(6,361)	10,002
Adjustments in respect of prior periods	(704)	318
Effect of change in tax rates	(2,030)	(1,331)
	(9,095)	8,989
Total income tax (charge)/credit reported in the income statement all relating to continuing operations	(9,410)	9,103

(b) Tax relating to items (charged)/credited to other comprehensive income	**2021 £'000**	**2020 £'000**
Deferred tax:		
Actuarial losses due to pension liability assumption changes	1,269	15,029
Return on pension plan assets greater than discount rate	(9,688)	(14,339)
Tax rate change	(1,789)	(429)
Total deferred tax	(10,208)	261
Total income tax (charge)/credit reported in the other comprehensive income statement all relating to continuing operations	(10,208)	261

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

8. TAXATION (CONTINUED)

(c) Reconciliation of the total tax (charge)/credit:

	2021 £'000	2020 £'000
Profit/(loss) from continuing activities before taxation	45,238	(45,057)
Tax on the profits/(losses) on ordinary activities at the standard UK rate of corporation tax of 19.00% (2020 – 19.00%)	(8,595)	8,561
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Deferred tax over provided in prior years	(704)	318
Effect of change in tax rates	(2,030)	(1,331)
Tax effect of items that are not deductible or not taxable in determining taxable profit:		
Other non-deductible expenses	(1,375)	(836)
Income not taxable	1,780	-
Super-deduction on capital expenditure	68	-
UK to UK transfer pricing adjustments	(243)	-
Deferred tax not provided current year	45	(2)
Difference between current and deferred tax rates in current year	(949)	-
Group relief surrendered for nil payment	(12)	-
Deferred tax movement on share-based payments	86	(252)
Capital losses claimed for nil payment	-	724
Movement on capital gains/(losses) not recognised for deferred tax	1,500	-
Prior year losses utilised	423	-
Deferred tax movement no current tax impact	548	106
Assets transferred to held for sale	48	1,815
Total income tax (charge)/credit reported in the income statement	(9,410)	9,103

Tax losses arising within the Gannett U.K. Limited group of companies are relieved amongst group companies. The principal factor that may affect tax charges 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.

(d) Deferred tax in the income statement

The deferred tax (charge)/credit included in the company income statement is as follows:

	2021 £'000	2020 £'000
Accelerated depreciation for tax purposes	(1,107)	323
Other timing differences	(709)	(145)
Trade intangibles	(203)	11,735
Rolled over gains	577	-
Capital losses	(577)	-
Trade losses	(843)	(110)
Properties not eligible for capital allowances	1,006	2,313
Share based payments	86	(252)
Pensions	(3,918)	(3,862)
Impact of change in tax laws and rates	(2,030)	(1,331)
Deferred tax over provided in prior years	(704)	318
Leased assets	(673)	-
	(9,095)	8,989

(e) Change in corporation tax rate

A corporation tax rate of 19% applies for the period 1 April 2017 to 31 March 2023. In the March 2021 Budget, the Chancellor announced that the rate of corporation tax will increase to 25% with effect from 1 April 2023.

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

9. INTANGIBLE ASSETS

	Publishing and other rights £'000
Cost	
At 31 December 2021, 31 December 2020 and 31 December 2019	98,899
Impairment	
At 1 January 2020	10,883
Impairment charge in 2020*	61,763
At 31 December 2021 and 31 December 2020	72,646
Carrying amount	
At 31 December 2021 and 31 December 2020	26,253

Publishing rights and trademarks previously acquired through business combinations and transferred to the company from other group companies following a group reconstruction are considered by the directors to be a homogenous cash generating unit (CGU) due to customers acquiring advertising solutions in packages across titles, geographical areas and products.

*In the prior year, in light of the COVID-19 pandemic, the company's ultimate parent, Gannett Co. Inc., conducted an intangible impairment assessment as at 31 May 2020. The outcome of that review was an impairment of £62m to Newsquest's intangible assets. The primary factor impacting the decrease in fair value was the existing and expected impact of the COVID-19 pandemic on the company's future profitability as at 31 May 2020.

