Company Registration No 3102787

NEWSQUEST (ESSEX) LIMITED

Directors' Report and Financial Statements for the 52 weeks ended 25 December 2011

REPORT AND FINANCIAL STATEMENTS 2011

CONTENTS

DIRECTORS' REPORT

The dırectors present theır report and the audıted financıal statements for the 52 weeks ended 25 December 2011

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The company's prıncıpal actıvıty was the publıshıng of local news and ınformatıon

The company's key financıal and other performance ındıcators for contınuıng actıvıtıes durıng the financıal perıod were as follows

	2011 £'000	2010 £'000	Change
Turnover	22,832	24,109	(5 3%)
Adjusted EBITDA*	3,231	3,348	(3 5%)
Adjusted EBITDA margın*	14 2%	13 9%	0 3 pts

*Earnıngs before ınterest tax, depreciatıon and restructurıng costs

Turnover represents revenue generated from the company's prıncıpal actıvıty Revenue overall contınued to declıne year on year by 5 3%, resultıng ın a declıne ın EBITDA

Durıng the perıod the company contınued to make a serıes of cost reductıons and restructured processes to mıtıgate the ımpact of the declıne ın revenue which ıs shown ın the maıntenance of the margın Recovery ın the economy ıs expected to have a posıtıve ımpact on revenues, although there remaıns uncertaınty about the tımıng and extent of growth

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates ın a competıtıve and dynamıc envıronment where maıntaınıng and developıng the ınterest of the audıence ıs crıtıcal to ıts commercıal success ın attractıng advertısers and readers Competıng newspapers and alternatıve medıa ıncludıng the ınternet ımpact the company's abılıty to grow revenues

The company manages thıs competıtıve rısk by contınually seekıng to ensure ıts products meet the needs of the communıtıes they serve and ınvestıng ın ınternet based servıces Thıs ınvestment ın dıgıtal medıa by the company ıs creatıng promısıng opportunıtıes for revenue generatıon

The company ıs also exposed to the general economıc condıtıons that affect ıts advertısers and readers, partıcularly ın the property, motors and employment markets The company's profitabılıty ıs also affected by labour and benefit costs, the maın operatıng costs of the company, along wıth newsprınt prıces The abılıty of the company to flex these costs ın lıne wıth revenues ın the short term ıs lımıted

The rısks and uncertaıntıes facıng the company are lınked to those of ıts fellow subsıdıarıes ın the UK The current results reflect the benefits arısıng from the relatıonshıp wıth fellow subsıdıarıes ın terms of financıng, purchasıng efficıency, dısaster recovery and ınformatıon technology

RESULTS AND DIVIDENDS

The profit for the perıod after taxatıon amounted to £166,000 (2010 – £2,949,000)

No ınterım dıvıdends were paıd ın the perıod (2010 - £nıl) The dırectors do not recommend a final dıvıdend (2010 - £nıl)

DIRECTORS

The dırectors who served durıng the perıod are lısted below

P Davıdson
P Hunter

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The group maıntaıns Dırector's and Officer's lıabılıty ınsurance for the dırectors durıng the course of theır employment The ınsurance wıll cover the dırectors' legal costs ıncurred ın defendıng any proceedıngs brought by thırd partıes Such qualıfyıng thırd party ındemnıty provısıon remaıns ın place as at the date of approvıng the dırectors' report

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,
- 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

DIRECTORS' REPORT

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 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 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 11 September 2012 by

N Carpenter
Joint Company Secretary

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

We have audited the financial statements of Newsquest (Essex) Limited for the year ended 25 December 2011 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 25 December 2011 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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

Philip Young
Senior statutory auditor
for and on behalf of Ernst & Young LLP, London
Date 12/9/12

NEWSQUEST (ESSEX) LIMITED
Company Registration No. 3102787

PROFIT AND LOSS ACCOUNT
52 weeks ended 25 December 2011 (note 1)

	Note	2011 £'000	2010 £'000
TURNOVER	1, 2	22,832	24,109
Cost of sales		(9,341)	(8,665)
GROSS PROFIT		13,491	15,444
Operating expenses	3	(10,974)	(12,745)
OPERATING PROFIT	4	2,517	2,699
Interest receivable	6	63	44
Interest payable and similar charges	7	(80)	(98)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,500	2,645
Tax (charge)/credit on profit on ordinary activities	8	(2,334)	304
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	18	166	2,949

