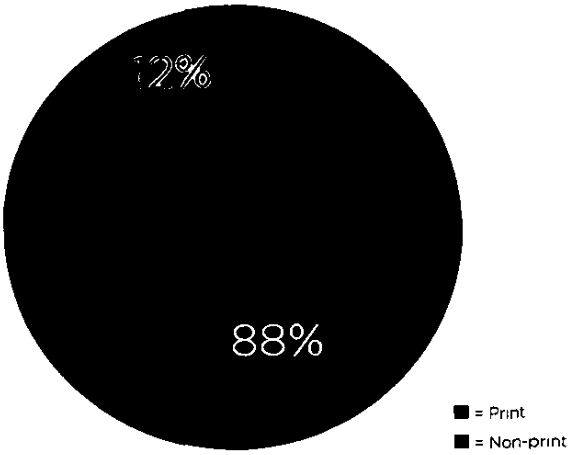
Parent Accounts Archant BHGC No 07783475

Archant Annual Report 2013

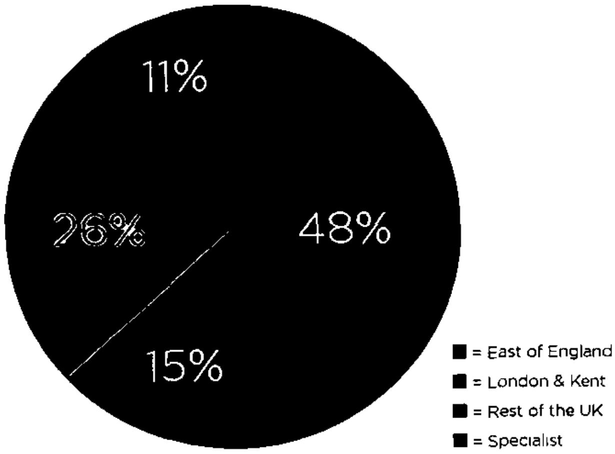
ARCHANT

Archant at a glance

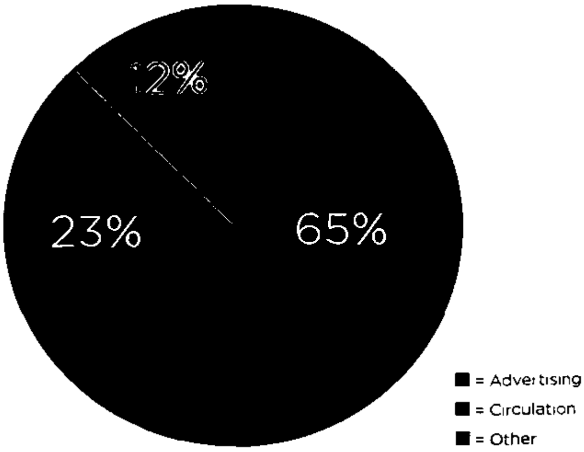
Revenue by medium 2013



Revenue by audience group 2013

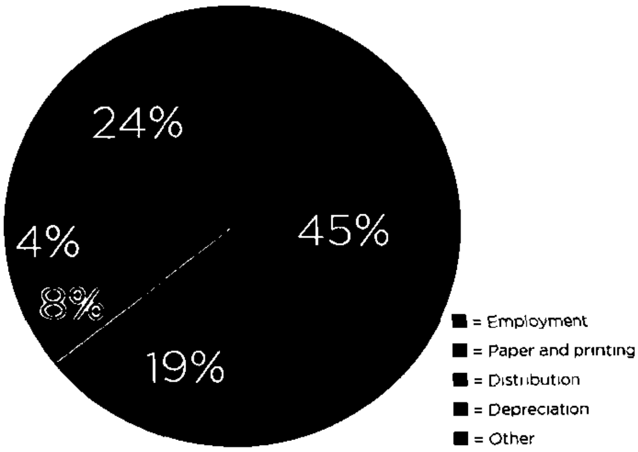


Revenue by type 2013

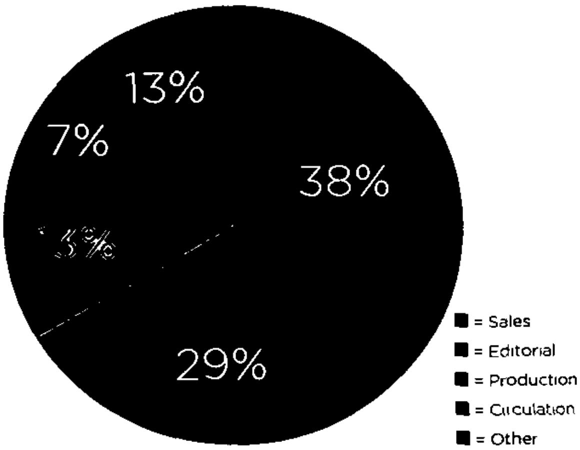


Operating costs 2013

before amortisation impairment and exceptional items



Full-time equivalent staff numbers 2013



Audience 2013

Daily newspapers
over 90 000 copies per day

Weekly newspapers
over 950 000 copies per week

Magazines
over 930 000 copies per month

Unique visitors
over 5 500 000 unique visitors per month

Archant Limited Annual Report 2013

Chairman's statement

I am pleased to report on good progress made in 2013, despite continuing challenges facing our industry and little help from the economy.

Operating profit before amortisation, impairment and exceptional items grew 49 2% to £9 4m (2012 £6 3m) on turnover down 3 6% at £126 6m (2012 £131 4m) Adjusted earnings per share grew 131 8% to 45 9p (2012 19 8p)

Net debt at the end of the year stood at £6 8m (2012 £15 7m) reflecting strong cash generation in the year

Revenues from online activities grew by 19 3% to £7 2m, principally in display advertising A significant programme of cost management together with a reduction in newsprint costs saw total operating costs down £7 9m (6 3%) to £117 2m (2012 £125 1m)

In December 2013 we announced a reorganisation of the management structure into two operating divisions and a nascent marketing services division At the same time to accelerate business development and to ensure consistent roll-out we have brought together all our digital development and product management

We continue to engage constructively with HMRC regarding the disputed tax matter and nothing has changed our position in this regard This is a complex issue and progress is inevitably slow In the meanwhile we have continued to reduce our debt to ensure that any tax liability that may become payable can be met from existing facilities

Resumption of the dividend remains a priority for the Board and, as previously stated, all other matters remaining broadly equal, the Board continues to hold the view that a dividend can be resumed in 2015 The Board considers it would be imprudent, given the scale of the tax uncertainty to recommence a dividend before that time In consequence the Board is not proposing a final dividend in relation to 2013

Our Annual General Meeting will again be held at the Conference Centre at the John Innes Centre Norwich, on 16 April 2014 Notice of the meeting is set out on page 85 and the Board hopes that many shareholders will attend

I have previously written to all shareholders about my own plans to retire from the Board Our sympathies are extended to Richard Wyatt who, through ill-health, was unable to become your new Chairman on my planned retirement at 31 December 2013 The Board having decided that an external appointment should be made, has embarked on a process to identify and appoint a new Chairman under the leadership of our Vice-Chairman Peter Troughton working with the nominations committee We expect this appointment to be made after the Annual General Meeting, at which point I will retire from the Board I will of course, write to all shareholders when we are in a position to make a further announcement

I have been a director of Archant and previously Eastern Counties Newspapers Group since 1982 and have been honoured to be your Chairman for 17 of those years In that time we have seen our shareholder base expand through employee participation and some £126m of cash has been returned to shareholders We have also seen the Group transform through good times and more difficult from being a regional newspaper publisher to being a community-focused multimedia business with a wide variety of traditional and non-traditional media assets Such development is a testament to the skills and dedication of many generations of employees who have worked for the Group and I, and the Board thank and pay tribute to them for all they have achieved on behalf of shareholders

Adrian Jeakings was appointed Chief Executive in 2008 and it has been my privilege to work closely with him and his top team since, and throughout the recession Adrian who is currently President of the Newspaper Society, is acknowledged throughout the industry as being a leader in understanding the challenges and opportunities that we face We are fortunate in the loyalty and commitment that he has demonstrated to our Group, and the leadership he has given throughout

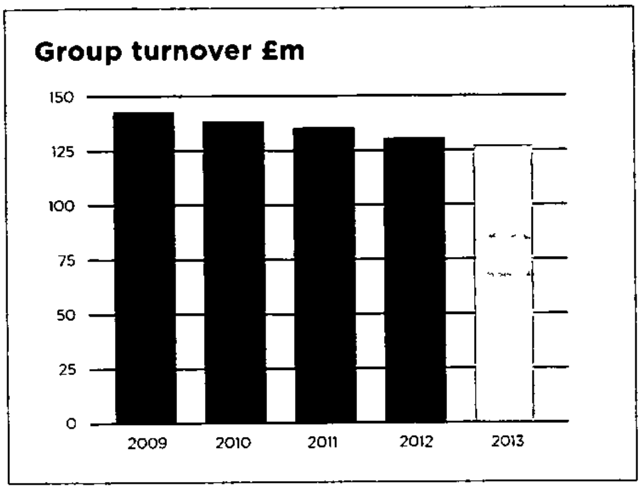
Richard Jewson Chairman

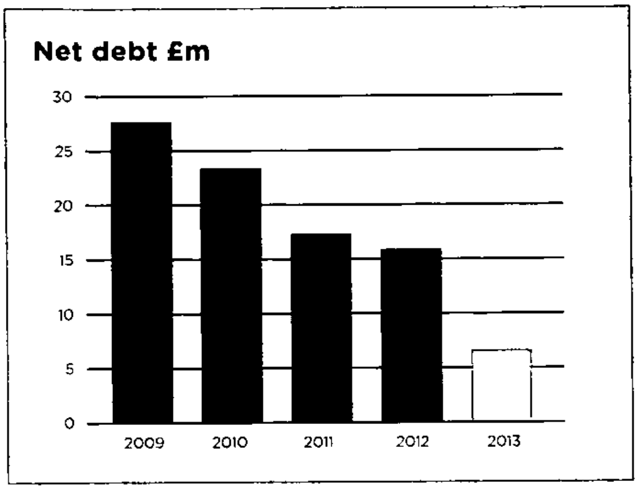
Outlook

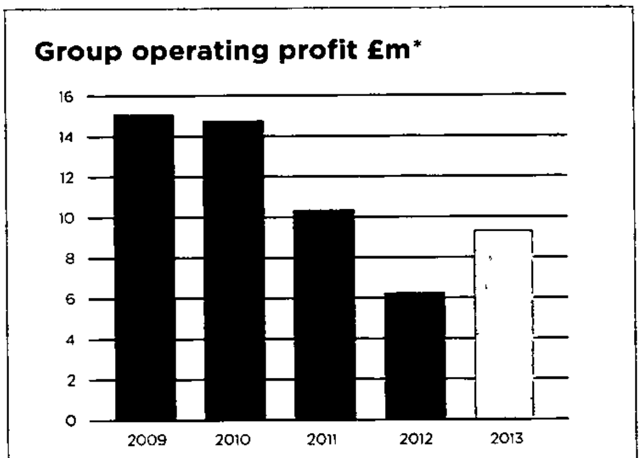
The UK economy is now growing again although GDP has not yet recovered to 2008 levels We will continue to shape the business to the changing requirements of our customers who, of course, are also feeling their way into this changing world Whilst we expect to see an improvement in our revenues this year, economic growth will inevitably give rise to cost pressures

