

NEWSQUEST (NORTH WEST) LIMITED

**Directors' Report and Financial Statements
for the 52 weeks ended 29 December 2013**

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STRATEGIC REPORT

The directors present their strategic report for the 52 weeks ended 29 December 2013.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The company's principal activity was the publishing of local news and information.

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

	*52 weeks 2013 £'000	*53 weeks 2012 £'000	Change
Turnover	30,705	32,659	(6.0%)
EBITDA**	3,184	5,049	(36.9%)
EBITDA** Margin	10.4%	15.5%	(5.1 pts)

* The profit and loss accounts cover the 52 weeks from 31 December 2012 to 29 December 2013 and the 53 weeks from 26 December 2011 to 30 December 2012.

**Earnings before interest, tax, depreciation, exceptional leasehold property charges and restructuring costs.

Turnover represents revenue generated from the company's principal activity. Whilst there was an increase in internet advertising, revenue overall continued to decline year on year by 6%. During the period the company continued to make a series of cost reductions and restructured processes to mitigate the impact of the decline in revenue.

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in a competitive and dynamic environment where maintaining and developing the interest of the audience is critical to its commercial success in attracting advertisers and readers. Competing newspapers and alternative media including the internet 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 they serve and investing in internet based services. This investment in digital media by the company is creating promising opportunities for revenue generation.

The company is also exposed to the general economic conditions that affect its advertisers and readers, particularly in the property, motors and employment markets. The company's profitability is also affected by labour and benefit costs, the main operating costs of the company, along with newsprint prices. The ability of the company to flex these costs in line with revenues in the short term is limited.

The risks and uncertainties facing the company are linked to those of its fellow subsidiaries in the UK. The current results reflect the benefits arising from the relationship with fellow subsidiaries in terms of financing, purchasing efficiency, disaster recovery and information technology.

This report was approved by the Board and signed on its behalf on 20 June 2014 by:



N Carpenter
Joint Company Secretary

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the 52 weeks ended 29 December 2013.

RESULTS AND DIVIDENDS

The loss on ordinary activities after taxation amounted to £2,525,000 (2012 - £3,234,000 loss).

No interim dividends (2012 - £nil) were paid in the period. The directors do not recommend that a final dividend is paid (2012 - £nil).

DIRECTORS

The directors who served during the period are listed below:

P Davidson

H Faure Walker (appointed 1 April 2014)

P Hunter

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

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

POLITICAL AND CHARITABLE CONTRIBUTIONS

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

EMPLOYEE PARTICIPATION AND THE ENVIRONMENT

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

The company is conscious of the importance of good environmental practices and aims for an on-going improvement in the company's environmental performance and to comply with all relevant regulations. Information about the recycled content of newsprint used in the production of newspapers by the UK industry can be found on the Newspaper Society website; www.newspapersoc.org.uk.

DISABLED PERSONS

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

DIRECTORS' RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' RESPONSIBILITIES (CONTINUED)

- state whether applicable accounting standards 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 company's business activities, together with the factors likely to affect its future development and position, are set out above in the directors' report under the sections principal activities, review of the business and future prospects and principal risks and uncertainties.

The company is expected to continue to generate positive operating cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with Newsquest Media Group Limited and fellow subsidiaries.

The directors have received written confirmation from the directors of fellow subsidiaries that amounts disclosed in these accounts as falling due in more than one year are not repayable for a period at least more than one year from the date of the approval of these financial statements and, if appropriate, assistance will be provided in meeting the company's liabilities as and when they fall due, but only to the extent that money is not otherwise available to the company to meet such liabilities. This support would cease in the event of the company ceasing to be a subsidiary of Gannett U.K. Limited.