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
25 December 2011 (note 1)

	Note	£'000	2011 £'000	£'000	2010 £'000
FIXED ASSETS					
Intangible assets	9		11,971		11,971
Tangible fixed assets	10		1,272		1,465
Investments	11		30,000		30,000
			43,243		43,436
CURRENT ASSETS					
Debtors	12	15,188		15,526	
Cash at bank		10		-	
		15,198		15,526	
CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(2,006)		(2,532)	
NET CURRENT ASSETS			13,192		12,994
TOTAL ASSETS LESS CURRENT LIABILITIES			56,435		56,430
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14		(32,415)		(32,415)
PROVISIONS FOR LIABILITIES	15		(1,480)		(1,630)
NET ASSETS			22,540		22,385
CAPITAL AND RESERVES					
Called up share capital	17		1		1
Share premium account	18		35,999		35,999
Profit and loss account	18		(13,460)		(13,615)
SHAREHOLDERS' FUNDS	18		22,540		22,385

The financial statements on pages 5 to 17 were approved by the Board and signed on its behalf on 11 September 2012 by

Paul H

P Hunter
Director

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2011

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 27 December 2010 to 25 December 2011 and 52 weeks from 28 December 2009 to 26 December 2010 The balance sheets for 2011 and 2010 have been drawn up at 25 December 2011 and 26 December 2010 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 and assets in the course of construction 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

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

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

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

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2011

1. ACCOUNTING POLICIES (CONTINUED)

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

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 pensionable salaries of the company's employees

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 the 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

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2011

1. **ACCOUNTING POLICIES (CONTINUED)**

Share-based payments (continued)

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

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

The company has taken advantage of the transitional provisions of FRS 20 in respect of equity-settled awards so as to apply FRS 20 only to those equity-settled awards granted after 7 November 2002 that had not vested before the date of implementation by this company, 26 December 2005

For awards granted before 7 November 2002, the company recognises only the intrinsic value or cost of these potential awards as an expense This is accrued over the performance period of each plan based on the intrinsic value of the equity settled awards

2. **TURNOVER**

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

3 **OPERATING EXPENSES**

	2011 £'000	2010 £'000
Selling and distribution costs	3,608	4,069
Administrative expenses	6,958	8,436
Exceptional restructuring costs	408	240
	10,974	12,745

4. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	2011 £'000	2010 £'000
Depreciation of tangible fixed assets		
- owned by the company	232	340
- held under finance leases	74	69
Operating lease rentals		
- land and buildings	311	433
Management charge	551	506
Profit on disposal of fixed assets	(333)	(87)

Audit services for the entire Gannett U K Limited group totalling £248,000 (2010 - £264,000) 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 25 December 2011

5. STAFF COSTS

Staff costs were as follows	2011 £'000	2010 £'000
Wages and salaries	8,420	9,071
Social security costs	588	608
Other pension costs	273	726
	9,281	10,405

Included in wages and salaries is a total expense for share-based payments of £9,000 (2010 - £21,000), all of which arises from transactions accounted for as equity-settled share-based payment transactions Recharges for the intrinsic value of options exercised in 2011 of £20,000 (2010 - £nil) have been taken directly to reserves

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

	No.	No
Pre-press	20	24
Editorial	117	119
Marketing and sales	101	104
Distribution	51	76
Finance and management	18	19
	307	342

Staff are employed under contracts of employment with fellow subsidiaries

There are also 1,953 (2010 – 2,079) 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

Directors' remuneration in 2011 was £nil (2010 - £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 RECEIVABLE

	2011 £'000	2010 £'000
Interest receivable from group undertakings	63	40
Other interest receivable	-	4
	63	44

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £'000	2010 £'000
Unwind of discount on provisions (note 15)	80	98

