

NEWSQUEST MEDIA GROUP LIMITED

**Directors' Report and Financial Statements
for the 52 weeks ended 26 December 2004**



NEWSQUEST MEDIA GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

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NEWSQUEST MEDIA GROUP LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the 52 weeks ended 26 December 2004.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

Newsquest Media Group Limited is the parent operating company of a group of companies operating within the publishing and printing industry. The company provides management services to group companies, including a sales service in respect of leaflet distribution and national advertising.

The directors are satisfied with the performance of the company and expect this to continue in the future.

RESULTS AND DIVIDENDS

The company's profit for the period after taxation was £53,347,000 (2003 - £167,349,000).

Interim dividends of £96,671,731 were paid on ordinary shares (2003 - £119,995,731) and £4,269 on preference shares during the period (2003 - £4,269). No final dividends are proposed (2003 - £nil).

DIRECTORS

The directors who served throughout the period are listed below.

P Davidson

T Blott

P Hunter

R Mills

P A Radburn

E M Robinson (resigned 4 January 2005)

None of the directors had any interest in the shares of the company.

POLITICAL AND CHARITABLE DONATIONS

Contributions made by the company during the period for charitable purposes totalled £100,100 (2003 - £nil). The company made no political donations in the period (2003 - £nil).

EMPLOYEE PARTICIPATION

Employee participation processes have continued throughout the period. Such processes 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 all staff throughout the period.

DISABLED PERSONS

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

AUDITORS

It will be proposed at the annual general meeting that Ernst & Young LLP are to be appointed as auditors for the coming year.

This report was approved by the Board on 21 June 2005 and signed on its behalf.



N Carpenter
Company secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently in the period. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 26 December 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

NEWSQUEST MEDIA GROUP LIMITED

INDEPENDENT REPORT OF THE AUDITORS TO THE MEMBERS OF NEWSQUEST MEDIA GROUP LIMITED

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

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

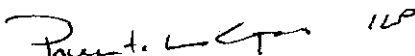
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 26 December 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH
2005

NEWSQUEST MEDIA GROUP LIMITED

PROFIT AND LOSS ACCOUNT

52 weeks ended 26 December 2004 (note 1)

	Note	2004 £'000	2003 £'000
TURNOVER	1,2	2,967	2,696
Cost of sales		(1,949)	(1,676)
GROSS PROFIT		1,018	1,020
Administrative expenses		(12,529)	(11,105)
Amounts written off investments		(1,082)	(2,867)
Other operating income	4	19,865	24,608
OPERATING PROFIT	5	7,272	11,656
Income from fixed asset investments	6	68,576	157,754
Interest receivable and similar income	7	19,722	1,576
Interest payable and similar charges	8	(43,905)	(8)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		51,665	170,978
Tax credit/(charge) on profit on ordinary activities	10	1,682	(3,629)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		53,347	167,349
Non-equity preference dividends	11	(4)	(4)
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		53,343	167,345
Equity ordinary dividends	11	(96,672)	(119,996)
RETAINED (LOSS)/PROFIT TRANSFERRED TO RESERVES	20	(43,329)	47,349

All the company's activities were in respect of continuing operations.

The company has no recognised gains or losses for the current and preceding financial periods other than those shown above and, therefore, no separate statement of total recognised gains and losses has been presented.

NEWSQUEST MEDIA GROUP LIMITED

BALANCE SHEET 26 December 2004 (note 1)

	Note	£'000	2004 £'000	2003 £'000
FIXD ASSETS				
Tangible assets	12		4,282	4,222
Investments	13		489,298	489,298
			<u>493,580</u>	<u>493,520</u>
CURRENT ASSETS				
Debtors	14	298,516		167,809
Cash at bank and in hand		44,460		3,294
		<u>342,976</u>		<u>171,103</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(757,860)	(542,209)	
NET CURRENT LIABILITIES			<u>(414,884)</u>	<u>(371,106)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			78,696	122,414
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	15		(400)	(400)
PROVISIONS FOR LIABILITIES AND CHARGES	17		(158)	(547)
NET ASSETS			<u>78,138</u>	<u>121,467</u>
CAPITAL AND RESERVES				
Called up share capital – equity	19		1	1
Called up share capital - non-equity	19		425	425
Share premium account	20		50,418	50,418
Merger reserve	20		1,907	1,907
Profit and loss account	20		25,387	68,716
TOTAL SHAREHOLDERS' FUNDS	21		<u>78,138</u>	<u>121,467</u>
Shareholders' funds are attributable to:				
Equity shareholders' funds			77,713	121,042
Non-equity shareholders' funds			425	425
			<u>78,138</u>	<u>121,467</u>

The financial statements on pages 5 to 16 were approved by the Board of directors on 21 June 2005 and were signed on its behalf.