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

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the Board at the time of approving the directors' report are listed on page 1. Having made enquiries 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 20 June 2014 by:



N Carpenter
Joint Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWSQUEST (NORTH WEST) LIMITED

We have audited the financial statements of Newsquest (North West) Limited for the year ended 29 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

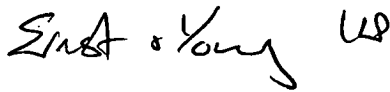
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Philip Young
Senior statutory auditor
for and on behalf of Ernst & Young LLP, London

Date 24/6/14

PROFIT AND LOSS ACCOUNT**52 weeks ended 29 December 2013 (note 1)**

	Note	52 weeks ended 29 December 2013 £'000	53 weeks ended 30 December 2012 £'000
TURNOVER	1, 2	30,705	32,659
Cost of sales		(8,294)	(9,192)
GROSS PROFIT		22,411	23,467
Operating expenses	3	(19,731)	(20,160)
OPERATING PROFIT	4	2,680	3,307
Interest payable and similar charges	6	(2,408)	(1,917)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		272	1,390
Tax charge on profit on ordinary activities	7	(2,797)	(4,624)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	18	(2,525)	(3,234)

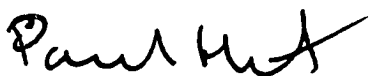
All the above transactions relate to continuing operations.

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

BALANCE SHEET
29 December 2013 (note 1)

			2013	2012
	Note	£'000	£'000	£'000
FIXED ASSETS				
Intangible assets	8		27,973	27,973
Tangible fixed assets	9		3,406	3,283
Investments	10		21,491	21,491
			<u>52,870</u>	<u>52,747</u>
CURRENT ASSETS				
Stocks	11	26		16
Debtors	12	4,002		3,270
Cash at bank and in hand		3		4
		<u>4,031</u>		<u>3,290</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(1,382)		(1,846)
NET CURRENT ASSETS			<u>2,649</u>	<u>1,444</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			55,519	54,191
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	14		(46,722)	(41,965)
PROVISIONS FOR LIABILITIES	15		(736)	(1,655)
NET ASSETS			<u>8,061</u>	<u>10,571</u>
CAPITAL AND RESERVES				
Called up share capital	17		-	-
Share premium account	18		-	-
Profit and loss account	18		8,061	10,571
SHAREHOLDERS' FUNDS	18		<u>8,061</u>	<u>10,571</u>

The financial statements on pages 5 to 18 were approved by the Board and signed on its behalf on 20 June 2014 by:



P Hunter
Director

NOTES TO THE ACCOUNTS

52 weeks ended 29 December 2013

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 in the United Kingdom.

Accounting period

The profit and loss accounts cover the 52 weeks from 31 December 2012 to 29 December 2013 and 53 weeks from 26 December 2011 to 30 December 2012. The balance sheets for 2013 and 2012 have been drawn up at 29 December 2013 and 30 December 2012 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. Other revenue including digital revenue is recognised on publication or provision of service. 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.'

Interest income

Revenue is recognised as interest accrues using the effective interest method.

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 and plant and equipment are depreciated over their estimated useful lives on the following bases:

Freehold buildings	-	2% straight line basis
Plant and equipment	-	4% - 50% straight line basis

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.

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 capitalized in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives.

Intangible fixed assets

Internally developed intangibles are not carried on the balance sheet. Intangible fixed assets represent publishing rights, which are stated at fair value on acquisition. Intangible fixed assets are not subsequently revalued.

The directors believe that the company's publishing rights have no finite life and consequently the rights are not amortised.

Intangible assets are reviewed for impairment annually, and provision is made for any impairment in value where the recoverable amount is calculated to be below the carrying value. The recoverable amount is the higher of the fair value less selling costs and the value in use. Value in use 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.

Stocks

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

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.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

NOTES TO THE ACCOUNTS**52 weeks ended 29 December 2013****1. ACCOUNTING POLICIES (CONTINUED)****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 leased property.

Pensions

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

In respect of the 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 current cost of servicing pensions for the scheme members relating to the company.

In accordance with FRS17, the company has accounted for its contributions to the defined benefit scheme as if it were a defined benefit contribution scheme as it is not possible to separately identify the company's share of the assets and liabilities in the defined benefit scheme. Refer to note 20 for further details.

