Company Registration No. 3105111

NEWSQUEST (LONDON) LIMITED

Reports and Financial Statements
for the 52 weeks ended 28 December 2014

REPORTS AND FINANCIAL STATEMENTS 2014

CONTENTS

STRATEGIC REPORT

The directors present their strategic report for the 52 weeks ended 28 December 2014.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The company's principal activity continues to be that of publishing local news and information.

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

	* 2014 £'000	*2013 £'000	Change
Turnover	28,157	29,765	(5.4%)
EBITDA** profit	2,782	2,062	34.9%
EBITDA** margin	9.9%	6.9%	3.0 pts

* The profit and loss accounts cover the 52 weeks from 30 December 2013 to 28 December 2014 and the 52 weeks from 31 December 2012 to 29 December 2013.

** Earnings before interest, tax, depreciation, exceptional profit on disposal of property, income from fixed asset investments, write down of investments and restructuring costs.

Turnover represents revenue generated from the company's principal activity. Whilst there was growth in internet advertising, revenue overall continued to decline year on year by 5.4%. During the period the company continued to make a series of cost reductions and restructured processes to mitigate the impact of weak revenues which is shown in the improvement of the margin.

The improvement in EBITDA is due to the level of pension contributions paid in 2013 in accordance with the schedule of contributions.

The increase in the tax charge in 2013 to £7,993,000 reflects the fact that the company paid its ultimate parent undertaking in the UK, Gannett U.K. Limited, for group relief. No charge for group relief was made in 2014.

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 28 July 2015 by:

N Carpenter
Joint Company Secretary

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the 52 weeks ended 28 December 2014.

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £1,221,000 (2013 - £6,097,000 loss).

Interim dividends of £nil (2013 - £nil) were made in the period. The directors do not recommend that a final dividend is paid (2013 - £nil).

DIRECTORS

The directors who served during the period are listed below:

P Davidson (resigned 11 November 2014)
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 strategic report and directors' report.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Details of political and charitable contributions are contained in the directors' report and financial statements of Newsquest Media Group 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.

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 Strategic Report, 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' RESPONSIBILITIES (CONTINUED)

- 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 strategic 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 Strategic Report and Directors' Report are listed on page 2. 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 28 July 2015 by:

N Carpenter
Joint Company Secretary

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

We have audited the financial statements of Newsquest (London) Limited for the year ended 28 December 2014 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 set out on page 2, 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 Reports and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 28 December 2014 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 Strategic Report 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.

Ernst & Young LLP

Philip Young (Senior Statutory auditor)
for and on behalf of Ernst & Young LLP, London, Statutory Auditor
Date

30 July 2015

PROFIT AND LOSS ACCOUNT
52 weeks ended 28 December 2014 (note 1)

	Note	2014 £'000	2013 £'000
TURNOVER	1,2	28,157	29,765
Cost of sales		(9,212)	(9,691)
GROSS PROFIT		18,945	20,074
Operating expenses	3	(16,751)	(18,806)
Write down of investment in subsidiary	4	(6,500)	-
OPERATING (LOSS)/PROFIT	4	(4,306)	1,268
Profit on disposal of property		-	1,071
Income from fixed asset investments	6	6,500	-
Interest payable and similar charges	7	(871)	(443)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,323	1,896
Tax charge on profit on ordinary activities	8	(102)	(7,993)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	18	1,221	(6,097)

All the above transactions relate to continuing operations.

There were no recognised gains or losses for the period or the 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
28 December 2014 (note 1)

	Note	£'000	2014 £'000	£'000	2013 £'000
FIXED ASSETS					
Intangible assets	9		12,647		12,647
Tangible fixed assets	10		7,487		7,460
Investments	11		2,074		8,574
			22,208		28,681
CURRENT ASSETS					
Debtors	12	4,597		6,788	
Cash at bank and in hand		13		2	
		4,610		6,790	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(1,717)		(3,476)	
NET CURRENT ASSETS			2,893		3,314
TOTAL ASSETS LESS CURRENT LIABILITIES			25,101		31,995
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	14		(24,084)		(31,517)
PROVISIONS FOR LIABILITIES	15		(507)		(1,099)
NET ASSETS/(LIABILITIES)			510		(621)
CAPITAL AND RESERVES					
Called up share capital	17		1		1
Profit and loss account	18		509		(622)
SHAREHOLDERS' FUNDS/(DEFICIT)	18		510		(621)

The financial statements on pages 5 to 16 were approved by the Board and signed on its behalf on 28 July 2015 by:

Paul Hunt

P Hunter
Director

NOTES TO THE ACCOUNTS
52 weeks ended 28 December 2014

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

Accounting period

The profit and loss accounts cover the 52 weeks from 30 December 2013 to 28 December 2014 and 52 weeks from 31 December 2012 to 29 December 2013. The balance sheets for 2014 and 2013 have been drawn up at 28 December 2014 and 29 December 2013 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.'

Income from fixed asset investments

Income from fixed asset investments comprises dividends from group undertakings, which are included in revenue in the period in which the company's right to receive payment is established.