I will remain forever grateful for the strong support given to the Group and to me personally by shareholders throughout my time as Chairman As I retire from the Board, I reflect that the Group is in a strong position to provide authoritative news, information and advertising solutions all of which will always be required by communities and that we have excellent management, staff and technology to do that Whilst the markets we operate in have become more competitive than they used to be we will continue to develop a profitable and cash-generative business to provide good returns to shareholders ■

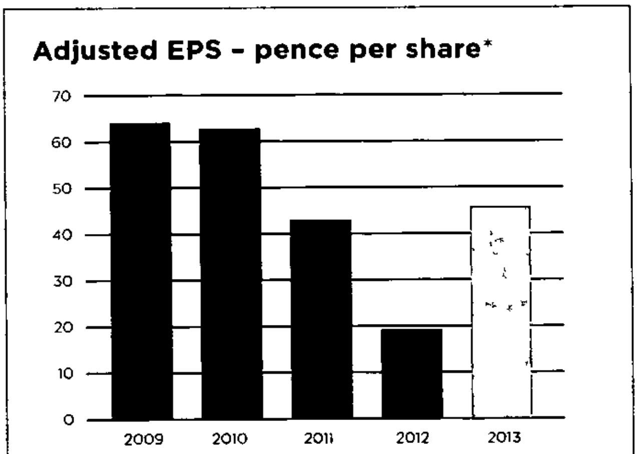
Financial highlights



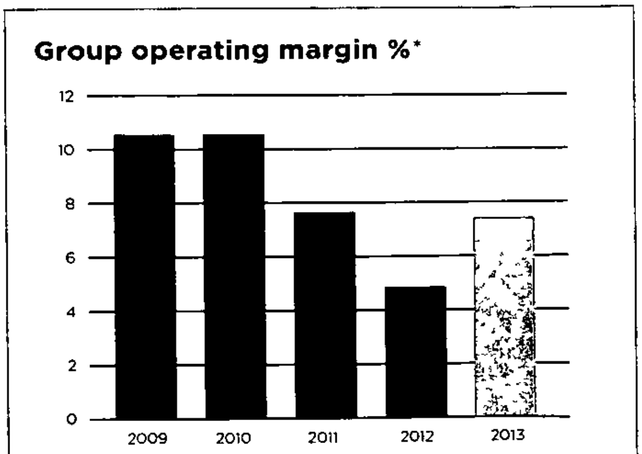




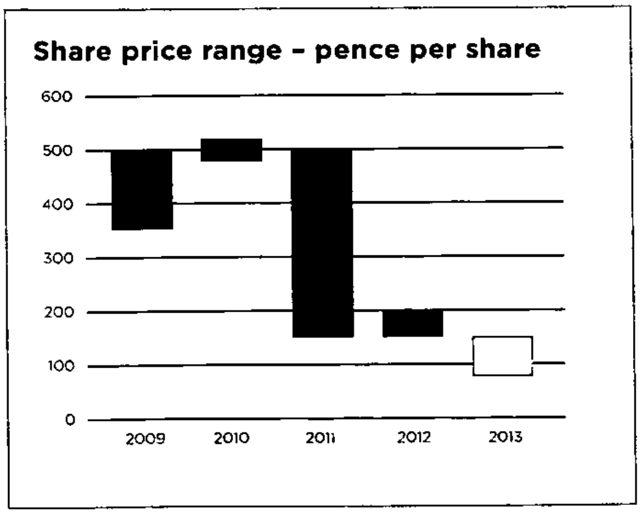
before amortisation impairment and exceptional items



* The reconciliation between basic earnings per share and adjusted earnings per share is disclosed in Note 10



before amortisation impairment and exceptional items



Chief Executive's overview

In 2013 we delivered a significant increase in operating profit and reduction in net debt while continuing our programme to transform the business.


PHOTO NICK DAWE

Adrian Jeakings Chief Executive

Revenue for the year at £126 6m was down 3 6% compared to 2012 Key elements of this decline include magazine title closures in the Midlands (0 8%), increased competition in London magazines (0 8%) and rationalisation and performance of our London newspaper portfolio (1 0%) Portfolio changes title closures and other cost savings helped to mitigate the impact of these revenue declines on operating profit Digital revenues increased by 19 3% year-on-year and now make up nearly 8 7% of total advertising revenue

Tight cost control and a reduction in paper prices enabled us to achieve a 6 3% year-on-year reduction in operating costs leading to operating profit before amortisation impairment and exceptional items of £9 4m an increase of 49 2% over 2012 While I am delighted with this increase I am very conscious that sustainable growth can only be achieved through revenue growth and that our cost management has been helped by a period of very low pay inflation that is unlikely to continue indefinitely if economic growth accelerates

Net debt at the end of 2013 was £6 8m a reduction of £8 9m during the year We continue to achieve a high conversion of operating profit into cash and the debt position was also helped by a tax refund and an exceptional dividend from PA Group Ltd We are continuing to address the potential tax liability referred to in 2012 We are working closely with our advisers and have consulted Counsel when needed We are not easily able to asses when this matter will be concluded particularly if it goes to tax tribunal The substantial reduction in net debt will help to insulate the Group against the impact of any tax payment that might eventually be required and moves us closer to being able to resume dividend payments

We have made further progress with the transformation of the Group during the year as set out in the following pages We have also put in place a new management structure from 1 January 2014 which is intended to accelerate this transformation while retaining our market-facing orientation

The Press Association, in which Archant has a 3 5% stake agreed the sale of its Meteogroup subsidiary for €190m during the year We anticipate that some of the Meteogroup proceeds will be used to pay an exceptional dividend to Press Association shareholders in 2014

A new regulator for newspapers and magazines the Independent Press Standards Organisation (IPSO) was founded during 2013 supported by Archant and the majority of newspaper and magazine publishers in the UK It will start to operate in 2014

There has been no further material consolidation in the regional press industry and little perceivable change in the competition authorities approach to merger assessment, however it does seem possible that further consolidation is not too far away

We start 2014 with a new senior management organisation and an economy that while it may not be driving growth is at least not fighting against it Our focus is therefore on our customers on growing our revenue from those customers and on husbanding our cash to enable the resumption of dividend payments in 2015 ■

Strategic report

Our business model and strategy
Archant is a media business at the heart of the communities it serves Great trust is placed in us by these communities This makes us immensely proud Our mission is to bring together motivated buyers and sellers through the creation of unique and compelling content and community expertise

We are creating a business that helps people and organisations to achieve their goals commercial or otherwise We aim to inspire by being the catalyst for the creation of more dynamic local economies while stimulating political debate and the social life of our communities

Our business model is simple We attract an audience by creating and publishing compelling content Sometimes the audience pays us for the content and sometimes we make it available at no charge

In both cases our clients pay us for their marketing message to be included with our content This is as true for digital and other non-print media as it is for our printed newspapers and magazines

These activities generate strong cash flows which we use to grow the business and reward our shareholders

Because we are a media business at the heart of our communities, a strong sense of our corporate social responsibilities is essential for our sustainable development

We recognise that our audiences and clients are changing - and so must we

Our audiences are not just readers of our newspapers and magazines, but also people reaching out to our websites downloading our apps and visiting our exhibitions and events No matter how their needs evolve, we will be ready and able to satisfy them

Our clients pay us to access our audiences, and their needs are also evolving We will help them achieve their goals through our publishing platforms and bespoke marketing solutions

We aim to sustain the revenue generated from traditional print media while creating new sources of income from the specialist and regional markets we know best

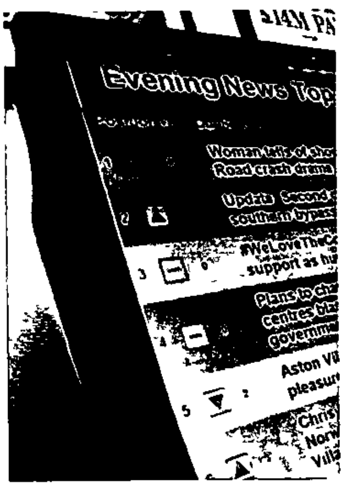
Audience
Our audiences needs are changing and we need to change what we do for them This means doing more than simply publishing newspapers or magazines in print The internet is revolutionising the way we think about audiences New technology has given readers unbridled access to content through tablets, mobile phones, email and websites This means we need to make our content available in the media channels they want to use when they want to use them

These platforms also present new ways to share information No longer is a story just printed, it can be broken on social media channels and developed by journalists online, before finishing its journey as an in-depth analysis piece in our newspapers and magazines Contributions from our audiences will also play a role To meet this demand, we are moving beyond our conventional websites into social media, mobile websites and apps

Print will still be crucial for many years to come Newspaper and magazine copy sales will form an important and relatively stable source of income, but other media will become a larger part of the business Content harvested from our audiences and clients will play a role, as will our exhibitions and events We will generate more revenue from users of digital media either through direct payment or in other ways

Regardless of the medium, our focus will be on creating content that is accurate relevant, compelling entertaining and engaging

Clients
The way our clients market themselves is evolving often through different types of media at the same time Some are also developing their own audiences through social media and their own websites



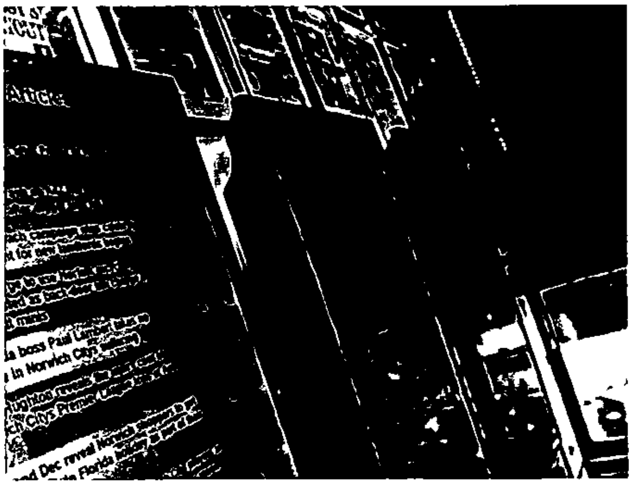
The internet is making it easier for organisations to measure the return on their marketing investment Online tools enable them to analyse quickly reactions to their adverts, product reviews or tweets and respond accordingly