In respect of the defined contribution pension scheme, contributions are charged to the profit and loss account 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.

Goodwill

On the acquisition of a business, the purchase consideration is allocated between the underlying net tangible and intangible assets on a fair value basis. Goodwill on acquisitions after 1 January 1998 is included on the balance sheet and amortised over its expected useful economic life, up to a maximum of 20 years.

Goodwill on acquisitions prior to 1 January 1998 has been written off against profit and loss reserve as a matter of accounting policy. This goodwill will be charged to the profit and loss account in the event of the disposal of the business to which it relates (note 18).

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 because its parent undertaking is established under the law of an EEA state. Accordingly the financial statements present information about the company rather than the group as a whole. A cash flow statement is not required under Financial Reporting Standard 1 (revised), as the company is a wholly owned subsidiary and the group's financial statements are publicly available (note 23).

Post retirement medical costs

Certain employees benefit from contracts entitling them to post retirement medical benefits. The costs of post retirement medical benefits are provided for by discounting the expected future costs.

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, provided that all other performance conditions are satisfied.

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.

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

1. ACCOUNTING POLICIES (CONTINUED)

Share-based payments (continued)

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 the profit and loss reserve.

2. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company being publishing local news and information, and arises in the United Kingdom.

3. OPERATING EXPENSES

	52 weeks ended 29 December 2013 £'000	53 weeks ended 30 December 2012 £'000
Selling and distribution costs	6,354	6,520
Administrative expenses	13,178	12,320
Exceptional restructuring costs	199	88
Exceptional leasehold property charges	-	1,232
	<u>19,731</u>	<u>20,160</u>

4. OPERATING PROFIT

	52 weeks ended 29 December 2013 £'000	53 weeks ended 30 December 2012 £'000
The operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
- owned by the company	181	234
- held under finance leases	124	188
Operating lease rentals:		
- land and buildings	378	660
Management charge	851	846
Profit on disposal of fixed assets	(65)	(31)
	<u></u>	<u></u>

Audit services for the entire Gannett U.K. Limited group totalling £267,000 (2012 - £269,000) were borne by Newsquest Media Group Limited in the current and prior period. The company has paid its allocation of the audit fees through the management charge.

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

5. STAFF COSTS

	52 weeks ended 29 December 2013 £'000	53 weeks ended 30 December 2012 £'000
Staff costs were as follows:		
Wages and salaries	11,951	12,498
Social security costs	842	833
Other pension costs	3,037	1,184
	<u>15,830</u>	<u>14,515</u>

Included in wages and salaries is a total expense for share-based payments of £129,000 (2012 - £111,000), all of which arises from transactions accounted for as equity-settled share-based payment transactions. Recharges for the intrinsic value of options exercised in 2013 of £114,000 (2012 - £191,000) have been taken directly to reserves.

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

	2013 No.	2012 No.
Pre-press	10	13
Editorial	172	161
Marketing and sales	184	187
Distribution	106	111
Finance and management	32	33
	<u>504</u>	<u>505</u>

There are also 2,084 (2012 - 2,329) people involved in distribution who work limited hours to deliver the group's products. The costs of these people are included in staff costs above. In addition some staff are employed under contracts of employment with fellow subsidiaries.

The directors receive no remuneration for their qualifying services to the company (2012 - £nil). All emoluments and pension payments made by related companies to directors are dealt with in the accounts of Newsquest Media Group Limited.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 29 December 2013 £'000	53 weeks ended 30 December 2012 £'000
Interest payable to group undertakings	2,325	1,857
Unwind of discount on provisions (note 15)	83	60
	<u>2,408</u>	<u>1,917</u>

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

7. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	52 weeks ended 29 December 2013 £'000	53 weeks ended 30 December 2012 £'000
Current tax:		
Adjustment in respect of prior periods	2,775	4,467
Total current tax (see below)	<u>2,775</u>	<u>4,467</u>
Deferred taxation:		
Origination and reversal of timing differences	(121)	60
Adjustment in respect of prior periods	(1)	(3)
Change in the rate of corporation tax	144	100
	<u>2,797</u>	<u>4,624</u>