P Hunter
Director

NOTES TO THE ACCOUNTS
52 weeks ended 26 December 2004

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

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

Accounting period

The profit and loss accounts cover the 52 weeks from 29 December 2003 to 26 December 2004 and the 52 weeks from 30 December 2002 to 28 December 2003. The balance sheets for 2004 and 2003 have been drawn up at 26 December 2004 and 28 December 2003 respectively.

Turnover

Turnover represents the invoiced value of sales, excluding Value Added Tax. Advertising revenues are recognised upon publication of the relevant newspaper. Circulation revenues, for paid-for newspapers, are recognised upon publication. Revenues from barter transactions are recognised when the advertisements are displayed and are recorded at the fair value of goods or services received, in accordance with UITF Abstract 26 'Barter Transactions for Advertising.'

Tangible fixed assets and depreciation

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation. No depreciation is provided on land. Freehold buildings, long leases and plant and equipment are depreciated over their estimated useful lives on the following bases:

Freehold buildings	-	2% straight line basis
Plant and equipment	-	2% - 50% straight line basis

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

The carrying value of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

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 values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost, on a first in first out basis, and net realisable value.

Deferred taxation

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date, calculated at the rate at which it is expected the tax will arise in accordance with FRS 19 "Deferred Tax". Deferred taxation balances are not discounted.

Leasehold property

A provision is made at the balance sheet date for property dilapidations and for the net present value of net future costs on surplus vacant leasehold property.

Pensions

The company is the principal employer of a defined benefit pension scheme, the Newsquest Pension Scheme ("the Scheme"). Pension costs are assessed in accordance with the advice of qualified independent actuaries. Charges to the profit and loss account for group subsidiaries that participate in the scheme are allocated to the Company by the principal employer of the scheme, Newsquest Media Group Limited, based upon contributions by the principal employer and the pensionable salaries of the company's employees.

NOTES TO THE ACCOUNTS
52 weeks ended 26 December 2004

1. ACCOUNTING POLICIES (CONTINUED)

Operating leases

Operating lease rentals are charged to profit and loss account on a straight line basis over the periods of the leases.

Group accounts and cash flow statement

The company, as it is a wholly owned subsidiary itself, is not required to prepare group accounts under Section 228 of the Companies Act 1985 because its parent undertaking is established under the law of a member state of the EU. Accordingly, the financial statements present information about the company rather than the group as a whole. A cash flow statement is not required under Financial Reporting Standard 1 (revised), as the company is a wholly owned subsidiary and the group's financial statements are publicly available (see note 24).

2. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company, being publishing newspapers, and arose within the United Kingdom.

3. EMPLOYEES

	2004 £'000	2003 £'000
Staff costs		
Wages and salaries	5,213	4,859
Social security costs	705	495
Other pension costs	1,923	1,632
Total	<u>7,841</u>	<u>6,986</u>

The average monthly number of employees, excluding directors, during the period was as follows:

	No.	No.
Marketing and sales	62	57
Distribution	20	18
Finance and management	71	66
	<u>153</u>	<u>141</u>

4. OTHER OPERATING INCOME

	2004 £'000	2003 £'000
Charges to subsidiaries	<u>19,865</u>	<u>24,608</u>

NOTES TO THE ACCOUNTS
52 weeks ended 26 December 2004

5. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2004	2003
	£'000	£'000
Operating lease rentals:		
- Land and buildings	206	231
- Hire of plant and machinery	1	10
Depreciation - owned assets	346	246
Auditors' remuneration - audit fees	240	173
Profit on disposal of fixed assets	(2)	(3)
Amounts written off investments	1,081	2,867
	<u>1,081</u>	<u>2,867</u>