In accordance with IAS 36 the company tests the carrying value of the publishing rights for impairment annually or more frequently if there are indications that they might be impaired. The recoverable amount of the CGU is determined from value in use calculations. Based on these calculations no further impairment was charged to the income statement for the period 1 January 2021 to 31 December 2021.

The structural changes in the news industry, could further negatively or positively impact the company's assessment of its future results and the underlying assumptions utilised in the determination of the estimated fair value of Newsquest's intangible assets.

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

10. TANGIBLE FIXED ASSETS

Cost	Land and buildings £'000	Plant and equipment £'000	Construction in progress £'000	Total £'000
At 1 January 2020	78,884	106,701	602	186,187
Additions	250	1,025	-	1,275
Disposals	(24,951)	(27,087)	-	(52,038)
Transfer from group undertaking	-	2	-	2
Reclassification	-	602	(602)	-
At 31 December 2020	54,183	81,243	-	135,426
Additions	46	550	887	1,483
Disposals	(17,475)	(3,370)	-	(20,845)
Transfer from group undertaking	-	54	-	54
At 31 December 2021	36,754	78,477	887	116,118
Depreciation				
At 1 January 2020	40,845	96,793	-	137,638
Charge for year	1,945	2,918	-	4,863
Impairment *	2,349	16	-	2,365
Disposals	(15,715)	(26,954)	-	(42,669)
Transfer from group undertaking	-	2	-	2
At 31 December 2020	29,424	72,775	-	102,199
Charge for year	1,222	2,236	-	3,458
Disposals	(11,481)	(3,323)	-	(14,804)
Transfer from group undertaking	-	54	-	54
At 31 December 2021	19,165	71,742	-	90,907
Carrying amount				
At 31 December 2021	17,589	6,735	887	25,211
At 31 December 2020	24,759	8,468	-	33,227

*An independent appraisal, undertaken during the prior year, identified the carrying value of some assets to be in excess of their recoverable amount, accordingly these assets have been impaired. The majority of the fixed asset impairment charge arises on print plant equipment that has been driven by the decline in printing revenues.

Included within plant and equipment are leased assets with a carrying amount of £nil (2020 - £85,000).

Included within land and buildings are; long leaseholds with a net book value of £3,044,000 (2020 - £3,156,000), short leaseholds with a net book value of £56,000 (2020 - £81,000) and freeholds with a net book value of £14,178,000 (2020 - £20,034,000), within which is freehold land with a net book value of £2,995,000 (2020 - £3,694,000).

Also included within land & buildings are asset retirement obligations with a net book value of £311,000 (2020 - £1,488,000).

During the year, the company disposed of freehold properties generating cash proceeds of £21 million and a profit of £10.7 million.

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

11. INVESTMENTS

	Investments in subsidiary undertakings £'000	Other investments £'000	Total investments £'000
Cost			
At 1 January 2020	16,394	68	16,462
Disposals	(3,404)	-	(3,404)
At 31 December 2021 and 31 December 2020	12,990	68	13,058
Impairment			
At 1 January 2020	5,271	-	5,271
Charge in year[1]	4,388	-	4,388
Disposals	(3,404)	-	(3,404)
At 31 December 2020	6,255	-	6,255
Charge in year[2]	5,095	-	5,095
At 31 December 2021	11,350	-	11,350
Carrying amount			
At 31 December 2021	1,640	68	1,708
At 31 December 2020	6,735	68	6,803

[1] The impairment charge in the prior year relates to the carrying value of the company's investment in Newsquest (Clyde & Forth) Limited as a result of the COVID-19 pandemic.

[2] The impairment charge in current year relates to the write down of the company's investment in LocaliQ Limited following distribution of its reserves to Newsquest Media Group Limited.

