

**NEWSQUEST PLC**

**Directors' Report and Financial Statements  
for the 52 weeks ended 30 December 2007**

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COMPANIES HOUSE

**REPORT AND FINANCIAL STATEMENTS 2007**

**CONTENTS**

	<b>Page</b>
<b>Directors' report</b>	<b>1</b>
<b>Auditors' report</b>	<b>3</b>
<b>Profit and loss account</b>	<b>4</b>
<b>Balance sheet</b>	<b>5</b>
<b>Notes to the accounts</b>	<b>6</b>

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the 52 weeks ended 30 December 2007

## **PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS AND PROSPECTS**

The principal activities of the Newsquest plc group of companies are printing and publishing

The directors are satisfied with the results and prospects of the company

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The company operates as an intermediary holding company within the Gannett Co , Inc group of companies All of its material transactions are with fellow group undertakings and as such its activities are dependent on the activities of the Gannett Co , Inc group of companies as a whole

The risks and uncertainties facing the company are linked to those of the group A discussion of the Group risks and uncertainties is contained in the group's annual report

## **RESULTS AND DIVIDENDS**

The profit on ordinary activities after taxation amounted to £88,286,151 (2006 – £101,926,723)

The company paid interim dividends of £88,277,776 (2006 - £101,926,723)

The directors do not recommend that a final dividend is paid (2006 – £nil)

## **DIRECTORS AND THEIR INTERESTS**

The directors who served during the period are listed below

C Dubow  
P Davidson  
P Hunter  
G Martore  
L Miller (resigned 16 January 2007)  
K Wimmer

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

## **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, subject to the conditions set out in the Companies Act 1985 Such qualifying third party indemnity provision remains in place as at the date of approving the directors' report

## **COMPANY'S POLICY FOR PAYMENT OF CREDITORS**

The company is a holding company and had no trade creditors at the year end, consequently creditor days were nil (2006 - nil)

## **POLITICAL AND CHARITABLE CONTRIBUTIONS**

Details of political and charitable contributions are contained in the accounts of Gannett U K Limited

## DIRECTORS' REPORT

### DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements. The directors have chosen to prepare the accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors to prepare such financial statements for each financial period which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors confirm they have

- selected suitable accounting policies and then applied them consistently,
- made judgements and estimates that are reasonable and prudent,
- stated whether applicable accounting standards have been followed,
- prepared 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### 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.

### AUDITORS

A resolution to reappoint Ernst & Young LLP as auditors to the company will be proposed at the annual general meeting.

This report was approved by the Board on 15 July 2008 and signed on its behalf



P Hunter  
Secretary

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWSQUEST PLC**

We have audited the company's financial statements for the 52 weeks ended 30 December 2007 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

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

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

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 December 2007 and of its profit for the 52 weeks then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



Ernst & Young LLP  
Registered auditor  
London

Date 18.7.08

**PROFIT AND LOSS ACCOUNT****52 weeks ended 30 December 2007 (note 1)**

		<b>52 weeks ended 30 December 2007 £'000</b>	<b>53 weeks ended 31 December 2006 £'000</b>
	<b>Notes</b>		
Income from shares in group undertakings	3	88,988	101,927
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		88,988	101,927
Tax charge on profit on ordinary activities	4	(702)	-
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	9	88,286	101,927

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**  
**30 December 2007 (note 1)**

	Note	£'000	2007 £'000	2006 £'000
<b>FIXED ASSETS</b>				
Investments	5		452,005	452,005
<b>CURRENT ASSETS</b>				
Debtors	6	15		15
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>				
	7	(702)	(710)	
<b>NET CURRENT LIABILITIES</b>			(687)	(695)
<b>NET ASSETS</b>			451,318	451,310
<b>CAPITAL AND RESERVES</b>				
Share capital	8		1,965	1,965
Share premium	9		250,225	250,225
Capital redemption reserve	9		831	831
Capital contribution	9		149,333	149,333
Profit and loss reserve	9		48,964	48,956
<b>SHAREHOLDERS' FUNDS</b>			451,318	451,310

The financial statements on pages 4 to 9 were approved by the Board of Directors on 15 July 2008 and were signed on its behalf



P Hunter  
 Director

## NOTES TO THE ACCOUNTS

### 52 weeks ended 30 December 2007

#### 1. ACCOUNTING POLICIES

##### **Basis of preparation of financial statements**

The accounts have been prepared under the historical cost convention and in accordance with accounting standards currently applicable in the United Kingdom

##### **Accounting period**

The profit and loss accounts cover the 52 weeks from 1 January 2007 to 30 December 2007 and 53 weeks from 26 December 2005 to 31 December 2006. The balance sheets for 2007 and 2006 have been drawn up at 30 December 2007 and 31 December 2006 respectively

##### **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

##### **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

##### **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

##### **Group accounts and cash flow statement**

The company, as it is a wholly owned subsidiary itself, is not required to prepare group accounts under Section 228 of the Companies Act 1985 because its parent undertaking at 30 December 2007 is established under the law of a member state of the EU. Accordingly the financial statements present information about the company rather than the group as a whole. A cash flow statement is not required under Financial Reporting Standard 1 (revised), as the company is a wholly owned subsidiary and the group's financial statements are publicly available (note 12)