To help our clients with this we are developing a range of products and services that offer flexible marketing solutions using data to measure how effective our approach has been Our customers range from multinationals to small local businesses No matter what the size of the client, we are creating a business that has the skills and media to meet their marketing needs

Digital revenues from our clients will become more important as the Group moves forward, not just from advertising but also from the sale of goods and services and our multi-platform marketing solutions

People

Every day Archant people demonstrate commitment to their customers and products They have shown tremendous resilience in embracing change We want Archant to be a place where every employee is passionate about their job and fluent in a broad range of media We want to give our people the space to demonstrate leadership and initiative in everything they do and to pay even closer attention to our customers' needs We have set clear targets and will ensure our people have the right tools for the job



Capital and shareholders

Our plans do not require a significant increase in capital expenditure or major acquisitions Smaller acquisitions to help us reach our strategic objectives faster will be considered as opportunities arise

Cash generated by the business in the short term will be used to reduce debt

We expect to resume dividend payments in 2015 and in due course will investigate ways to improve the liquidity in the market for Archant shares

Strategy implementation and objectives

We have set out clear objectives for the Group and are breaking these down into objectives for managers, teams and individuals These are set out below and our progress is set out in the following pages

Audiences To generate rapid growth in the size and engagement of our digital audiences while minimising the decline in print audiences

Clients To generate rapid growth in our non-print revenue with existing and new clients in the communities that we serve while stabilising print advertising revenue

People To increase the engagement of our staff

Data To increase significantly the use of data to help us make better decisions including through the creation of a single customer database and the systematic measurement of client satisfaction

Achieving these objectives will require significant changes in our culture and technology which will continue to be funded by the cash flow generated by the business We have already started this transformation We will put our customers first in everything we do We will significantly increase our digital publishing activity but we will only drive our customers into digital media as fast as they want to move ■

Audience

To meet the changing needs of our audiences we have continued to improve our traditional print titles and to develop the delivery of content from those titles through digital channels and the development of new, digital-only, brands. Many of these changes are supported by new market research.

Our editorial teams in Norfolk and Suffolk have been reorganised with the appointment of an editor-in-chief for each county The new teams are increasingly focused on telling stories on multiple platforms – via social media our own websites and print - to deliver a developing view of news as it unfolds Coverage of the tidal surge on the east coast in December 2013 provided a perfect example of this in action

We regularly review our portfolio of titles taking into account their financial performance and the changing needs of our audiences and clients We have relaunched a number of our weekly newspapers, carried out a major redesign of the *Kent on Sunday* and launched the first newspaper in the rapidly growing new town of Cranbrook in Devon A number of our county lifestyle magazines have been relaunched guided by the changing interests and needs of our audiences In London we have relaunched our free magazine portfolio under a common masthead *The Resident* in the face of increasing competition for both readers and advertisers *The Resident* model has now been used to launch new magazines in Norwich and on the North Norfolk coast

Many of our magazines are now part of the National Readership Survey This industry-recognised survey confirms that roughly two million people read one of our county magazines every month and nearly five million read one at least once a year

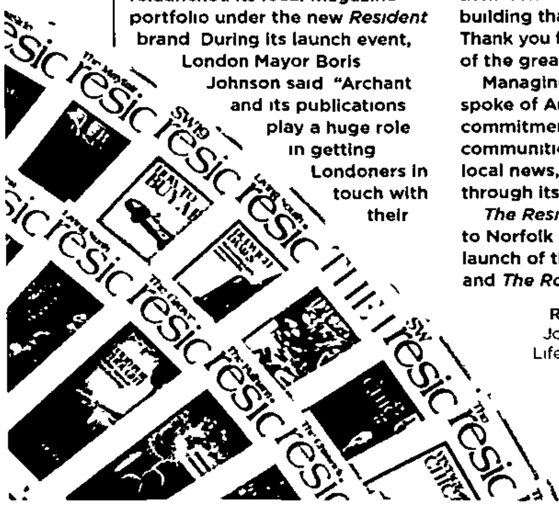
Our digital content has benefited from the increasing use of *iWitness Streetlife* and *PlanningFinder* *iWitness* allows people to submit text video and images either spontaneously or at the request of one of the editors *Streetlife* is a hyper-local social media business We have been working in partnership with *Streetlife*, in which we have a small equity stake to develop local community activity Our news editors have found

The Resident roll-out

In early 2013, Archant London relaunched its local magazine portfolio under the new *Resident* brand During its launch event, London Mayor Boris Johnson said "Archant and its publications play a huge role in getting Londoners in touch with their neighbourhoods, in touch with their communities and thereby building that sense of community Thank you for your great coverage of the greatest city on earth "

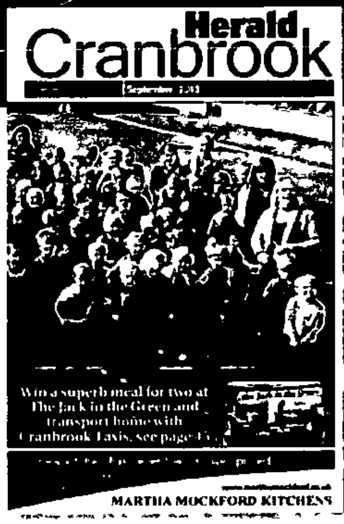
Managing Director Will Hattam spoke of Archant London's commitment to provide London communities with the latest in local news, views and opinion through its publications

The Resident* brand extended to Norfolk during 2013 with the launch of the *Norwich Resident* and *The Royal Resident



Right London Mayor Boris Johnson (left) with Archant Lifestyle s Managing Director Will Hattam (right)

Left Sales Rep Matt Jenkins (left) and South West Group Editor Phil Griffin were instrumental in the launch of the *Cranbrook Herald*



New town, new paper

In September 2013, Archant South West launched the *Cranbrook Herald* - a brand-new newspaper created to serve Devon's first new town since medieval times

Cranbrook currently has around 250 occupied homes and plans are in place for rapid growth - up to 6,000 homes, community buildings, schools, a railway station and a country park

The free A4 newsprint monthly publication was created by the existing East Devon editorial and sales teams The launch issue was delivered door-to-door and given out to 180 children at the new town primary school to take home with them

South West Group Editor, Phil Griffin, said "The idea is to grow the paper's print run as the new town grows in the coming years We want to join residents on that journey to becoming a vibrant community" The first issue also featured on television in the West Country

www cranbrookherald com

Spreading the word
Local social network *Streetlife com* secured additional investment from existing and new shareholders including Archant to promote the service in new areas of the UK *Streetlife* provides a platform for people to connect and share local information with their neighbours and to help foster stronger communities The investment was used to begin to introduce the brand on a county-by-county basis using a tried-and-tested model to drive user numbers and build thriving online communities

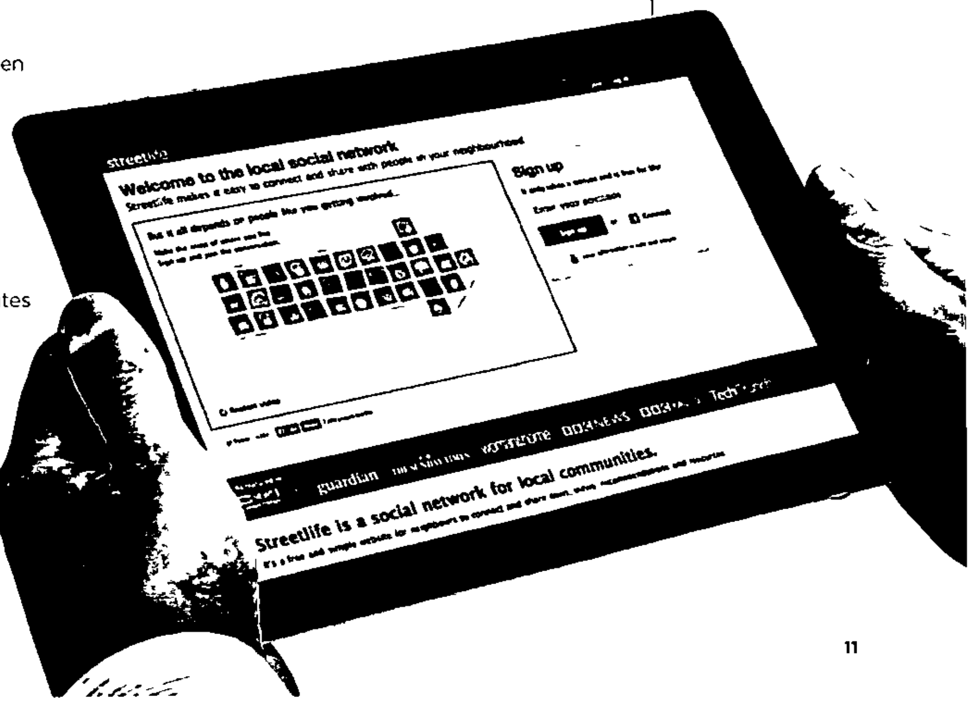
Almost 100 000 users in more than 500 communities currently use the site to share recommendations organise social groups and discuss public services with 81 per cent of users reporting that they feel more connected to their local community since joining the network

www streetlife com

a number of scoops' through activity on the site *PlanningFinder* is the only customer-facing online single source of all local planning applications covering the whole of England, Scotland and Wales The *PlanningFinder* service has been integrated into our news websites and has seen a significant increase in audience as a result

We have also extended the range of digital channels for distributing our news content All of our newspapers and magazines have their own websites and an increasing number of our titles are now available on smartphones and tablet computers - either through our mobile websites or via the Apple Newsstand and the Android equivalent, Google Play Store

23% of our revenue comes from selling content in print or online Sales of printed titles through the news trade and other retailers continue to be challenging and we are taking steps to deal with this where possible We have improved ›



New-look *Kent on Sunday*

The new-look *Kent on Sunday* newspaper was unveiled in September 2013 after a complete redesign by an in-house team, led by Chief Sub-Editor Dave Hobday A fresh layout and new typography was rolled out through new features, revamped Arts and Food and Drink pages, and a Big Story feature spread

As part of the relaunch, *Kent on Sunday* appointed an editorial advisory board of high-profile figures in the county, including council, business and faith leaders, to offer advice Board members can also suggest potential topics of interest to the editorial team