(a) The wholly owned subsidiary companies of Newsquest Media Group Limited (all of which are incorporated in Great Britain and registered in England and Wales except for those marked with an asterix which are registered in Scotland) at 31 December 2021 are as follows:

Name of company	Nature of business
Newsquest Specialist Media Limited	Publishing
Newsquest (Clyde & Forth Press) Limited*	Publishing
Sopress Investments Limited	Investment holding company
Newsquest Printing (Glasgow) Limited*	Holding company

(b) The dormant subsidiary companies of Newsquest Media Group Limited (all of which are wholly owned directly or indirectly and incorporated in Great Britain and registered in England and Wales except those marked with an asterisk which are registered in Scotland* and Northern Ireland**) at 31 December 2021 are as follows:

Name of Company	Name of Company
Newsquest (Essex) Limited	Newsquest Media (Southern) Limited
Newsquest (Herald & Times) Limited*	LocaliQ Limited
Newsquest (Herts and Bucks) Limited	William Trimble Limited**
Newsquest (London & Essex) Limited	WP Publishing
Newsquest Pension Trustee Limited	

(c) The below list of dormant subsidiary companies of Newsquest Media Group Limited (all of which were wholly owned indirectly and incorporated in Great Britain and registered in England and Wales except those marked with an asterisk which were registered in Scotland*) were dissolved on 8 June 2021:

Name of Company	Name of Company
Forest Machine Journal Limited*	Newsquest (York) Limited
Newsquest (Berkshire) Limited*	This is Essex Limited
Newsquest (Oxfordshire & Wiltshire) Limited	

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

11. INVESTMENTS (CONTINUED)

(d) Strike off paperwork was filed at Companies House in 2022 in respect of Newsquest (Midlands South) Limited (a company wholly owned indirectly and incorporated in Great Britain and registered in England and Wales).

12. ASSETS HELD FOR SALE

	2021 £'000	2020 £'000
Non-current assets held for sale		
Land & Buildings	171	8,463

Subsequent to the year end, on 22 February 2022 the Darlington property was sold for sale proceeds of £925,000.

13. STOCKS

	2021 £'000	2020 £'000
Raw materials	861	690

14. DEBTORS

	2021 £'000	2020 £'000
Amounts falling due in less than one year:		
Trade debtors	18,667	18,344
Amount due from parent undertaking*	16,030	-
Amounts due from group undertakings	32	69
Other debtors	150	388
Prepayments and accrued income	4,882	5,777
	39,761	24,578

	2021 £'000	2020 £'000
Amounts falling due after more than one year:		
Amounts owed by group undertakings	-	154

* During the current year the company advanced £16 million to its immediate parent undertaking, Newsquest Capital Limited. Interest on the borrowing is charged at 8%. The current year interest has been waived.

Newsquest Media Group Limited has given assurances to Newsquest Capital Limited that the loan will continue to be made available for a period of at least 12 months from the date of signing of the financial statements of the company for the year ended 31 December 2021.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Trade creditors	1,528	2,042
Amounts due to group undertakings	201	6,902
Other taxation and social security	4,027	6,205
Corporation tax	17	-
Other creditors	1,788	1,859
Accruals and deferred income	12,229	11,837
	19,790	28,845

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

16. DEFERRED TAXATION

	2021 £'000	2020 £'000
As at 31 December 2020	(8,252)	(17,502)
Tax (charge)/ recognised in the income statement (note 8)	(9,095)	8,989
(Charge)/credit recognised in other comprehensive income statement (note 8)	(10,208)	261
As at 31 December 2021	(27,555)	(8,252)

The deferred tax included in the company balance sheet is as follows:

	2021 £'000	2020 £'000
Deferred tax liabilities:		
Trade intangibles	(4,112)	(2,657)
Rolled over gains	(1,190)	(1,481)
Assets not eligible for capital allowances	(3,362)	(3,017)
Pension	(27,247)	(11,332)
Right of use asset on sale & leaseback property	(672)	-
Uncertain tax position	(210)	-
Deferred tax liabilities	(36,793)	(18,487)

The uncertain tax position relates to the availability of losses from the company's parent company, Newsquest Capital Limited, for group relief.

	2021 £'000	2020 £'000
Deferred tax assets:		
Accelerated depreciation for tax purposes	5,916	5,308
Other timing differences	728	1,533
Capital losses	1,190	1,481
Trade losses	1,172	1,905
Share based payments	232	8
Deferred tax assets	9,238	10,235
Deferred tax liabilities	(36,793)	(18,487)
Deferred tax assets	9,238	10,235
Net deferred tax liabilities	(27,555)	(8,252)

Unrecognised deferred tax asset on capital losses

The company has UK capital losses carried forward which are available indefinitely for offset against future capital gains. Deferred tax assets of £4,184,671 (2020 - £2,746,634) have not been recognised in respect of these losses as there is uncertainty over their recoverability.