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, 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	-	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 in periods, 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 capitalised 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.

NOTES TO THE ACCOUNTS
52 weeks ended 28 December 2014

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.

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.

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.

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 is exempt from preparing Group financial statements under Section 401 of the Companies Act 2006 as it is a wholly owned subsidiary undertaking. Accordingly, these financial statements present information about the company and not its Group. 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.

NOTES TO THE ACCOUNTS
52 weeks ended 28 December 2014

1. ACCOUNTING POLICIES (CONTINUED)

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.

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

	2014 £'000	2013 £'000
Selling and distribution costs	6,488	6,762
Administrative expenses	10,012	11,645
Exceptional restructuring costs	251	399
	16,751	18,806

4. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting):	2014 £'000	2013 £'000
Depreciation of tangible fixed assets:		
- owned by the company	243	305
- held under finance leases	94	90
Operating lease rentals:		
- land and buildings	644	605
Management charge	892	825
Profit on disposals of fixed assets	(19)	(16)
Write down of investment in subsidiary	6,500	-

Fees for audit services for the entire Gannett U.K. Limited group totalling £278,000 (2013 - £267,000) 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 28 December 2014

5. STAFF COSTS

Staff costs were as follows:	2014 £'000	2013 £'000
Wages and salaries	10,448	11,498
Social security costs	856	939
Other pension costs	931	1,749
	12,235	14,186

Included in wages and salaries is a total expense for share-based payments of £55,000 (2013 - £76,000), arising from transactions accounted for as equity-settled share based payment transactions. Recharges for the intrinsic value of options exercised in 2014 of £145,000 (2013 - £49,000) have been taken directly to reserves.

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

	2014 No.	2013 No.
Pre-press	15	16
Editorial	115	118
Marketing and sales	188	204
Distribution	22	29
Finance and management	25	36
	365	403

There are also 1,738 (2013 – 2,152) 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.

The directors receive no remuneration for their qualifying services to the company (2013 - £nil). All emoluments and pension payments made by related companies to directors are dealt with in the accounts of Newsquest Media Group Limited.

6. INCOME FROM FIXED ASSET INVESTMENTS

	2014 £'000	2013 £'000
Dividends from group undertakings	6,500	-

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £'000	2013 £'000
Interest payable to group undertakings	817	394
Unwind of discount on provisions (note 15)	54	49
	871	443

NOTES TO THE ACCOUNTS
52 weeks ended 28 December 2014

8. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2014	2013
Analysis of charge in the period:	**£'000**	**£'000**
Current tax:		
UK Corporation tax at 21.5% (2013 – 23.25%)	-	1,272
Adjustment in respect of prior periods	(2)	6,755
Total current tax (see below)	(2)	8,027
Deferred taxation:		
Origination and reversal of timing differences	88	(134)
Adjustment in respect of prior periods	16	3
Change in the rate of corporation tax	-	97
	102	7,993

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

	2014	2013
Analysis of (credit)/charge in the period:	**£'000**	**£'000**
Profit on ordinary activities before taxation	1,323	1,896
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%)	284	441
Expenses not deductible for tax purposes net of amounts not taxable	54	(301)
Capital allowances for period in excess of depreciation	39	48
Payment for group relief in excess of tax rate	-	976
Adjustments to tax charge in respect of previous periods	(2)	6,755
Other timing differences	(178)	108
Losses surrendered for nil value	(199)	-
	(2)	8,027

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 enacted rate with effect from 1 April 2015 is 20%, which has been applied for deferred tax.

9. INTANGIBLE ASSETS

	Publishing rights £'000
Cost	
At 28 December 2014 and 29 December 2013	105,327
Provision	
At 28 December 2014 and 29 December 2013	92,680
Net book value	
At 28 December 2014 and 29 December 2013	12,647

NOTES TO THE ACCOUNTS
52 weeks ended 28 December 2014

10. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 30 December 2013	8,273	5,811	14,084
Additions	-	370	370
Disposals	-	(187)	(187)
Transfers	-	(13)	(13)
At 28 December 2014	8,273	5,981	14,254
Depreciation			
At 30 December 2013	1,249	5,375	6,624
Charge for period	123	214	337
Disposals	-	(187)	(187)
Transfers	-	(7)	(7)
At 28 December 2014	1,372	5,395	6,767
Net book value			
At 28 December 2014	6,901	586	7,487
At 29 December 2013	7,024	436	7,460

Included in land and buildings is freehold land and buildings property with a net book value of £4,613,000 (2013 - £4,675,000) and long leaseholds with a net book value of £2,288,000 (2013 - £2,349,000). The value of freehold land included in land and buildings is £2,042,000 (2013 - £2,042,000). Also, included within plant and equipment are leased assets with a net book value of £330,000 (2013 - £242,000).

11. INVESTMENTS

	Shares in subsidiary undertakings £'000
Cost	
At 28 December 2014 and 29 December 2013	58,934
Provisions	
At 30 December 2013	50,360
Charge	6,500
At 28 December 2014	56,860
Net Book Value	
At 28 December 2014	2,074
At 29 December 2013	8,574

The investments comprise the entire issued ordinary share capital of Newsquest (Herts and Bucks) Limited, Newsquest (North West London) Limited and Property Weekly Limited all of which are incorporated in Great Britain and do not trade.