Publisher Simon Irwin said "*Kent on Sunday* is the only paper that covers the whole of the county We are distributed in every postcode in Kent We are the only weekend paper in Kent No other newspaper does what we do As such, we felt that we should stand out from the crowd more and this new paper does just that"

www kentnews co uk

Fiona Ryder Managing Director *Mustard TV*

Studio Mustard

Mustard TV reinforces Archant s position at the heart of the community In October 2013 construction began on a new TV studio in Archant s Prospect House headquarters in Norwich where a schedule of nightly news and magazine programmes will be produced for *Mustard TV* Since its online launch in January 2013 the channel has attracted more than 500 000 views of the videos published every week - a promising start as it gears up for its TV launch on Freeview Channel 8 on 24 March 2014

www mustardtv co uk

› our newspaper distribution in Suffolk by bringing it in-house which has reduced costs and put our newspapers on sale earlier in the day We have also increased the range of print and digital publications available through our websites *www subscriptionsave co uk* and *www buyamag co uk* while researching new subscription models for our daily newspapers

Our new television service for Norwich, *Mustard TV* started broadcasting' over the internet during the year and will launch its Freeview service on Channel 8 on 24 March 2014 The creation of this service has sparked an increase in the use of video by our journalists and some are emerging as talented presenters A new studio has been created in Prospect House in Norwich and the production team is building towards live broadcasts

In 2014 we will continue the development of our print and digital titles Our key projects for the year include a major upgrade of our websites, which will be rolled out starting with *London24*, and a new mobile app that will provide a better delivery channel for our paid-for news and magazine content ■

Planning portal

Planning applications website *planningfinder com* was named fourth in *The Times'* list of 15 most useful property apps in November 2013 The rating came just a few months after Archant relaunched the website

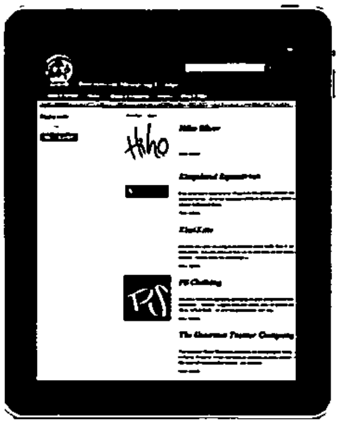
***planningfinder com*, launched in 2010, brings together commercial and domestic planning applications from council authorities in the UK (excluding Northern Ireland) to provide users with details about current planning applications in their local area By registering their details, users receive a weekly email summary of all planning applications submitted near their registered postcode**

In 2013, the platform was further enhanced to increase the level of coverage across England, Scotland and Wales and develop services for commercial partners, advertisers and local councils

Complementing other local digital assets in Archant's portfolio, *planningfinder com* is an important addition to this digital platform, keeping communities appraised of proposed changes in their immediate locality This innovative approach is also helping councils raise awareness of planning notices early in the planning process

www planningfinder com

Clients



Simple shopping
During 2013 Archant developed an online e-commerce environment for transaction partnerships creating an online marketplace through which its retail partners can sell their products directly to Archant s readers

Archant Lifestyle s Digital Director Wayne Morgan explains We have deployed a unique shopping basket solution with PayPal which allows a shopper to purchase multiple products from multiple retailers in one transaction

In return Archant receives a commission on every sale "Through each partnership we aim to go beyond affiliate schemes acting as a silent sales assistant for the retailer becoming part of their team"

Archant Dialogue launched the first store in partnership with Badminton Horse Trials in 2013

https //shop badminton-horse co uk

During 2013 we have increased the range of products and services that we can make available to our clients and started to change the way that we work with them.

Our entire approach to selling is changing We are moving away from the traditional one size fits all' model towards an approach that is appropriate for the business potential and needs of the client This requires the transformation of our sales force into a consultative provider of marketing solutions at one extreme and a slick processor of simple transactions at the other

We are using research analysis tools to provide us with a more in-depth understanding of our current and potential clients needs This will help us to offer appropriate marketing solutions from the broad range that we can make available

New products and services created for our clients include mobile marketing tools mobile apps, email marketing and e-commerce solutions While these are not yet rolled out to every part of the Group they are being used by a wide range of clients and are already generating revenue

Many existing products have also been relaunched with our clients' evolving needs in mind An example can be found in the rejuvenation of the *Welwyn Hatfield Times* property section, which now works better for estate agents in the area

In 2014 we will sharpen our client focus by bringing together our client publishing and creative solutions teams into Archant Dialogue We will add to the new team s skill set and target large clients in the communities we currently serve through our regional sales teams We will also continue the transformation of our traditional sales teams ■

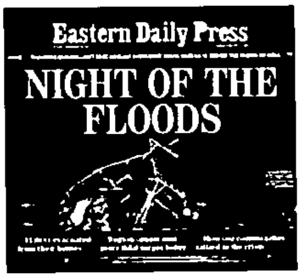
Pure Property

Archant lost its Herts and Cambs property business to a group of estate agents backed by a competing organisation To restore relationships with these local estate agents, Archant Herts and Cambs took action to look creatively at the customer needs and launched a glossy new property publication, *Pure Property* The team underwent a long process of re-establishing relationships with the estate agents and listening to their views, alongside reinforcing the benefits of paid-for newspapers *Pure Property* offers quality editorial, comprehensive marketing and attractive advertising rates Archant has recovered all lost income and increased its revenue, added 52 pages to its newspapers and forged closer relationships with the agents

Above The Archant Herts and Cambs property team that launched *Pure Property* standing outside one of their customers offices with copies of the publication

You, Me and Archant
The You Me and Archant sales approach launched in 2012 was adopted across the business during 2013 This generated more than £1m of new business from less than 150 customers

Unrivalled coverage


Eastern Daily Press
NIGHT OF THE FLOODS

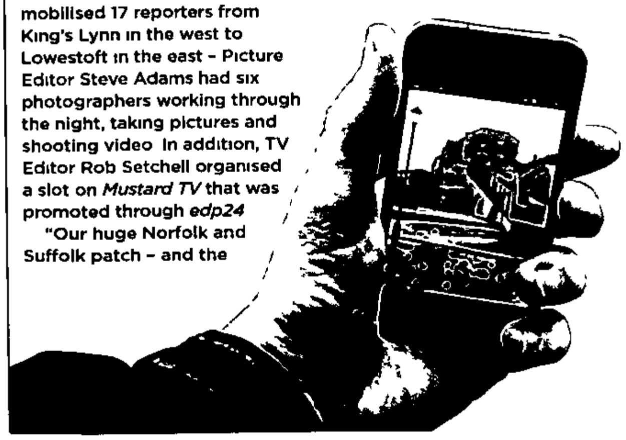
In December 2013, Archant Norfolk's journalists and news titles used social media, web and print to report the largest tidal surge to hit the East Anglian coast in 60 years The *Eastern Daily Press* led the coverage in print and online on the day of the devastating storm surge itself, with 143,000 unique visitors poring over more than half a million pages of *edp24*

Editor-in-chief of Archant Norfolk, Nigel Pickover, said "As the crisis emerged, more than 200,000 people visited our websites, generating nearly a million page impressions Our web traffic rocketed and we published an additional 12 pages in print, including a 'vertical wraparound' showing the scale of the damage along the coastline of Norfolk and Suffolk "

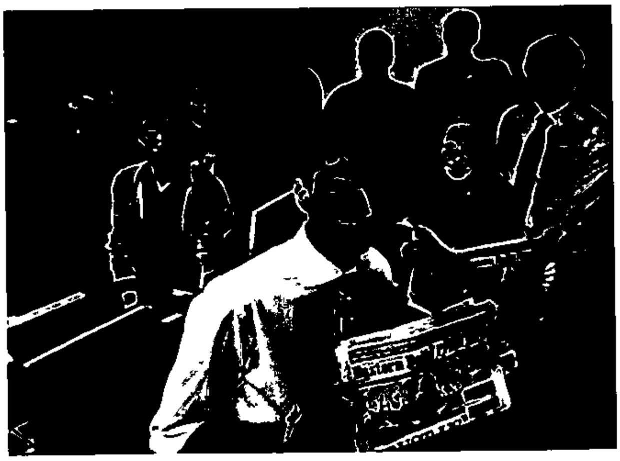
Assistant Editor Dave Powles and Head of News Ian Clarke mobilised 17 reporters from King's Lynn in the west to Lowestoft in the east - Picture Editor Steve Adams had six photographers working through the night, taking pictures and shooting video In addition, TV Editor Rob Setchell organised a slot on *Mustard TV* that was promoted through *edp24*

"Our huge Norfolk and Suffolk patch - and the fact we retain a strong branch office presence in all key towns - meant we were on the spot when the action happened," adds Nigel

Cromer Community Editor Richard Batson's 28-second iPhone clip of Cromer Pier beneath the waves on Thursday night made the YouTube homepage and has been viewed more than 200,000 times



Student takeover



Pictured is Ryan Gaston, who is studying interactive media at North Hertfordshire College, visiting the *EDP* offices in Norwich with other members of the student team

Discussions around the annual student recruitment campaign at the North Hertfordshire College, and the challenges around engaging future students, parents and local businesses led *The Comet* to launch a student takeover project, with a view to selecting two interns who would run the recruitment campaign on a peer-to-peer basis, while providing real work opportunities and experience for our local students

The Comet newspaper and website was taken over by a team of 12 college students for two weeks They got involved in writing articles, taking photos, designing adverts, building webpages and running its social media sites, as well as launching the student pages on *comet24*

To qualify for a place at the title, teams of students competed to design a marketing campaign to recruit new students to the college, which appeared in Archant Herts and Cambs newspapers and websites The best two teams were involved in the takeover, which ran during May

Two students from the 12 were selected for an internship focused on running the college's summer recruitment campaign from within Archant

North Hertfordshire College is repeating the campaign in 2014 and the student takeover concept is now being replicated at the *Barking and Dagenham Post* with Barking and Dagenham College, and the *West Suffolk Mercury* with West Suffolk College