Unrecognised deferred tax asset estimated on future capital losses on assets in use

The company has potential UK capital tax losses on assets in use. Should these losses crystallise they will be available indefinitely for offset against future capital gains. Deferred tax assets of £4,907,984 (2020 - £4,178,056) have not been recognised in respect of these capital losses as there is uncertainty over their recoverability.

Unrecognised deferred tax asset estimated on future capital losses on assets held for sale

The company has potential UK capital tax losses on assets held for sale. Should these losses crystallise they will be available indefinitely for offset against future capital gains. Deferred tax assets of £48,433 (2020 - £1,733,273) have not been recognised in respect of these capital losses as there is uncertainty over their recoverability.

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

17. PROVISIONS FOR LIABILITIES

	Leasehold property provision (a)	Newspaper society pension provision (b)	Total
Analysed as:	£'000	£'000	£'000
- Current	356	95	451
- Non-current	2,550	1,263	3,813
At 1 January 2021	2,906	1,358	4,264
Additions	46	-	46
Utilised	(2,052)	(95)	(2,147)
Charge for period	(46)	-	(46)
Unwind of discount on provisions (note 7)	31	35	66
At 31 December 2021	885	1,298	2,183
Analysed as:			
- Current	109	95	204
- Non-current	776	1,203	1,979
At 31 December 2021	885	1,298	2,183

(a) The leasehold property provision is expected to be utilised over the term of the leases to which it relates. During the year the company surrendered a lease resulting in £1.8m of the above provision no longer being required. The related asset retirement obligation of £1.1m was included in disposals in note 10 on surrender of the lease. A credit of £0.7m is reported on the face of the income statement in 2021 being the net of the £1.8m provision release and the £1.1m asset retirement obligation disposal.

(b) The company entered into a covenant to pay £95,059 (2020 - £95,059) per annum until the earlier of either 31 December 2038 or the net assets of the Newspaper Society's pension scheme have been certified to be equal to or greater than the estimated debt that would be payable if the scheme were wound up at the effective date of the scheme's most recent funding statement. The provision is the net present value of the annual commitment of £95,059 until 2038 discounted at rates between 1.8% - 2.7% (2020: 1.8% - 2.7%).

18. CALLED UP SHARE CAPITAL

	2021		2020	
Authorised	**Number**	**£'000**	**Number**	**£'000**
Ordinary shares of $1 each	1,270	1	1,270	1
Deferred Ordinary shares of £1 each	200	-	200	-
Ordinary shares of £1 each	187,372,000	187,372	187,372,000	187,372
1% First Cumulative Redeemable Preference shares of £1 each	325,000	325	325,000	325
1% Second Cumulative Redeemable Preference shares of £1 each	99,900	100	99,900	100
Called up, allotted and fully paid				
Ordinary share of £1	1	-	1	-

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

19. DIVIDENDS

	2021 £'000	2020 £'000
Dividends for 2021: £15,150,000 (2020: £nil)	15,150	-

20. RESERVES

	Share capital £'000	Retained earnings £'000	Total £'000
At 31 December 2019	-	184,521	184,521
Loss for the period	-	(35,954)	(35,954)
Other comprehensive income	-	(3,372)	(3,372)
Share-based payment transactions (note 3)	-	1,057	1,057
Payment to ultimate parent in respect of shares exercised (note 3)	-	(1,070)	(1,070)
At 31 December 2020	-	145,182	145,182
Profit for the period	-	35,828	35,828
Dividends (note 19)	-	(15,150)	(15,150)
Other comprehensive income	-	23,468	23,468
Share-based payment transactions (note 3)	-	1,178	1,178
Payment to ultimate parent in respect of shares exercised (note 3)	-	(939)	(939)
At 31 December 2021	-	189,567	189,567

21. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

Future minimum amounts payable under non-cancellable operating leases are as follows:

	Other	
	2021 £'000	2020 £'000
Within one year	2,470	3,023
Between two and five years	5,597	6,648
More than five years	-	467
	8,067	10,138

'Other' mostly comprises non-cancellable supply contracts related to IT.