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

	52 weeks ended 29 December 2013 £'000	53 weeks ended 30 December 2012 £'000
Analysis of charge in the period:		
Profit on ordinary activities before taxation	<u>272</u>	<u>1,390</u>
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 23.25% (2012 – 24.5%)	63	340
Expenses not deductible for tax purposes net of amounts not taxable	(72)	32
Depreciation for period in excess of capital allowances	12	32
Utilisation of tax losses	-	(132)
Losses carried forward	36	-
Adjustments to tax charge in respect of previous periods	2,775	4,467
Transfer pricing adjustment	(167)	(176)
Other timing differences	128	(96)
	<u>2,775</u>	<u>4,467</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.

The main rate of corporation tax has been reducing and enacted rates are 24% with effect from 1 April 2012, 23% with effect from 1 April 2013, 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. The 20% rate has been applied for deferred tax.

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

8. INTANGIBLE ASSETS

	Publishing rights £'000
Cost	
At 29 December 2013 and 30 December 2012	59,385
Provision	
At 29 December 2013 and 30 December 2012	31,412
Net book value	
At 29 December 2013 and 30 December 2012	27,973

9. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 31 December 2012	3,879	5,256	9,135
Additions	-	440	440
Disposals	-	(433)	(433)
At 29 December 2013	3,879	5,263	9,142
Depreciation			
At 31 December 2012	1,127	4,725	5,852
Charge for period	78	227	305
Disposals	-	(421)	(421)
At 29 December 2013	1,205	4,531	5,736
Net book value			
At 29 December 2013	2,674	732	3,406
At 30 December 2012	2,752	531	3,283

The net book value of land and buildings includes freeholds with a net book value of £2,674,000 (2012 - £2,752,000). Also, included within plant and equipment are leased assets with a net book value of £512,000 (2012 - £304,000).

10. INVESTMENTS

	Investments in subsidiary undertakings £'000
Cost	
At 29 December 2013 and 30 December 2012	22,970
Provision	
At 29 December 2013 and 30 December 2012	1,479
Net book value	
At 29 December 2013 and 30 December 2012	21,491

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

10. INVESTMENTS (CONTINUED)

The directly owned subsidiary companies of Newsquest (North West) Limited (all of which are incorporated in Great Britain and registered in England and Wales and were wholly owned) at 29 December 2013 were:

Name of Company	Nature of business	Holding
Extonbase Limited	Dormant holding company	Ordinary shares
Newsquest (Cheshire/Merseyside) Limited	Dormant	Ordinary shares
Spiceford Limited	Dormant holding company	Ordinary shares

The company indirectly owns the entire issued share capital of Newsquest (Kendal).

11. STOCKS

	2013 £'000	2012 £'000
Raw materials	26	16

12. DEBTORS

	2013 £'000	2012 £'000
Due within one year		
Amounts due from group undertakings	2,301	1,476
Other debtors	1,102	1,147
Prepayments and accrued income	599	647
	<u>4,002</u>	<u>3,270</u>

Included within other debtors is a deferred tax asset of £1,091,000 (note 16) which is recoverable in more than one year (2012 - £1,113,000).

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £'000	2012 £'000
Trade creditors	358	342
Amounts owed to group undertakings	28	358
Other taxation and social security	164	90
Other creditors	162	144
Accruals and deferred income	670	912
	<u>1,382</u>	<u>1,846</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £'000	2012 £'000
Amounts owed to group undertakings	46,722	41,965

The above amount owed to group undertakings is wholly repayable within five years.

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

15. PROVISIONS FOR LIABILITIES

Leasehold property provision

	£'000
At 30 December 2012	1,655
Credit for the period	(467)
Utilisation	(535)
Unwind of discount on provisions (note 6)	83
	<hr/>
At 29 December 2013	736
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The leasehold property provision is expected to be utilised over the terms of the relevant leases.