Cutting-edge marketing

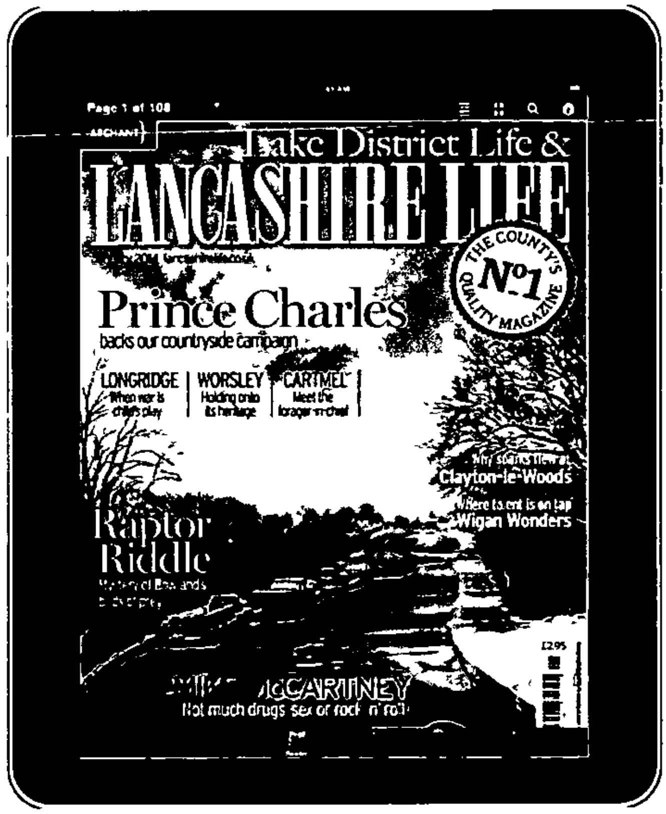
In late 2013, Archant helped a family-run Kent butcher, Rooks, launch an innovative mobile marketing strategy

Archant provided Rooks with a native mobile application that allows its customers to buy meat products online from their mobile handset The mobile application also allows customers to use their phone as a mobile loyalty card

Customers scan a unique QR code when they purchase a product over £10 and collect a virtual stamp When a customer has collected six stamps they receive a £5 voucher The app also has the facility for Rooks to send messages to app users through push messages with time-sensitive special offers and mobile vouchers

The app and mobile-optimised website launched at the end of August and the app has since had more than 1,000 downloads Repeat usage is very high and hundreds of loyalty stamps and vouchers have been redeemed

https //itunes apple com/gb/app/rooks/id686515896?mt=8



Your county in your pocket

Research shows that 72 per cent of Archant county magazine readers look to their local magazine brand to find things to do in their region In early 2013 Archant launched the *Discover* brand which consists of 15 regional apps offering a new product for readers to access local information

Users can download the app on their mobile devices and either browse through inspirational ideas or use their location through GPS to identify things to do in their current vicinity

The content within the app is also available across all county magazine websites and broadcast via email newsletters giving readers multi-channel choice to consume the brand

In 2014 Archant has taken this platform for regional audiences to a national audience

Intel insight

The 'Ultrabook' concept (launched in summer 2013) was Intel's most radical product launch for a generation, and its importance to them was underlined by a global campaign The Intel 'City-Stop Tour' was a series of 'experience Ultrabook' events that took place in six of the world's most dynamic and technologically advanced cities - New York, Chicago, Tokyo, London, Beijing and São Paulo

For the London event in July 2013, Intel wanted to attract an audience of London residents and visitors After a competitive bid process that included the *London Evening Standard*, *TimeOut*, *Shortlist* and *City AM*, they chose *London24* and Archant's local newspapers as the exclusive media partner to drive awareness and footfall to the event

"In addition to traditional print promotional activity, we ran an interactive digital campaign including rich media placements across our newspaper websites, activity on our pan-London digital-only brand *www london24 com* plus social media promotion," said Paul Hood, Archant London's Digital Director "We exceeded the organiser's expectations - London's event was also more successful than the other cities on the tour

"Intel have been extremely savvy in recognising the power of using local media, combining 'old' with 'new' media to maximise awareness and drive footfall to this prestigious event"

People

Top (l r) Group Head of Sales Development Ian Jones Archant Herts & Cambs Trainer Sarah Hall Archant HR Director Dee Willmott Archant London Trainer Amanda Waller Silent Edge Project Manager Hollie Willis Archant Sales Academy Project Co-ordinator Sue Lawrence and Silent Edge Project Co-ordinator Ed Lopez

Inspired people are the backbone of successful businesses.

Over the past four years we have made tremendous progress in making the Group as efficient as possible, but we also need to ensure that our people are truly engaged We want to encourage them to be more creative and productive knowing how their actions contribute to the achievement of our objectives We want them to feel proud of and appreciated for what they achieve

Improving skills continues to be a key focus We have created a Group-wide Learning and Development team and The Archant Sales Academy has also been improved Comprehensive digital media training courses have been created for sales staff in Norfolk with plans to use the courses elsewhere in the Group In 2013 we ran coaching workshops for 300 of our managers and team leaders to help them develop their people In 2014 we will develop a leadership programme to prepare our more junior managers for their future roles

Increased staff engagement is a priority Whether it is face-to-face, via email or through briefings we are committed to improving communications to keep our people informed about our progress Our people can expect to receive formal performance appraisals and to agree clear objectives and development plans with their manager or team leader More than 200 managers from across the Group took part in a conference and workshops in December to make sure each individual team and division s objectives were aligned to the Group's overall goals

In 2014, formal CEO briefings will be supplemented by video presentations and round table meetings We will also gauge our people's opinions more often through micro-surveys and have a full biennial staff survey planned for autumn 2014 ■

The personal touch

With constant evolution in the media industry Archant recognised a need for its people to be able to change and evolve A coaching programme was rolled out to 300 managers around the UK during the second half of 2013 to focus on leadership strategy as well as training Ian Jones Group Head of Sales Development says It was important for us to begin by understanding what coaching actually means It s very much a personal thing as all managers are different as are all of their staff members

A one-day workshop raised awareness of what coaching is and how it affects us and developed the skills required to coach The ability of our managers to coach was highlighted as a weakness during the Archant Sales Academy adds Ian Following the workshop our managers are now better equipped to tackle the challenges we face on a daily basis

Editorial central

Archant embarked on a major project in 2013 to bring together the editorial production of its Norfolk and Suffolk titles into a central unit in Norwich The principle behind the concept was to create a centre of design excellence and to separate responsibility for content from production to allow both areas to benefit from increased specialism

Timed to coincide with a refreshed design of the daily titles, the combined unit began work in May 2013 under Head of Editorial Production, Mark Hindle, and produces all four daily and 15 weekly titles across the two counties

"We now have a team of 30 people from both Norfolk and Suffolk backgrounds producing more than 2,000 newspaper pages a week, and response to the refreshed look of the daily titles has been very positive," says Mark

Above Mark Hindle Head of Editorial Production and his team

Data and insight

Making better-informed decisions and helping our clients make better marketing decisions through the use of data and insight is essential to our future success

Significant progress has been made in creating a single customer database to improve our hit rate Sales staff have benefited from the user-friendly mobile tools we have developed to help capture details of our clients' businesses more effectively This will play a key role in helping us to develop solutions for those clients We expect this project, which brings together different data sets to be completed before the end of 2014

We have taken the first steps towards creating a similar database for our audiences To do this we are replacing our email marketing software with technology that can also capture data from all our audience touch points

It is important that we better understand the people using our digital products and why they use them We have introduced new software tools to help with this and their use will be developed to improve our products and services This does not mean that traditional market research is obsolete and we will continue to invest in it where appropriate

During 2013 we carried out research to help us understand what the readers of our newspapers and magazines value most, understand the overlap between print and digital readership and discover where subscription and membership schemes may be economically viable

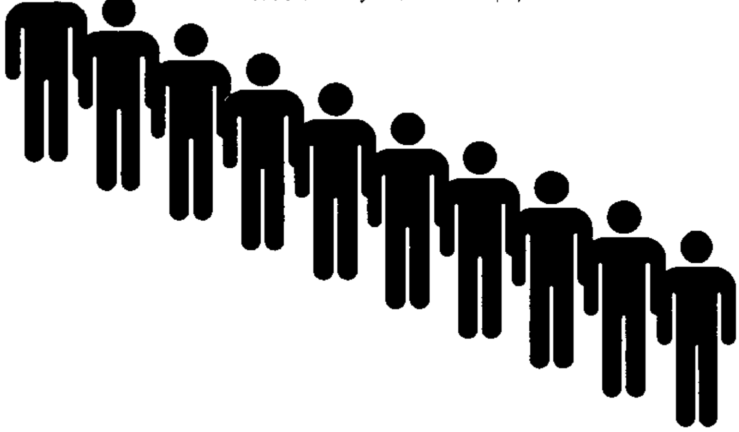
Making sure that we meet our customers' expectations is essential for the future development of the business During 2014 we will put in place processes to systematically track customer satisfaction ■

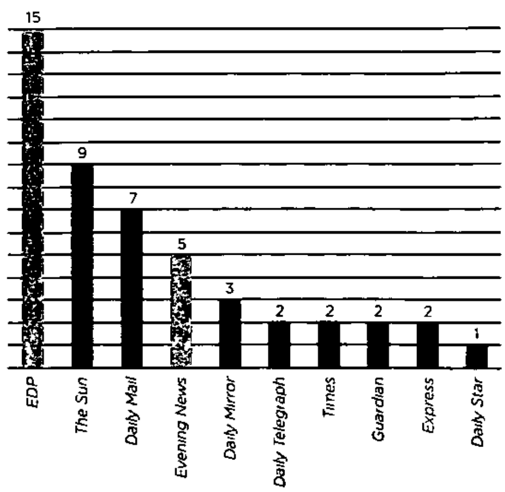
Eastern Daily Press brand engagement

A brand engagement study for the *East Anglian Daily Times* in 2012 gave great insight into how the brand in all its formats was perceived The results directed the newspaper's evolution and steered how we could develop it to deepen its engagement with the communities it covered In 2013 the same study was applied to the *Eastern Daily Press* to assess how the brand was seen in its market

We conducted research among consumers, staff, web users and advertisers This work was conducted by Gfk/NOP with more than 3,700 adults The findings showed that the *EDP* was the most-read daily regional or national newspaper in Norfolk, reaching a large set of readers – 70% of whom do not read a national paper The combination of *EDP* digital and print gives advertisers a very strong platform with which to reach their target audiences The brand essence was seen to be truly local and honest, to provide a voice to the people of Norfolk, and to promote the county's image

Below 7 in 10 readers of the *EDP* are not readers of any national newspapers



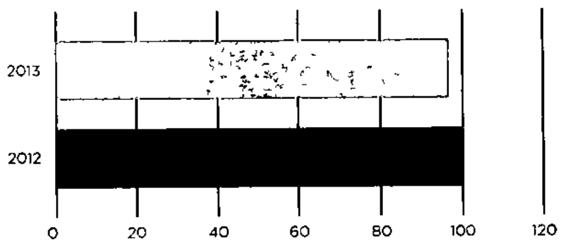


Left Daily newspaper readership in the *EDP* area (percentage of all adults)