6. INCOME FROM FIXED ASSET INVESTMENTS

	2004	2003
	£'000	£'000
Dividends from group undertakings	68,576	157,754
	<u>68,576</u>	<u>157,754</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2004	2003
	£'000	£'000
Interest receivable	1,806	1,576
Interest receivable from group undertakings	17,809	-
Other	107	-
	<u>19,722</u>	<u>1,576</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£'000	£'000
Bank overdraft facilities	4	5
Interest on unwinding of leasehold property provision	1	-
Other interest	8	3
Interest payable to group undertakings	43,892	-
	<u>43,905</u>	<u>8</u>

NOTES TO THE ACCOUNTS
52 weeks ended 26 December 2004

9. DIRECTORS' EMOLUMENTS

The emoluments of the directors were as follows:

	2004	2003
	£'000	£'000
Executive directors' salaries	994	925
Taxable benefits	84	80
Performance related payments	531	387
Compensation for loss of office	103	-
Pension scheme contributions	58	52
	<u>1,770</u>	<u>1,444</u>

The aggregate emoluments of the highest paid director were £541,809 (2003 - £437,866). The accrued pension for the highest paid director in 2004 was £103,685 per annum (2003 - £96,481 per annum). Payments to a pension scheme of £17,760 (2003 - £16,261) were made on behalf of the highest paid director. The highest paid director exercised share options during the year and was granted share options under a long-term incentive scheme.

Retirement benefits accrued to 6 directors under a defined benefit scheme during this year.

At 26 December 2004 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 6 (2003 - 6). The number of directors who exercised share options in the company's ultimate parent undertaking Gannett Co. Inc. during the year was 4 (2003 - 5).

10. TAX (CREDIT)/CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2004	2003
	£'000	£'000
Analysis of (credit)/charge for the period:		
Current tax:	-	1,489
UK Corporation tax at 30% (2003 - 30 %)		
Adjustment in respect of prior periods	(992)	(15)
Total current tax (see below)	<u>(992)</u>	<u>1,474</u>
Deferred taxation		
Origination and reversal of timing differences	(667)	2,154
Adjustment in respect of prior periods	(23)	1
	<u>(1,682)</u>	<u>3,629</u>

The tax charge for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

NOTES TO THE ACCOUNTS
52 weeks ended 26 December 2004

10. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

	2004 £'000	2003 £'000
Analysis of (credit)/charge for the period:		
Profit on ordinary activities before taxation	51,665	170,978
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 30% (2003 - 30%)	15,500	51,293
Dividends from group undertaking that are not subject to tax	(20,573)	(47,326)
Expenses that may not qualify as deductible for tax purposes	410	665
Timing differences relating to pensions	666	(1,754)
Capital allowances for the period in excess of depreciation	(21)	(74)
Surrender/(utilisation) of tax losses	4,018	(1,315)
Adjustments to tax charge in respect of previous periods	(992)	(15)
	<u>(992)</u>	<u>1,474</u>

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

11. DIVIDENDS

	2004 £'000	2003 £'000
Interim ordinary dividend paid	96,672	119,996
Preference dividend paid	4	4

NOTES TO THE ACCOUNTS
52 weeks ended 26 December 2004

12. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 29 December 2003	3,688	2,086	5,774
Additions	-	452	452
Disposals	-	(679)	(679)
Transfers to group companies	-	(46)	(46)
Reclassifications	(287)	287	-
At 26 December 2004	3,401	2,100	5,501
Accumulated depreciation			
At 29 December 2003	-	1,552	1,552
Charge for the period	45	301	346
Disposals	-	(653)	(653)
Transfers to group companies	-	(26)	(26)
At 26 December 2004	45	1,174	1,219
Net book value			
At 26 December 2004	3,356	926	4,282
At 28 December 2003	3,688	534	4,222

Land and buildings comprises freehold land and buildings with a book value of £3,356,000 (2003 - £3,688,000), within which freehold land amounts to £1,133,000.