#### 2. EMPLOYEES, DIRECTORS AND AUDITORS

The company had no employees in the period (2006 – nil)

Directors' remuneration in 2007 was £nil (2006 - £nil). All emoluments and pension payments made by related companies to directors are dealt with in the accounts of Newsquest Media Group Limited

Recharges for audit services for the entire Gannett U.K. Limited group totalling £260,000 (2006 - £252,000) were borne by Newsquest Media Group Limited in the current and prior period



**NOTES TO THE ACCOUNTS**  
**52 weeks ended 30 December 2007**

**3. INCOME FROM FIXED ASSET INVESTMENTS**

	<b>52 weeks ended 30 December 2007 £'000</b>	<b>53 weeks ended 31 December 2006 £'000</b>
Dividends from group undertakings	<u>88,988</u>	<u>101,927</u>

**4. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES**

	<b>52 weeks ended 30 December 2007 £'000</b>	<b>53 weeks ended 31 December 2006 £'000</b>
<b>Analysis of charge in the period:</b>		
Current tax		
Adjustments in respect of prior periods	<u>702</u>	<u>-</u>

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

	<b>52 weeks ended 30 December 2007 £'000</b>	<b>53 weeks ended 31 December 2006 £'000</b>
<b>Analysis of charge in the period:</b>		
Profit on ordinary activities before taxation	<u>88,988</u>	<u>101,927</u>
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 30%)	26,696	30,578
Income from group undertakings not subject to tax	(26,696)	(30,578)
Transfer pricing adjustment	-	701
Surrender of tax losses	-	(701)
Adjustments to tax charge in respect to prior periods	<u>702</u>	<u>-</u>
Charge for the period	<u>702</u>	<u>-</u>

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

The UK corporation tax rate will decrease from 30% to 28% from 1 April 2008 This rate change will affect the amount of future cash tax payments to be made by the company

**NOTES TO THE ACCOUNTS**  
**52 weeks ended 30 December 2007**

**5. INVESTMENTS**

	Investments in subsidiary undertakings £'000
<b>Cost and net book value</b>	
At 30 December 2007 and 31 December 2006	452,005

The major subsidiary companies of Newsquest plc (all of which are incorporated in Great Britain and registered in England and Wales and were wholly owned) at 30 December 2007 were

Name of Company	Nature of business
Newsquest Capital plc*	Holding company
Newsquest Media Group Limited	Printing and publishing
Newsquest (Yorkshire & North East) Limited	Printing and publishing
Newsquest (Essex) Limited	Printing and publishing
Newsquest (London) Limited	Publishing
Newsquest (Midlands South) Limited	Printing and publishing
Newsquest (North East) Limited	Publishing
Newsquest (North West) Limited	Printing and publishing
Newsquest (Oxfordshire & Wiltshire) Limited	Printing and publishing
Newsquest (Sussex) Limited	Printing and publishing
Newsquest (York) Limited	Printing and publishing
Newsquest (Investments) Limited	Investment holding company
Exchange Enterprises Limited	Publishing

\*Owned directly by the Company

**6. DEBTORS**

	2007 £'000	2006 £'000
<b>Due within one year</b>		
Amounts owed by group undertakings	15	15

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007 £'000	2006 £'000
Amounts owed to group undertakings	702	710

**8. SHARE CAPITAL**

	2007		2006	
	Number	£'000	Number	£'000
<b>Authorised</b>				
Ordinary shares of 1p each	270,000,000	2,700	270,000,000	2,700
<b>Issued and fully paid</b>				
Ordinary shares of 1p each	196,538,206	1,965	196,538,206	1,965

**NOTES TO THE ACCOUNTS**  
**52 weeks ended 30 December 2007**

**9. RESERVES AND RECONCILIATION OF SHAREHOLDERS' FUNDS**

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital contribution £'000	Profit and loss account £'000	Total £'000
At 26 December 2005	1,965	250,225	831	-	48,956	301,977
Profit for the period	-	-	-	-	101,927	101,927
Dividends declared and paid	-	-	-	-	(101,927)	(101,927)
Capital contribution	-	-	-	149,333	-	149,333
At 31 December 2006	1,965	250,225	831	149,333	48,956	451,310
Profit for the period	-	-	-	-	88,286	88,286
Dividends declared and paid	-	-	-	-	(88,278)	(88,278)
At 30 December 2007	1,965	250,225	831	149,333	48,964	451,318

During the prior period the company received a capital contribution of £149,332,869 from its parent company, Gannett U K. Limited. The capital contribution may be returned as a distribution by way of a dividend or on a winding up.

**10. COMMITMENTS**

At 30 December 2007 the company had no annual commitments under non-cancellable operating leases or capital commitments (2006 - £nil)

**11. 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.

**12. 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, CF4 3UZ.