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2011

8 TAX (CHARGE)/CREDIT ON PROFIT ON ORDINARY ACTIVITIES

Analysis of (charge)/credit in the period:	2011 £'000	2010 £'000
Current tax		
UK Corporation tax at 26 5% (2010 – 28%)	-	-
Adjustment in respect of prior periods	(2,392)	400
Total current tax (see below)	(2,392)	400
Deferred taxation		
Origination and reversal of timing differences	105	(65)
Adjustment in respect of prior periods	(3)	(6)
Change in the rate of corporation tax	(44)	(25)
	(2,334)	304

The tax (charge)/credit for the period is different to the standard rate of corporation tax in the UK The differences are explained below

Analysis of (charge)/credit in the period.	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	2,500	2,645
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 26 5% (2010 – 28%)	(662)	(741)
Expenses not deductible for tax purposes	(9)	(37)
Capital allowances for period in excess of depreciation	124	68
Utilisation of tax losses	550	698
Other timing differences	(3)	12
Adjustments to tax charge in respect of previous periods	(2,392)	400
	(2,392)	400

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

On 21 March 2012, the UK government confirmed its intention to propose Parliament reduce the main rate of UK corporation tax to 22% by 1 April 2014 This will be achieved by reducing the rate to 24% with effect from 1 April 2012 and to 23% with effect from 1 April 2013 Enactment of the 24% rate occurred on 26 March 2012 and the Finance Bill published on 29 March 2012 included legislation to implement the 23% rate from 1 April 2013 The decrease in the company's net assets arising from the reduction in the rate to 22% is estimated to be about £79,000 in total and will be accounted for as the legislation is substantively enacted

9. INTANGIBLE ASSETS

	Publishing rights £'000
Cost	
At 25 December 2011 and 26 December 2010	40,982
Provision	
At 25 December 2011 and 26 December 2010	29,011
Net book value	
At 25 December 2011 and 26 December 2010	11,971

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2011

10 TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 27 December 2010	1,736	14,954	16,690
Additions	-	170	170
Disposals	-	(2,463)	(2,463)
Transfers to group companies	-	(191)	(191)
At 25 December 2011	1,736	12,470	14,206
Depreciation			
At 27 December 2010	848	14,377	15,225
Charge for period	12	294	306
Disposals	-	(2,411)	(2,411)
Transfers to group companies	-	(186)	(186)
At 25 December 2011	860	12,074	12,934
Net book value			
At 25 December 2011	876	396	1,272
At 26 December 2010	888	577	1,465

Included within land and buildings are short leaseholds with a net book value of £45,000 (2010 - £46,000) and freeholds with a net book value of £831,000 (2010 - £842,000), within which is freehold land with a net book value of £455,000 (2010 - £455,000) Also, included within plant and equipment are leased assets with a net book value of £210,000 (2010 - £192,000)

11 INVESTMENTS

	Shares in subsidiary undertakings £'000
Cost and net book value	
At 25 December 2011 and 26 December 2010	30,000

The shares are unlisted investments and constitute the entire issued share capital of Newsquest (Basildon) Limited, which does not trade

12. DEBTORS

Amounts falling due within one year	2011 £'000	2010 £'000
Trade debtors	3,324	3,369
Amounts owed by group undertakings	10,396	10,721
Other debtors	685	596
Prepayments and accrued income	783	840
	15,188	15,526

Included in other debtors is a deferred taxation asset of £654,000 (2010 - £596,000) which is recoverable in more than one year (see note 16)

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2011

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Bank overdraft	-	5
Trade creditors	85	247
Amounts owed to group undertakings	506	663
Other taxation and social security	42	109
Other creditors	176	83
Accruals and deferred income	1,197	1,425
	2,006	2,532

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

	2011 £'000	2010 £'000
Amounts owed to group undertakings	32,415	32,415

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

15. PROVISIONS FOR LIABILITIES

	Post retirement medical costs £'000	Leasehold property provision £'000	Total £'000
At 27 December 2010	293	1,337	1,630
Charge for the period	5	78	83
Utilisation	(15)	(298)	(313)
Unwind of discount on provisions (note 7)	13	67	80
At 25 December 2011	296	1,184	1,480

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

The post retirement medical provision will be utilised over the period that the benefits will accrue This is expected to be in excess of five years