13. INVESTMENTS

	Other investments £'000	Investments in subsidiary undertakings £'000	Total £'000
Cost			
At 29 December 2003	11,174	503,423	514,597
Additions	1,081	-	1,081
At 26 December 2004	12,255	503,423	515,678
Provisions			
At 29 December 2003	11,174	14,125	25,299
Charge for the period	1,081	-	1,081
At 26 December 2004	12,255	14,125	26,380
Net book value			
At 26 December 2004	-	489,298	489,298
At 28 December 2003	-	489,298	489,298

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS 52 weeks ended 26 December 2004

13. INVESTMENTS (CONTINUED)

Other investments are unquoted. The additions during the period represent investments in Fish 4 Limited.

The major subsidiary companies of Newsquest Media Group Limited (all of which are incorporated in Great Britain and registered in England and Wales and were wholly owned) at 26 December 2004 were:

Name of Company	Nature of business
Newsquest (Investments) Limited	Holding company
Newsquest (Bradford) Limited	Printing and publishing
Newsquest (Cheshire/Merseyside) Limited	Publishing
Newsquest (Essex) Limited	Printing and publishing
Newsquest (Kendal)	Publishing
Newsquest (Lancashire) Limited	Printing and publishing
Newsquest (London) Limited	Publishing
Newsquest (Midlands South) Limited	Printing and publishing
Newsquest (North East) Limited	Publishing
Newsquest (Oxfordshire & Wiltshire) Limited	Printing and publishing
Newsquest (Sussex) Limited	Printing and publishing
Newsquest (Wiltshire) Limited	Printing and publishing
Newsquest (York) Limited	Printing and publishing

In addition the company has a 25.08% interest in the ordinary £1 shares of Fish 4 Limited whose principal activity during the period were the provision of electronic classified advertising services.

14. DEBTORS

	2004 £'000	2003 £'000
Amounts falling due within one year		
Trade debtors	207	157
Amounts owed by group undertakings	269,082	143,582
Corporation tax	18,821	13,989
Other taxation and social security	4,197	4,948
Other debtors	310	4,911
Prepayments and accrued income	5,899	222
	<u>298,516</u>	<u>167,809</u>

Other debtors includes a deferred tax asset of £310,000 (note 18).

NOTES TO THE ACCOUNTS
52 weeks ended 26 December 2004

15. CREDITORS

	2004	2003
	£'000	£'000
Amounts falling due within one year		
Trade creditors	3,759	2,907
Amounts owed to group undertakings	749,623	538,046
Other creditors	2,106	787
Accruals and deferred income	2,372	469
	<u>757,860</u>	<u>542,209</u>
Amounts falling due after one year		
Deferred contingent consideration	<u>400</u>	<u>400</u>

On 4 April 2003, the company acquired the issued share capital of Lettercatch Limited for cash consideration of £1,768,848, of which £400,000 is deferred contingent consideration. The deferred contingent consideration is contingent upon the performance of the business in the year from 5 April 2005 to 4 April 2006.

16. COMMITMENTS

The company has annual commitments for non-cancellable operating leases as follows:

	Land and buildings	
	2004	2003
	£'000	£'000
Expiry of operating leases falling due		
Within one year	-	12
In two to five years	197	82
In over 5 years	<u>22</u>	<u>174</u>

At 26 December 2004 the company had no capital commitments (2003 - £nil).

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Leasehold property provision
	£'000
At 29 December 2003	167
Charge for the period	17
Utilisation	<u>(26)</u>
At 26 December 2004	<u>158</u>

The leasehold property provision is expected to be utilised over the terms of the relevant leases.

NOTES TO THE ACCOUNTS
52 weeks ended 26 December 2004

18. DEFERRED TAX

	Deferred tax (asset)/ liability £'000
At 29 December 2003	380
Release for the period	(690)
At 26 December 2004	<u>(310)</u>

At 28 December 2003 the deferred tax liability was included in Provisions for liabilities and charges. At 26 December 2004 the deferred tax asset is included in other Debtors.