As a result of the adoption of the new lease accounting standard (IFRS 16) all operating lease commitments which meet the recognition criteria under IFRS 16 have been capitalised and are being amortised over the period of the lease in accordance with IFRS 16 requirements.

Capital commitments.

At 31 December 2021 the company had capital commitments of £357,000 (2020 - £nil).

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

22. PENSIONS

The Newsquest Workplace Pension

The Newsquest Workplace Pension is a defined contribution pension plan. Automatic enrolment into this scheme applies to those workers who meet the relevant criteria. The costs for the year under this scheme are £1,401,000 (2020 - £1,914,000).

The Newsquest Pension Scheme

Prior to 1 September 2021 the Newsquest Pension Scheme consisted of two sections: the Newsquest section (which incorporates the CN Fund section) and the CN Supplementary Plan section. On 1 September 2021 the company's Newsquest section merged with the W.I.N. Pension Fund.

Newsquest Section (including the merged CN Fund section)

Following consultation, the Newsquest Pension Scheme (the Scheme) ceased the future accrual of pension benefits with effect from 31 March 2011. The Scheme operates under trust law and is managed and administered by the trustee on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The Scheme, a funded defined benefit pension scheme, continues to operate to pay retired employees their pensions. The trustees of the Newsquest Pension Scheme are responsible for the investment of the Scheme's assets, which are held separately from the group. The principal employer of the Scheme is Newsquest Media Group Limited (the company).

On 12 March 2018 the company acquired CN Group Limited and its' two final salary schemes became sections of the Newsquest Pension Scheme - CN Fund Section and CN Supplementary Plan Section. On 11 December 2019 the CN Fund section was merged into the Newsquest Pension Scheme.

During the year the company made total contributions of £14,630,000 (2020 - £20,107,000).

In June 2021 the company agreed to pay £15m to the Scheme in equal monthly instalments over the period July 2021 to March 2022 in addition to the scheduled payments of £5m paid January to March 2021.

Subsequent to the year-end an agreement was made with the trustees to defer the contributions due in February and March 2022 until August and September 2022 respectively.

In addition, the company will continue to bear the administrative expenses of the Scheme.

CN Supplementary Plan Section

The CN Supplementary Plan section has no funding requirement, accordingly no contributions were made in the current or prior year.

W.I.N. *Pension Fund*

On 1 September 2021 the W.I.N. Pension Fund, previously included in the accounts of its 100% owned subsidiary, Newsquest (Clyde & Forth Press) Limited, up until 1 September 2021 was merged into the Newsquest Pension Scheme.

Scheme assets and liabilities

The Scheme holds a globally diversified portfolio of investments to maintain a wide range of diversification and to reduce volatility. At the end of 2021, the scheme held 24.5% (2020 – 25.5%) in passive equities, 34.0% (2020 – 43.4%) in UK indexed linked bonds; 24.4% (2020 – 22.3%) in property of which 12.8% (2020 – 11.2%) was held in the UK, 7.2% (2020 – 7.3%) in infrastructure and 4.4% (2020 – 3.8%) in loans secured against commercial real estate, 4.5% (2020 – 4.8%) insurance linked securities and 12.6% (2020 – 4.0%) in cash.

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

22. PENSIONS (CONTINUED)

The assets and liabilities of the schemes at 31 December 2021 and 31 December 2020 are:

Schemes assets at fair value

	2021 £'000	2020 £'000
Equity securities	215,228	210,714
Debt securities	299,184	357,789
Property	214,115	184,220
Insurance linked securities	39,297	39,314
Cash and other	110,247	32,790
Total fair value of scheme assets	**878,071**	**824,827**
Present value of scheme liabilities	(767,936)	(765,185)
Defined benefit pension plan surplus	**110,135**	**59,642**

The amounts recognised in the Income Statement and in the Statement of Comprehensive Income for the year ended 31 December 2021 and 31 December 2020 are analysed as follows:

Recognised in the Income Statement

	2021 £'000	2020 £'000
Past service cost in respect of pension plan amendments	-	845
Finance credit	(1,039)	(1,064)
	(1,039)	(219)