16. DEFERRED TAX ASSET

	£'000
At 27 December 2010	596
Credit for the period	58
At 25 December 2011	654

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2011

16. DEFERRED TAX ASSET (CONTINUED)

The amounts of provided deferred taxation can be analysed as follows

	Provided	
	2011	2010
	£'000	£'000
Capital allowances in excess of depreciation	262	394
Other timing differences	387	190
Share based payment	5	12
	654	596

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 There is no other unprovided deferred tax

17. CALLED UP SHARE CAPITAL

	2011	2010
Authorised·	£	£
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid:		
753 ordinary shares of £1 each	753	753

18 RESERVES AND RECONCILIATION OF SHAREHOLDERS' FUNDS

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
At 28 December 2009	1	35,999	(16,585)	19,415
Profit for the period	-	-	2,949	2,949
Share-based payment	-	-	21	21
At 26 December 2010	1	35,999	(13,615)	22,385
Profit for the period	-	-	166	166
Share-based payment	-	-	9	9
Payment to ultimate parent in respect of shares exercised	-	-	(20)	(20)
At 25 December 2011	1	35,999	(13,460)	22,540

Profit and loss account

Included in the profit and loss account reserve is £9,309,000 (2010 - £9,309,000) of goodwill written off as a matter of accounting policy This goodwill would be charged to the profit and loss account on the subsequent disposal of the business to which it relates

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2011

19. OTHER COMMITMENTS

At 25 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2011	2010
	£'000	£'000
Expiry date		
Within one year	20	-
Between two and five years	280	320

At 25 December 2011 the company had capital commitments of £nil (2010 - £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 of £84,000 (2010 - £679,000) 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 pensionable salaries

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 £189,000 (2010 - £47,000)

21. SHARE-BASED PAYMENTS

Employee Share Option Plan

The company participates 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

	2011 No.	2011 WAEP	2010 No.	2010 WAEP
Outstanding as at 27 December 2010 and 28 December 2009	36,150	\$36 36	31,013	\$45 19
Granted during the year	-	-	8,250	\$15 69
Forfeited during the year	(17,175)	\$32 69	(3,113)	\$69 54
Exercised during the year[2]	(3,375)	\$7 53	-	-
Outstanding at 25 December 2011[1] and 26 December 2010[1]	15,600	\$46 64	36,150	\$36 36
Exercisable at 25 December 2011 and 26 December 2010	11,575	\$57 80	20,325	\$53 73

[1]Included in 2010 within this balance are options over 2,000 (2011 nil) shares that have not been recognised in accordance with FRS 20 as the options were granted on or before 7 November 2002 These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 20

[2]The weighted average share price at the date of exercise for the options exercised in the year was \$15 18

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2011

21. SHARE-BASED PAYMENTS (CONTINUED)

Employee Share Option Plan (continued)

For the share options outstanding at 25 December 2011, the weighted average contractual life is 3 77 years (2010 5 28 years)

The weighted average fair value of options granted during the prior year was $7 53 (2011 - nil) The range of exercise prices for options outstanding at the end of 2011 and 2010 was $7 53 - $87 33

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 following table lists the inputs to the model for the years ended 25 December 2011 and 26 December 2010

	2011	2010
Dividend yield (%)	-	1 00%
Expected share price volatility (%)	-	62 24%
Risk-free interest rate (%)	-	1 98%
Expected life of options (years)	-	4 5
Weighted average share price		$7 53

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, the share options during the year

	2011 No	2011 WASP	2010 No.	2010 WASP
Outstanding at 27 December 2010 and 28 December 2009	400	$37 02	400	$37 02
Forfeited during the year	(150)	$16 91	-	-
Matured during the year	(250)	$49 09	-	-
Outstanding at 25 December 2011 and 26 December 2010	-	-	400	$37 02

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 vests 4 years after the grant date

	2011 No	2011 WASP	2010 No.	2010 WASP
Outstanding at 27 December 2010 and 28 December 2009	7,870	$14 84	5,320	$14 43
Granted during the year	-	-	2,550	$15 69
Forfeited during the year	(2,925)	$12 30	-	-
Matured during the year	(855)	$34 09	-	-
Outstanding at 25 December 2011 and 26 December 2010	4,090	$12 62	7,870	$14 84

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2011

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 or investees of the group qualifying as related parties

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 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 , 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