Key performance indicators

The key financial and non-financial performance indicators for the Group include revenue, operating profit operating margin circulation including the proportion of magazines sold through subscriptions, web traffic, digital revenue and net debt The Group seeks to target performance in line with or ahead of competitors These are regularly reviewed by the Board ■

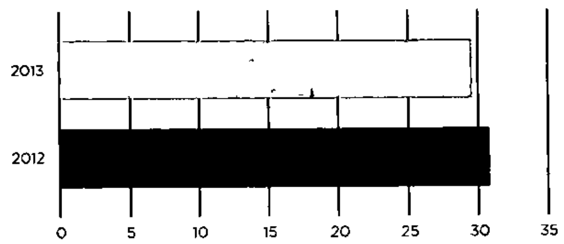
Advertising and other revenue £m



Advertising and other revenues (total revenues excluding circulation revenues) are a key performance indicator because they account for 76 6% of total revenue

- Advertising revenue overall down 4 7% the best year-on-year performance since 2007
- Recruitment overall across print and digital fell by only 1 9%

Circulation revenue £m

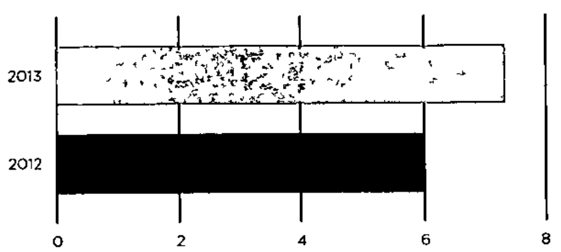


Circulation revenues are a key performance indicator because they account for 23 4% of total revenue

- Total circulation revenue fell by 3 4%

  Newspaper circulation revenue grew by 0 6% year-on year with price rises more than offsetting circulation volume declines
- Magazine circulation revenues fell 9 5% in a difficult marketplace

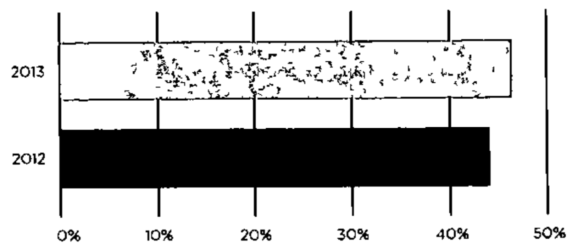
Digital revenue £m



Digital revenue is a key performance indicator as our customers are increasingly using digital media

Revenue from online activities increased by 19 3% to £7 2m mainly driven by revenue from content display *jobs24* and mobile sites and apps

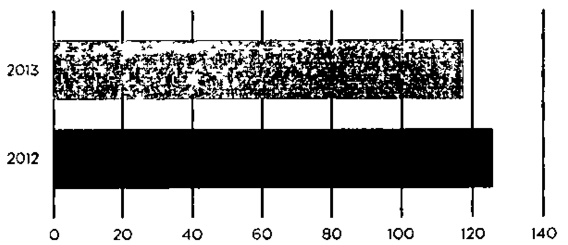
Subscriptions



Subscriptions are a key performance indicator as they indicate the level of copy sales that are secured in advance

- Magazine subscription copies as a percentage of total magazine copies sold increased from 43 9% to 45 7%

Operating costs £m*



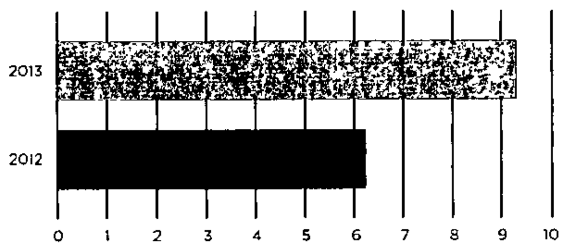
Excluding amortisation impairment and exceptional items

Operating costs are a key performance indicator as they show the overall cost base of the Group

Total operating costs fell by £7 9m or 6 3%

- Reflects substantial reductions in newsprint magazine paper and production costs - in part related to 7 1% reduction in newspaper print volumes coupled with newsprint cost reductions averaging 9 5% in the year
- 5 6% reduction in employment costs against an overall reduction in full time equivalents of 50 or 2 9% to a total of 1652

Operating profit £m*

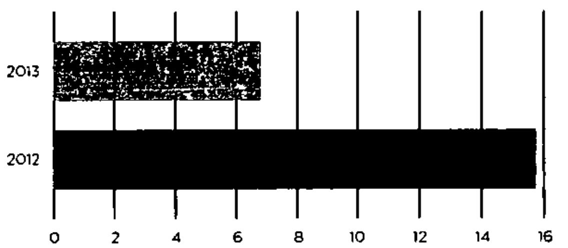


Excluding amortisation impairment and exceptional items

Profitability of the Group is a key measure of overall performance

Improvement in Group operating profit in 2013 over 2012 from £6 3m to £9 4m

Net debt £m



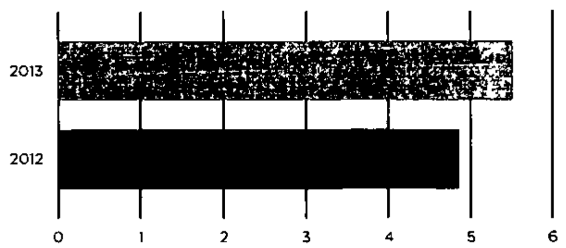
Cash collection and net debt balances are key indicators of financial stability and performance

- Cash generated from operating activities of £10 4m

Net debt at end of year of £6 8m more than halving the debt level

Achieved after capital expenditure of £1 3m with no dividend paid (2012 £2 8m)

Web traffic (MUVs)m



Web traffic is a key non-financial indicator as it shows the audience for our digital sites

Monthly unique visitors (MUVs) to our websites increased by 16 0% and page impressions by 6 2% with 5 6m people on average visiting Archant websites every month

In addition there were just over 0 3m paid and free downloads of Archant-published apps

Performance

"Strong operating profit growth, with net debt more than halved to £6.8m."

Group operating profit before amortisation, impairment and exceptional items increased to £9 4m an improvement of £3 1m or 49 2%, following cost reductions of £7 9m in the year

Net debt closed the year at £6 8m, a 57 0% reduction year-on-year This followed a strong working capital performance suspension of the dividend, proceeds from the disposal of *Sport Diver* magazine and dividend income from the Press Association At this level and with expected cash flows in 2014, there is sufficient headroom in our banking facilities to meet any tax payable in respect of the Company s long-standing tax dispute with HMRC

The growth in underlying operating profits excluding amortisation, impairment and exceptional items was £3 1m, after continuing investment in sales skills, new products, resources and people Our businesses in the East of England improved profitability year-on-year however competition in our London magazine business caused profitability to decline for these titles

Exceptional items of £9 7m include amortisation and impairment of intangible assets of £8 7m The Group is required to review the carrying value of all its intangible assets annually, to determine whether events or changes in circumstances indicate that the carrying value may not be recoverable The carrying value is assessed using forecast cash flows discounted in line with the Group s cost of capital A total non-cash impairment charge of £4 6m was incurred on the London magazine portfolio and KOS Media As we have previously reported, such write-downs arise as a result of accounting rules that require the Group to value assets based on the discounted values of future cash flows, and had no effect on cash in the year

A net profit of £0 3m was made on the winding up of long-standing film finance arrangements that had been in place since 1983 This is disclosed in the financial statements as film royalty income of £1 9m offset by amortisation of film copyright of £1 6m Net proceeds will be received in 2014

There are no further provisions made in relation to our tax dispute other than a further accrual of £0 3m for interest, which is included within interest payable The Group is actively engaged with HMRC on this matter, however it is a slow methodical and detailed process that still has many months to run We are working closely with legal and tax advisers and have consulted Counsel where appropriate to determine the strength of our position The Group remains of the view that its position is strong, although inevitably it is difficult to predict the final outcome either in quantum or timing, particularly should this lead to a tax tribunal

The Group has maintained full provision in respect of these tax matters In the event of an unfavourable outcome in 2014 there will be cash outflows of some £9 0m tax plus interest of up to £4 7m As noted this can be managed from within our existing facilities but would inevitably increase the company s debt and reduce headroom against the banking facilities

	2013 £m	2012 £m	Change £m
Group revenue	**126 6**	**131 4**	**(4 8)**
Operating costs			
Employment	53 0	56 2	3 2
Other costs	64 2	68 9	4 7
Total operating costs[1]	117 2	125 1	7 9
Operating profit[1]	**9 4**	**6 3**	**3 1**
Amortisation and impairment	(8 7)	(9 4)	0 7
Net exceptional items	(1 0)	(1 3)	0 3
Group operating loss	**(0 3)**	**(4 4)**	**4 1**
Profit on disposal of intangibles and investments	0 4	0 0	0 4
Interest payable less income from investments	(0 7)	(5 5)	4 8
Other finance expense	(0 2)	(0 8)	0 6
Loss before tax	**(0 8)**	**(10 7)**	**9 9**
Taxation	(2 0)	(4 1)	2 1
Loss after tax	**(2 8)**	**(14 8)**	**12 0**
Net debt	**(6 8)**	**(15 7)**	**8 9**

[1]Excluding amortisation impairment and exceptional items

Brian McCarthy Finance Director

Revenue

Revenue at £126 6m (2012 £131 4m) was £4 8m (3 6%) lower than 2012 0 8% of this reduction is attributable to the suspension of a number of titles in the Midlands in the year, 1 0% is due to rationalisation and performance of our London newspaper portfolio and 0 4% is due to the loss of contract printing contracts London magazines that have been affected by competitive issues contributed a further 0 8% to the reduction

The rate of advertising revenue decline slowed in 2013 - the best year-on-year performance since 2007 The rate of decline in recruitment was just 1 9% and the fall in newspaper local display revenue of £0 6m was almost matched with the growth in newspaper digital content display revenue

Newspaper circulation revenues grew by 0 6% year-on-year with price rises more than offsetting circulation volume declines This remains an area for ongoing investment Magazine circulation revenues fell 9 5% in a difficult marketplace with subscription sales falling by 4 1% and now representing 57 4% of our circulation revenue Copy sales through the newstrade continue to be difficult

Revenue from online activities increased by 19 3% to £7 2m mainly driven by revenue from content display *jobs24*, and mobile sites and apps Monthly unique visitors to our websites increased by 16 0% and page impressions by 6 2%, with 5 6 million people on average visiting Archant websites every month In addition there were just over 300 000 paid and free downloads of Archant-published apps through the Apple app store

After winning the bid for local television provision in Norwich, *Mustard TV* is set to launch on Freeview Channel 8 on 24 March 2014 later than planned following delays in the provision of the transmission infrastructure During this setup phase *Mustard TV* generated digital revenues through its website of £0 1m