During the year Newsquest (North West London) Limited distributed up £6.5m to Newsquest (London) Limited, reducing its net assets by £6.5m. Following the distribution the company has reflected the reduction in the value of its investment in Newsquest (North West London) Limited.

NOTES TO THE ACCOUNTS
52 weeks ended 28 December 2014

12. DEBTORS

	2014 £'000	2013 £'000
Due within one year		
Trade debtors	38	26
Other debtors	739	796
Prepayments and accrued income	1,267	601
Amounts owed by group undertakings	2,553	5,365
	4,597	6,788

Included in other debtors is a deferred taxation asset of £677,000 (2013 - £781,000) which is recoverable in more than one year (see note 16).

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Trade creditors	69	103
Amounts owed to group undertakings	175	935
Other taxation and social security	104	1,594
Other creditors	152	128
Accruals and deferred income	1,217	716
	1,717	3,476

14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2014 £'000	2013 £'000
Amounts owed to group undertakings	24,084	31,517

15. PROVISIONS FOR LIABILITIES

	Post retirement medical costs £'000	Leasehold property provision £'000	Total £'000
At 30 December 2013	191	908	1,099
Credit in the period	(20)	(52)	(72)
Utilisation	(3)	(571)	(574)
Unwind of discount on provisions (note 7)	8	46	54
At 28 December 2014	176	331	507

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.

NOTES TO THE ACCOUNTS
52 weeks ended 28 December 2014

16. DEFERRED TAX ASSET

	£'000
As at 30 December 2013	781
Charge for the period	(104)
As at 28 December 2014	677

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

	Provided 2014 £'000	2013 £'000
Depreciation in excess of capital allowances	533	497
Other timing differences	37	185
Share based payment	107	99
	677	781

Deferred tax on rolled over capital gains of £691,000 (2013 - £711,000) has not been provided.

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

	2014 £	2013 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
829 ordinary shares of £1 each	829	829

18. RESERVES AND RECONCILIATION OF SHAREHOLDERS' FUNDS/(DEFICIT)

	Share capital £'000	Profit and loss account £'000	Total £'000
At 31 December 2012	1	5,448	5,449
Loss for the period	-	(6,097)	(6,097)
Share-based payment	-	76	76
Payment to ultimate parent in respect of shares exercised	-	(49)	(49)
As at 29 December 2013	1	(622)	(621)
Profit for the period	-	1,221	1,221
Share-based payment	-	55	55
Payment to ultimate parent in respect of shares exercised		(145)	(145)
At 28 December 2014	1	509	510

NOTES TO THE ACCOUNTS
52 weeks ended 28 December 2014

19. OTHER COMMITMENTS

At 28 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
	£'000	£'000
Expiry date		
Within one year	292	364
Between 2 and 5 years	104	276

At 28 December 2014 the company had no capital commitments (2013 - £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 Newsquest Media Group 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 that scheme of £613,000 (2013 - £1,441,000) 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 operates 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 £318,000 (2013 - £308,000).

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 8 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.

	2014 No.	2014 WAEP	2013 No.	2013 WAEP
Outstanding as at 30 December 2013 and 31 December 2012	60,002	$31.78	108,177	$50.15
Forfeited during the year	(19,100)	$59.96	(47,800)	$73.55
Exercised[1]	(8,201)	$13.15	(375)	$7.53
Outstanding at 28 December 2014 and 29 December 2013	32,701	$20.00	60,002	$31.78
Exercisable at 28 December 2014 and 29 December 2013	32,701	$20.00	55,527	$33.08

[1] The weighted average share price at the date of exercise for the options exercised in the year was $30.51 (2013 - $19.60).

NOTES TO THE ACCOUNTS
52 weeks ended 28 December 2014

21. SHARE-BASED PAYMENTS (CONTINUED)

Employee Share Option Plan (continued)

For the shares options outstanding at 28 December 2014, the weighted average contractual life is 2.80 years (2013: 2.97 years).

The range of exercise prices for options outstanding at the end of 2014 was $7.53 - $35.84 (2013 - $7.53 - $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.

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 grant date.

	2014 No.	2014 WASP*	2013 No.	2013 WASP*
Outstanding as at 30 December 2013 and 31 December 2012	21,303	$15.77	16,283	$13.82
Granted during the year[1]	5,322	$29.58	9,871	$18.01
Forfeited during the year	-	-	(1,281)	$10.88
Settled[2]	(2,940)	$15.69	(3,570)	$13.16
Outstanding at 28 December 2014 and 29 December 2013	23,685	$18.88	21,303	$15.77

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

[1]The weighted average share price of Restricted stock granted in 2014 was $26.49 (2013 - $14.85).

[2]The weighted average share price at the date of settlement was $31.91 (2013 - $25.98).

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.

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. comprise the largest group 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.