16. DEFERRED TAX ASSET

	£'000
At 30 December 2012	1,113
Charge for the period	(22)
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At 29 December 2013	1,091
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The amounts of provided deferred taxation can be analysed as follows:

	Provided	
	2013	2012
	£'000	£'000
Capital allowances in excess of depreciation	802	909
Other timing differences	155	158
Share-based payment	134	46
	<hr/>	<hr/>
	1,091	1,113
	<hr/>	<hr/>

No provision is made for tax which would become payable on the sale of intangible assets at the stated amounts as there is no present intention to sell these intangible assets.

Deferred taxation on rolled over capital gains of £nil (2012 - £33,000) has not been provided. There is no other unprovided deferred tax.

17. CALLED UP SHARE CAPITAL

	2013	2012
	£	£
Authorised:		
1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Allotted, called up and fully paid:		
302 Ordinary shares of £1 each	302	302
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NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

18. RESERVES AND RECONCILIATION OF SHAREHOLDERS' FUNDS

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 26 December 2011	-	29,970	(16,085)	13,885
Loss for the period	-	-	(3,234)	(3,234)
Capital reduction	-	(29,970)	29,970	-
Share-based payment	-	-	111	111
Payment to ultimate parent in respect of shares exercised	-	-	(191)	(191)
At 30 December 2012	-	-	10,571	10,571
Loss for the period	-	-	(2,525)	(2,525)
Share-based payment	-	-	129	129
Payment to ultimate parent in respect of shares exercised	-	-	(114)	(114)
At 29 December 2013	-	-	8,061	8,061

Profit and loss account reserve

Included in the profit and loss account reserve is goodwill written off as a matter of accounting policy of £4,972,000 (2012 - £4,972,000). Goodwill would be charged to the profit and loss account on the subsequent disposal of the business to which it relates.

On 9 August 2012 a special resolution was passed to reduce the share capital of the company by cancelling £29,970,000 from the share premium account and transferring that amount to the profit and loss account reserve.

19. OTHER COMMITMENTS

At 29 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2013 £'000	2012 £'000
Expiry date		
Within one year	28	76
Between two and five years	299	307

At 29 December 2013 the company had no capital commitments (2012 - £nil).

20. PENSIONS

The company is a member of the Newsquest Pension Scheme ("the Scheme"), which is a funded defined benefit scheme. Details of the scheme, including particulars of the latest actuarial valuation, the existence of a surplus or deficit in the group and its effect on future contribution rates by the company, can be found in the financial statements of Gannett U.K. Limited. Following consultation the Scheme ceased the future accrual of pension benefits with effect from 31 March 2011.

The contributions made by the group into the Scheme are assessed in accordance with the advice of a qualified independent actuary. The pension costs in these accounts for this scheme of £2,584,000 (2012 - £732,000) are paid to the principal employer of the Newsquest Pension Scheme, Newsquest Media Group Limited, to fund its contributions to the Scheme. The allocation of this cost to the company is based on the current cost of servicing pensions for the scheme members relating to the company.

The company also participates in a defined contribution pension scheme on behalf of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The costs for the year under this scheme were £452,000 (2012 - £452,000).

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

21. SHARE-BASED PAYMENTS

Employee Share Option Plan

The company participated in the Gannett Co., Inc. 2001 Omnibus Incentive Compensation Plan. Under the plan discretionary share options in the Group's ultimate parent undertaking, Gannett Co., Inc. are granted to employees. Gannett Co., Inc.'s shares are publicly traded on the New York Stock Exchange and the exercise price of the options is equal to the actual closing market price of the shares on the date of grant. The options vest evenly over four years from the date of grant provided that the employee remains in service. The contractual life of the options is between 8 and 10 years and there are no cash settlement alternatives.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2013 No.	2013 WAEP	2012 No.	2012 WAEP
Outstanding at 31 December 2012 and 26 December 2011	90,602	\$45.09	145,750	\$45.20
Forfeited during the year	(33,800)	\$70.77	(29,325)	\$76.04
Exercised ¹	(6,026)	\$9.38	(25,823)	\$10.54
Outstanding at 29 December 2013 and 30 December 2012	<u>50,776</u>	<u>\$32.23</u>	<u>90,602</u>	<u>\$45.09</u>
Exercisable at 29 December 2013 and 30 December 2012	<u>45,714</u>	<u>\$34.06</u>	<u>77,364</u>	<u>\$50.27</u>