Taken to the Statement of Comprehensive Income

	2021 £'000	2020 £'000
Actuarial loss due to liability experience	(8,399)	(2,800)
Actuarial loss/(gain) arising from changes in pension liability	3,323	(76,304)
Return on plan assets (excluding amounts included in net interest expense)	38,752	75,471
Recognised in Statement of Comprehensive Income	33,676	(3,633)

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	2021 £'000	2020 £'000
Defined benefit obligation at 31 December 2020 and 31 December 2019	765,185	695,927
Interest on benefit obligation	11,346	13,674
Actuarial (gain)/loss due to demographic and financial assumptions	(3,323)	76,304
Actuarial loss due to liability experience	8,399	2,800
Benefits paid	(24,767)	(24,365)
Past service cost plan amendments	-	845
Transfer from group undertaking	11,096	-
Defined benefit obligation at 31 December 2021 and 31 December 2020	**767,936**	**765,185**

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

22. PENSIONS (CONTINUED)

Changes in fair value of plan assets are analysed as follows:

	2021 £'000	2020 £'000
Fair value of plan assets at 31 December 2020 and 31 December 2019	824,827	738,876
Interest income on plan assets	12,385	14,738
Return on plan assets greater than discount rate	38,752	75,471
Employer contributions	14,630	20,107
Benefits paid	(24,767)	(24,365)
Transfer from group undertaking	12,244	-
Fair value of plan assets at 31 December 2021 and 31 December 2020	**878,071**	**824,827**

Analysis of financial assumptions:

The principal assumptions used in determining pension benefit obligations for the scheme are shown below:

	2021 %	2020 %
Discount rate	1.9	1.5
Price inflation	3.2	2.8
Pension increases for in-payment benefits	2.7	2.3
Pension increases for deferred benefits	2.7	2.3
	Number of years	Number of years
Future life expectancy for a pensioner currently aged 65		
- Male	20.8	20.8
- Female	23.3	23.2
Future life expectancy from age 65 for a pensioner who retires in 15 years and is currently aged 50		
- Male	21.5	21.4
- Female	24.2	24.1

Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis for each significant actuarial assumption showing how the defined benefit obligation would have been affected, by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

The price inflation sensitivity takes into account the effect of deferred revaluation and pension increases in payment. The sensitivities have been calculated using a consistent method to that used to calculate the DBO (i.e. they are based on a roll forward and change basis of the results of the 31 March 2018 triennial valuation).

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Effect on defined benefit obligation
Discount rate 0.5% decrease	+9.4%
Inflation assumption 0.5% increase	+8.7%

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

22. PENSIONS (CONTINUED)

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 18.3 years (2020: 19.0 years). This maturity profile of the pension deficit is subject to the assumptions for Scheme asset returns over the period and discount rates. Actual Scheme asset returns and changes in discount rates over this period will have an influence on any future changes to company contributions to the Scheme.

Expected benefits payable are as follows:	**£'000**
Year ended December 2022	25,944
Year ended December 2023	26,645
Year ended December 2024	27,364
Year ended December 2025	28,103
Year ended December 2026	28,861
Year ended December 2027 to 31 December 2031	156,425

23. SHARE-BASED PAYMENTS

Restricted stock

Restricted stock grants are discretionary shares awarded to certain individuals out of the 2001 Omnibus Incentive Compensation Plan. Each share awarded entitles the employee to receive one share of Gannett Co., Inc.'s common stock on the expiration of the incentive period which vests 3 or 4 years after the grant date.

Included in wages and salaries in the income statement is a total expense for these employee share options of £1,123,000 (2020 - £946,000). Recharges for the intrinsic value of options exercised in 2021 of £854,000 (2020 - £1,070,000) have been taken directly to reserves.

	2021 No.	**2021 WASP***	**2020 No.**	**2020 WASP***
Outstanding at 1 January 2021 and 1 January 2020	601,442	$6.17	549,078	$6.28
Granted during the year[1]	352,626	$5.29	329,492	$6.08
Forfeited during the year	(12,094)	$5.64	(15,006)	$6.20
Settled[2]	(284,546)	$6.20	(262,122)	$6.28
Outstanding at 31 December 2021 and 31 December 2020	657,428	$5.70	601,442	$6.17

*The weighted average share price (WASP) is the share price at the time the Restricted stock was granted, averaged over the number of shares outstanding at the balance sheet date.