Costs

Total operating costs in the business fell by £7 9m or 6 3% Newsprint magazine paper costs and manufacturing costs contributed savings of just over £3 3m, just under half the total saving for the year Employment costs fell by £3 2m Full-time equivalent headcount fell by 50, or 2 9% to a total of 1 652 An active process to manage non-core costs was undertaken in the first half of the year, which contributed strongly to this performance

As ever the Group aims to manage all costs to ensure where possible that investment is maintained in those areas where its effect is required to provide growth in the business

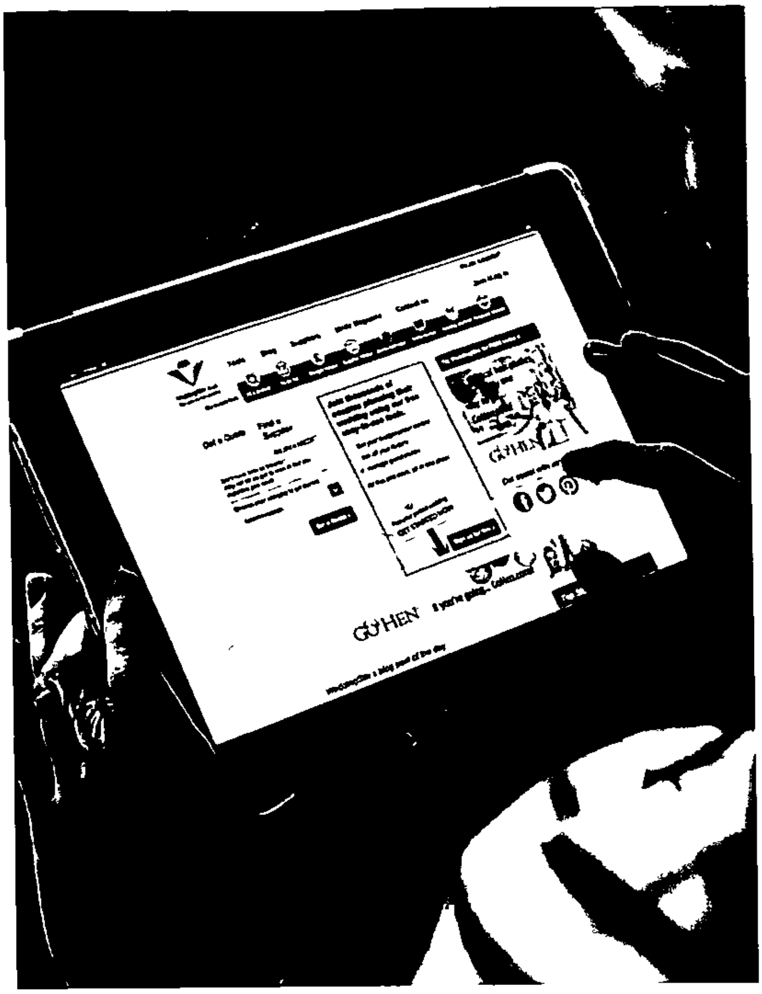
Operating profit

Operating profit before amortisation and impairment of intangible assets and exceptional items grew by £3 1m (49 2%) to £9 4m (2012 £6 3m)

Operating profit before amortisation and exceptional costs in the second half of the year was 70% higher than the first half on almost identical levels of revenue The rate of revenue decline was 2 5% in the second half of the year, compared to 4 7% decline in the first half

Exceptional items

Net exceptional costs (as disclosed in Note 3) fell from £6 1m to £5 6m including the non-cash £4 6m impairment charge on intangible fixed assets
The remaining exceptional costs include £1 3m of operational restructuring, offset by £0 3m relating to the wind-up of the film finance arrangement ›



› Interest payable and financing costs

Bank interest payable of £0 7m was £0 3m lower than 2012 as a result of reduced levels of debt and lower interest rates in part arising from a margin reduction within the facility as the level of debt as a proportion of profits reduced Amortisation of loan issue costs was £0 3m lower at £0 2m, following accelerated write-off of the costs of the previous facility in 2012 Exceptional interest relating to the potential tax liability dating back to 2003 has been accrued at an amount of £0 3m for 2013, adding to the prior year accrual of £4 1m

A £0 1m charge (2012 £0 8m) is shown as other finance expense in the profit and loss account This charge arises from the expected return on pension scheme assets relative to the interest charge on scheme liabilities under the FRS 17 accounting standard

Taxation

The tax charge on profits for the year was £2 0m (2012 £4 1m) representing current-year tax of £0 2m adjustments in respect of prior years of £0 5m and movements in deferred tax of £1 3m

Earnings per share

Basic earnings per share improved by 86 5p from last year s loss per share of 106 4p to a loss per share of 19 9p Adjusted earnings per share were up by 26 1p (131 8%) to 45 9p Adjusted earnings per share are considered to be a better indicator of the underlying performance of the business because of the removal of one-off items The difference between basic and adjusted earnings per share is explained in more detail in Note 10 to the financial statements

Dividends and dividend cover

No final dividend is proposed and none was paid in 2013 The Board has indicated that it expects to be able to return to a position of paying dividends in 2015

Net debt and cash flow

Net debt at the end of the year was reduced by 57 0% to £6 8m (2012 £15 7m) This result was achieved after capital expenditure of £1 3m with no dividend paid (2012 £2 8m) The Group continues to be cash-generative and operating cash flow at £10 4m (2012 £7 6m) was £2 8m higher than in 2012 mainly due to the increase of £3 1m in operating profit before amortisation, impairment and exceptional items Conversion of operating profit before amortisation, impairment and exceptional items into cash was 110 7% (2012 120 2%) The Group maintains sufficient debt headroom to ensure it can meet its cash liabilities, including those in respect of tax even in the event of unexpected poor performance The Group is currently operating well within its existing banking covenants

Capital expenditure

Capital expenditure during the year was £1 3m (2012 £1 3m), which again related mainly to investment in IT hardware and software development costs

Pension scheme

The deficit shown in the balance sheet fell by £13 6m to £9 3m, as determined using the FRS 17 accounting standard The defined-benefit scheme service cost in the profit and loss account fell by £0 3m to £1 1m

The triennial actuarial valuation completed in 2011 indicated that liabilities of the Group s pension scheme of £160 4m were underfunded by £13 3m as at that date The Group is making cash contributions totalling £1 8m per annum towards the reduction of this deficit

Treasury management

The Group currently derives its funding from share capital retained profits and bank borrowing Cash is managed centrally and the Group s treasury objective is to minimise borrowing and borrowing costs, while at the same time ensuring that there is sufficient facility and headroom in place to fund the Group's needs for not less than one year from the date of approval of the Archant financial statements

The Group has a £28 0m revolving advances facility through RBS and Bank of Ireland that expires in March 2016 and a £3 0m overdraft facility from RBS on which competitive rates of interest are payable The maximum amount of the revolving credit facility was reduced from £30 0m to £28 0m in June 2013 and will reduce further in equal annual reductions of £2 0m in June 2014 and 2015 The Employee Benefit Trust has an overdraft facility of £1 0m, which is guaranteed by the Company the balance of which is included in Archant debt

The Group s resources and the expected future cash flows are regarded as more than sufficient to meet the anticipated funding requirements of the Group for at least the next 12 months

Net assets

Net assets on 1 January 2013 were £22 2m The loss for the year after tax and minority interests was £2 7m which was transferred to reserves Other movements included an increase to reserves of £12 2m arising from a reduction in the FRS 17 pension deficit Net assets at the end of the year were therefore £9 5m higher at £31 7m ■

Principal risks and uncertainties

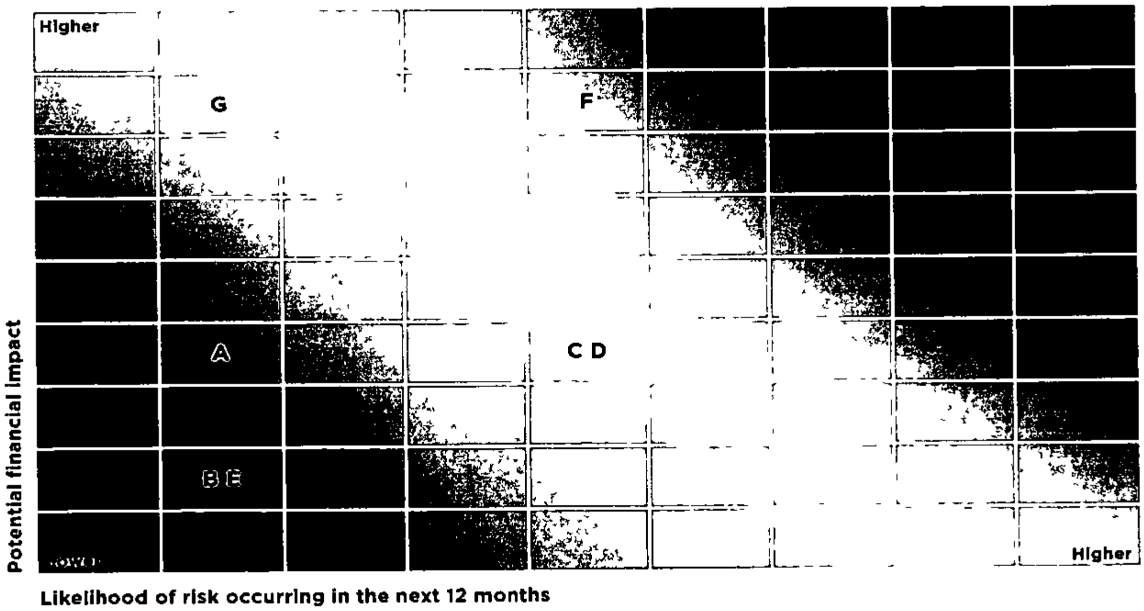
There is an ongoing process for the identification, evaluation and management of the significant risks faced by the Group.