¹The weighted average share price at the date of exercise for the options exercised in 2013 was \$21.21 (2012: \$17.94).

For the share options outstanding at 29 December 2013, the weighted average contractual life is 3.20 years (2012: 3.05 years).

The range of exercise prices for options outstanding at the end of 2013 and 2012 was \$13.16 - \$59.96.

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black Scholes model, taking into account the terms and conditions upon which the options were granted.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other features of options granted were incorporated into the measurement of fair value.

Chairman's Award Scheme

Out of the 2001 Omnibus Incentive Compensation Plan discretionary shares have been awarded to certain employees. Title to the shares passes to the employee on expiration of the four year incentive period provided that the employee remains in service with the group.

The following table illustrates the number and weighted average share prices (WASP) of, and movements in, share options during the year.

	2013 No.	2013 WASP*	2012 No.	2012 WASP*
Outstanding at 31 December 2012 and 26 December 2011	1,100	\$10.10	1,100	\$10.10
Matured during the year	(800)	\$9.36	-	-
Outstanding at 29 December 2013 and 30 December 2012	<u>300</u>	<u>\$12.08</u>	<u>1,100</u>	<u>\$10.10</u>

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

The weighted average share price on maturity was \$25.58 (2012 - \$nil).

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

21. SHARE-BASED PAYMENTS (CONTINUED)

Restricted stock

Restricted stock 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 4 years after the date of grant.

	2013 No.	2013 WASP	2012 No.	2012 WASP
Outstanding at 31 December 2012 and 26 December 2011	29,369	\$11.39	20,080	\$13.04
Granted during the year ²	13,816	\$18.01	17,059	\$13.37
Forfeited during the year	(894)	\$13.94	(450)	\$11.52
Settled ¹	(5,520)	\$25.98	(7,320)	\$10.58
Outstanding at 29 December 2013 and 30 December 2012	<u>36,771</u>	<u>\$15.53</u>	<u>29,369</u>	<u>\$11.39</u>

*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.

¹The weighted average share price at the date of settlement was \$25.98 (2012 - \$18.08).

²The weighted average fair value of Restricted stock granted in 2013 was \$14.85 (2012 - \$12.11).

Performance Shares

Performance shares are discretionary shares awarded to certain individuals out of the 2001 Omnibus Incentive Compensation Plan. The number of Performance Shares the employee will ultimately be entitled to receive will be calculated based on multiplying the employee's target number of performance shares by the applicable percentage determined on how Gannett Co., Inc.'s total shareholder return compares to the total shareholder return of the comparator companies during the incentive period. 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.

	2013 No.	2013 WASP*	2012 No.	2012 WASP*
Outstanding as at 31 December 2012 and 26 December 2011	3,541	\$13.37	-	-
Granted during the year ¹	<u>2,386</u>	<u>\$18.49</u>	<u>3,541</u>	<u>\$13.37</u>
Outstanding at 30 December 2013 and 25 December 2012	<u>5,927</u>	<u>\$15.43</u>	<u>3,541</u>	<u>\$13.37</u>

*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.

¹The weighted average fair value of Performance shares granted in 2013 was \$20.12 (2012 - \$14.12).

22. 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 on the grounds that it is wholly owned.

NOTES TO THE ACCOUNTS

52 weeks ended 29 December 2013

23. 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 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., 7950 Jones Branch Drive, McLean, Virginia 22107. The annual report and consolidated financial statements of Gannett U.K. Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.