[1] The weighted average fair value of Restricted stock granted in 2021 was $5.29 (2020 - $4.15).

[2] The weighted average share price at the date of settlement of the Restricted stock was $4.11 (2020 - $5.33).

Performance shares

Performance shares are discretionary shares awarded to certain individuals out of the 2001 Omnibus Incentive Compensation Plan. Each share awarded entitles the employee to receive one share of Gannett Co., Inc.'s common stock on the expiration of the incentive period which vest 3 years after the grant date.

Included in wages and salaries in the income statement is a total expense for performance shares of £55,000 (2020 - £111,000). Recharges for the intrinsic value of options exercised in 2021 of £85,000 (2020 - £nil) have been taken directly to reserves.

	2021 No.	**2021 WASP***	**2020 No.**	**2020 WASP***
Outstanding at 1 January 2021 and 1 January 2020	69,780	$6.28	69,780	$6.28
Settled[1]	(34,905)	$6.28	-	-
Outstanding at 31 December 2021 and 31 December 2020	34,875	$6.28	69,780	$6.28

*The weighted average share price (WASP) is the share price at the time the Performance shares were granted, averaged over the number of shares outstanding at the balance sheet date.

[1] The weighted average share price at the date of settlement of the Performance shares was $3.36 (2020 - $nil).

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

24. RIGHT OF USE ASSETS AND LEASES LIABILITIES

Carrying value of right-of-use assets

	Plant & Machinery £'000	Property £'000	Total £'000
At 1 January 2021	420	4,874	5,294
Additions	-	4,987	4,987
Depreciation expense	(143)	(992)	(1,135)
Disposals	-	(1,151)	(1,151)
At 31 December 2021	277	7,718	7,995

Carrying value of lease liabilities

	2021 £'000	2020 £'000
At 1 January 2021	5,569	5,431
Additions	2,160	1,875
Accretion of interest (note 7)	472	378
Payments	(1,183)	(1,878)
Disposals	(1,267)	(237)
At 31 December 2021	5,751	5,569
Current	904	820
Non-current	4,847	4,749
	5,751	5,569

Lease liability maturity analysis – contractual undiscounted cash flows

	2021 £'000	2020 £'000
Less than one year	1,370	1,203
One to five years	4,486	3,828
More than five years	1,656	2,464
Total undiscounted lease liabilities at 31 December 2021 and 31 December 2020	7,512	7,495

Amounts recognised in income statement	2021 £'000	2020 £'000
Depreciation expense of right of use assets	1,135	1,757
Interest expense on lease liabilities	472	378
Expense relating to short term leases	54	73
Total amount recognised in P&L	1,661	2,208

25. RELATED PARTIES

The company is a wholly owned subsidiary 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 under paragraph 8 (k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries..The amounts due from or due to group companies at the balance sheet date are shown in notes 14 and 15 respectively.

Directors' emoluments are disclosed in note 4 and matters relating to the Newsquest Pension Scheme in note 22.

NOTES TO THE ACCOUNTS
Year ended 31 December 2021

26. 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 U.K. Limited, a company incorporated in Great Britain and registered in England and Wales. The immediate parent is Newsquest Capital Limited. The consolidated financial statements of Gannett Co., Inc., comprise the smallest and largest group of which the company is a member that prepares 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, USA, or online at www.gannett.com, see investor relations page.

27. SUBSEQUENT EVENTS

On 1 January 2022 the trade, assets and liabilities of a subsidiary entity, Newsquest Specialist Media Limited, were transferred to Newsquest Media Group Limited. The assets and liabilities were transferred at book value.

On 22 February 2022 a surplus property was sold for sale proceeds of £925,000, resulting in a profit on disposal of £746,000.

On 18 March 2022 the company acquired TRL 2019 Limited and its associated subsidiaries, including the main trading entity, Archant Community Media Limited, for consideration of £11 million.

There are no other events subsequent to the year end to report.