The amounts of provided and unprovided deferred taxation can be analysed as follows:

	Provided (asset)/liability 2004 £'000	2003 £'000
Depreciation in excess of capital allowances	(176)	(153)
Other timing differences	(134)	533
	<u>(310)</u>	<u>380</u>

19. CALLED UP SHARE CAPITAL

	2004 Number	£'000	2003 Number	£'000
Authorised				
Ordinary shares of \$1 each	1,270	1	1,270	1
Deferred Ordinary shares of £1 each	200	-	200	-
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
	<u>426,370</u>	<u>426</u>	<u>426,370</u>	<u>426</u>
Called up, allotted and fully paid				
Ordinary shares of \$1 each	1,270	1	1,270	1
Deferred Ordinary shares of £1 each	127	-	127	-
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
	<u>426,297</u>	<u>426</u>	<u>426,297</u>	<u>426</u>

NOTES TO THE ACCOUNTS

52 weeks ended 26 December 2004

19. CALLED UP SHARE CAPITAL (CONTINUED)

The deferred ordinary shares can be repurchased at the option of the company at any time for an aggregate consideration of £1 which shall be applied for the benefit of the company. The deferred ordinary shares are not entitled to any participation in the profits or the assets of the company, other than as indicated below. The deferred ordinary shareholder has no right to receive notice of or attend and vote at any general meeting and shall only be entitled to participate in the assets of the company after the holders of every other class of shares in the capital of the company shall have received the sum of £10,000,000 in respect of each share held by them.

The Cumulative Redeemable Preference shares can be redeemed at the option of the company or the shareholder at any time on giving appropriate notice. A premium of 38.46p per share is payable on the redemption of the 1% First Cumulative Redeemable Preference shares. No premium is payable on the redemption of the 1% Second Cumulative Redeemable Preference shares. The 1% Second Cumulative Redeemable Preference shares cannot be redeemed while any 1% First Cumulative Redeemable Preference shares remain in issue. The Cumulative Redeemable Preference shareholders have no rights at any general meeting other than in special circumstances and on a winding up are entitled to receive their nominal value and premium prior to ordinary shareholders.

20. RESERVES

	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000
At 29 December 2003	50,418	1,907	68,716
Loss for the period	-	-	(43,329)
At 26 December 2004	<u>50,418</u>	<u>1,907</u>	<u>25,387</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £'000	2003 £'000
Profit for the financial period	53,347	167,349
Ordinary dividend	(96,672)	(119,996)
Non-equity dividend	(4)	(4)
Net (reduction)/increase in shareholders' funds	<u>(43,329)</u>	<u>47,349</u>
Opening shareholders' funds	121,467	74,118
Closing shareholders' funds	<u>78,138</u>	<u>121,467</u>

NOTES TO THE ACCOUNTS

52 weeks ended 26 December 2004

22. PENSION SCHEMES

The company is the principal employer of the Newsquest Pension Scheme and a member of the Newsquest Media (Southern) Pension Scheme, which is primarily a funded defined benefit scheme, details of which, including particulars of the latest actuarial valuation, can be found in the financial statements of Gannett U.K. Limited for the period ended 26 December 2004. On 25 March 2004 the assets and liabilities of the Newsquest Media (Southern) Scheme were transferred into the Newsquest Pension Scheme.

The contributions made by the group into the scheme, which have increased in 2003, are assessed in accordance with the advice of a qualified independent actuary. The pension costs in these accounts of £1,923,000 (2003 - £1,632,000) are to fund the contributions to the scheme by the principal employer of the Newsquest Pension Scheme. The allocation of this cost to this company is based on pensionable salaries.

The company and its immediate parent company have fully adopted FRS17, "Retirement Benefits".

The company has taken advantage of the exemption permitted by paragraph 9 (b) of FRS17 and will account for the Scheme as if it were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities of the Scheme.

Further information about the assets and liabilities of the Scheme and the major assumptions used by the actuary can be found in the financial statements of Gannett U.K. Limited for the period ended 26 December 2004.

23. 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 in Financial Reporting Standard 8 from disclosure of transactions with entities that are part of the group or investees of the group qualifying as related parties.

24. 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 controlling company of the Newsquest group of companies in the United Kingdom is Gannett U.K. Limited, a company incorporated in Great Britain and registered in England and Wales. The consolidated financial statements of Gannett Co., Inc. and Gannett U.K. Limited comprise respectively the largest and smallest groups of which the company is a member that prepare consolidated financial statements. The annual report and consolidated financial statements of Gannett Co., Inc. can be obtained from the Secretary, Gannett Co., Inc., 1100 Wilson Boulevard, Arlington, Virginia 22234. The annual report and consolidated financial statements of Gannett U.K. Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.