The Group prepares a risk matrix annually, which details risks that it is thought could prevent the achievement of the objectives of the business and assesses the likelihood of their occurrence The measures in place in respect of the monitoring and management of each such risk are documented

The outcome of the risk review process is summarised and reported upon annually to the audit committee to whom responsibility for such annual review has been delegated by the Board

The management and mitigation of any adverse impact of the key risks identified are described on page 25, while the risk map below shows the relative likelihood and potential impact of each of the key risks ■

Risk map



A Finance risk
B Lifestyle changes affecting circulations
C Changes in marketing expenditure
D Final salary pension scheme deficit
E Organisational structure and retention of key people
F Taxation
G Business continuity

Risk	Potential impact	Mitigating actions
A Finance risk The Group manages its liquidity risk through committed short-term and long-term finance facilities at a level to meet the Group's anticipated funding requirements These finance facilities require certain financial covenants to be met including profit and cash covenants	If covenants are not met, the Group may be forced to renegotiate its finance facilities with its lenders	The Group s banking facilities were renewed in June 2012 and expire in March 2016 The Group s forecasts and expectations demonstrate that it can operate within the terms of these facilities, including its financial covenants Any cash outflows that may arise as a result of outstanding tax matters can be accommodated within the current facilities Compliance with facilities is monitored on a monthly basis and reported quarterly to banks
B Lifestyle changes affecting circulations Circulation volumes for print titles are under pressure due to changes to lifestyles and in the multimedia landscape	Circulations for print titles do not achieve target resulting in loss of circulation revenues The reduced audience could also lead to a loss of advertising revenue	The Group aims to provide high-quality editorial content in all its products to provide appropriate quality and value for its audience to encourage repeat purchases The Group promotes loyalty schemes and subscriptions to encourage increased frequency of purchase The Group has continued to develop and improve news websites including tailoring to mobile devices increasing frequency of updates and implementing apps Cover price increases may be an opportunity to mitigate circulation revenue losses
C Changes in marketing expenditure The changing media needs of our advertisers are putting pressure on print advertising revenues	Advertising revenues do not achieve target	The Group is continuing to invest in the quality, structure and training of its sales teams and to create a more customer-centric organisation to ensure that customer revenue opportunities are optimised Investment is continuing in digital brands and in strengthening the Group s fixed web and mobile presence The Group also continuously seeks to find and develop new online and mobile technology revenue sources The Group reviews economic industry and other relevant data to evaluate future revenue trends and to put appropriate plans in place
D Final salary pension scheme deficit Regulatory changes stock market fluctuations or changes in other core assumptions including interest rates inflation and longevity may significantly impact the funding level of the final salary pension scheme	An adverse movement in any of the key assumptions may increase the deficit in the final salary pension scheme resulting in a requirement for higher cash contributions	The pension deficit is carefully monitored and there are regular reviews with the Trustees of the scheme The Group and Trustees take appropriate actions to mitigate the growth in pension liabilities including a regular review of funding level investment strategy, benefits provided and the cost of those benefits There are a number of factors that are outside the Group's control including interest rates inflation rates life expectancy and regulatory change
E Organisational structure and retention of key people The ability to execute and implement the Group's strategic and business plans relies on the appropriate Group structure culture and key people Salary and bonus levels for senior managers could fall below market levels and key staff leave The ability to recruit quality staff may also be impaired	Key staff leaving could lead to a loss of leadership industry knowledge and experience, and impact customer and supplier relationships	The Group has a succession plan in place and reviews it regularly together with market rates for salaries The Group promotes a culture of continuous improvement The Group has a rigorous recruitment process including recruitment from outside traditional publishing areas and is actively engaged in staff development and training
F Taxation The Group may not prevail in its current dispute with HMRC in respect of potential tax liabilities dating back to 2003	Tax and associated interest costs may mean that cash of up to £13 7m may be required to be paid by the end of 2014	The Group is working closely with its legal and tax advisers to resolve these matters with HMRC The Group can accommodate any cash outflows that may arise as a result of these tax matters within its current bank facilities The Group continues to generate cash which reduces the impact to the Group of any eventual tax payment on the Group s ability to fund growth and make dividend payments
G Business continuity The Group is dependent on technology in particular computer networks and software	Lack of robust systems or slow implementation of any recovery plan might impact the Group's ability to deliver products, which could significantly impact revenue or profits	Business continuity plans are reviewed annually The Group has full mirroring of core systems across two sites and uses cloud-based services where appropriate The Group also maintains adequate business interruption insurance cover in the event of financial loss as a result of failures in key systems

Corporate social responsibilities

Our corporate social responsibilities are integral to our business activities and values.

Community involvement

Through our publications we aim to be the heartbeat of local communities reacting quickly to local needs and enabling our readers to support local and national causes In addition to making direct contributions to charities we raise substantial sums of money with the help of our audiences Examples in 2013 include the *Eastern Daily Press* raising in excess of £200,000 in just eight weeks to support those affected by the December 2013 tidal surge, and the annual *Newham Recorder* and Community Links Christmas Toy Appeal for disadvantaged children

Archant people

Archant fully endorses the principles of equal opportunity and we have policies in place to ensure that no employee is discriminated against directly or indirectly, on the grounds of gender race, ethnic origin sexual orientation, disability, nationality age, marital status or religious beliefs As a result the Group seeks to ensure that decisions on employment, including recruitment, training development promotion and pay, are based on the individual s ability to do the job and on his or her experience and skills Accordingly, those with disabilities are dealt with in all respects on the same basis as able-bodied applicants and employees If a person becomes disabled while an employee every practicable effort is made to make such adjustments as may be considered reasonably necessary to enable the individual concerned to continue in employment with the Group

Charitable causes

Archant aims to be at the heart of the communities we serve charitable giving is a good example We target our corporate charitable donations towards charities local to our areas of publication and locally targeted appeals of national charities We also seek to encourage employees in their fundraising initiatives

In 2013 £55 000 (2012 £64 000) was given by the Group to charitable causes through corporate giving and through matching employees fundraising activities through Archant Gold and by matching sums donated through payroll giving

Below One of Archant s directors Mike Walsh, completed the 110km Cape Argus Cycle Ride in South Africa to raise £3 285 for the Make A Difference Foundation which helps disadvantaged young people reach their full potential

Communication

Archant recognises the vital importance of good communication with its staff, its customers and other stakeholders During 2013 we have implemented new internal and external communication strategies with more face-to-face updates to employees from managing directors and the Chief Executive The Archant *Connect* intranet provides a twice-weekly e-bulletin news update for staff and we have a comprehensive programme of briefings, conferences and workshops A new version of the corporate website has been launched at *www archant co uk*

Health & Safety

Our objective is continuously to make Archant a safe place to work

We have a dedicated Health & Safety (H&S) Manager to guide improvement and establish best practice A Group H&S Steering Committee agrees policy, monitors adherence and investigates any accidents A network of local H&S committees is active across the business to implement policy Annual independent audits of all our workplaces are undertaken to ensure our internal H&S standards are being met

During 2013 an audit of our motor fleet risk management was undertaken, in conjunction with our fleet insurers, and our fleet risk management was rated good We require that all employees undertake display screen equipment training annually to mitigate musculoskeletal risks

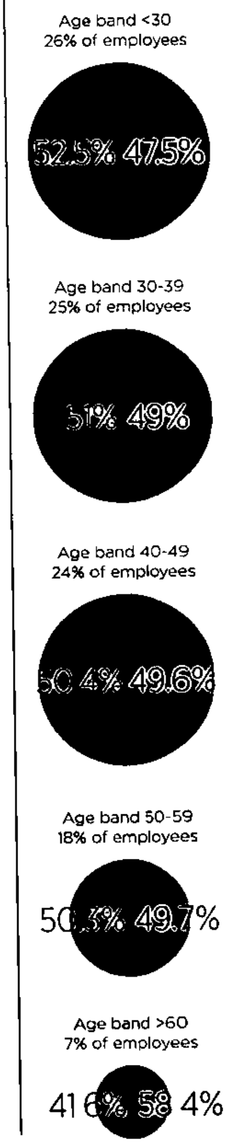
The Group's H&S performance was recognised by a RoSPA Silver Award In 2013 the Thorpe Print Centre achieved OHSAS 18001 Occupational Health & Safety Management Systems certification

Accident rates and days lost as a consequence of accidents are carefully monitored and although

Age and gender
This chart illustrates the age and gender of our employees at 31 December 2013

■ = female
■ = male

Total 1 792 employees



	Average number of FTE employees during the year	Reported accidents	Reported accidents resulting in absence from work of over 7 days (known as a RIDDOR accident)	RIDDOR rate (per 1,000 employees)	Working days lost	Days lost per employee
UK average	-	-	-	3 0	-	0 25
2013	1 652	63	2	1 2	60	0 03
2012	1 702	49	1	0 8	21	0 01

2013 saw a slight increase over 2012, we remain well below UK averages

Environmental

Archant adopts a responsible approach to environmental matters within its business activities A Sustainability Policy has been adopted which is reviewed annually and a network of sustainability management representatives is established across the Group to ensure best practice is shared and to provide a forum for ideas and suggestions to be considered

Archant Print s continuous quest for process improvement in its environmental management processes was recognised in 2013 by the re-accreditation of the ISO 9001 Quality Management Standard and of the ISO 14001 Environmental Management System Standard

Energy and emissions

We are committed to monitoring and minimising our energy consumption

In 2013, a number of initiatives were introduced to reduce energy usage including installation of LED lighting and reducing consumption of compressed air at Thorpe Print Centre and changing environmental control systems and hot water boiler controls at Ilford and Prospect House respectively

Increased newspaper print volumes at Thorpe Print Centre and the hard 2012/13 winter led to an increase in electricity consumption over that period, as illustrated in the emissions chart below

Total emissions for energy consumed (including Carbon Reduction Commitment and Carbon Credit Allowance)

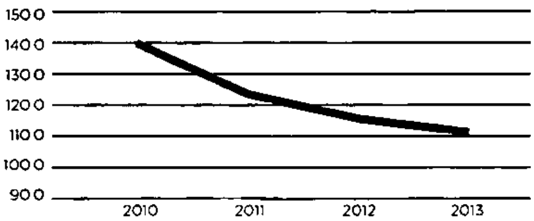
Gas and electricity	Offices	Print	Combined
2013	2 074	2 612	4 686
2012	2 148	2 403	4 551
2011	2,120	2 573	4 693
2010	2,615	2 824	5 440

Excludes consumption at premises where energy is charged by a landlord by way of service or management charge

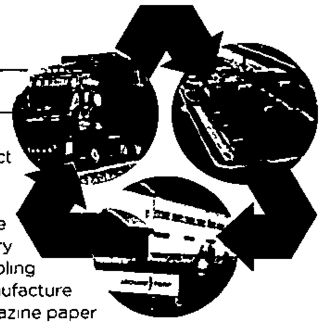
Fleet

We are replacing fleet vehicles with more efficient models and implementing a number of other measures to reduce CO_2 emissions

Average CO_2 g/km of leased company cars

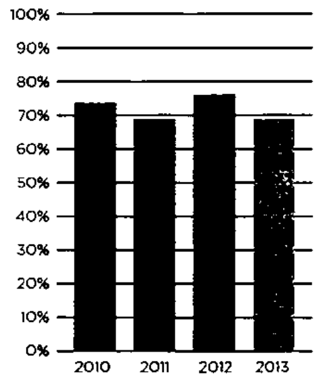


Sourcing paper



Newsprint is one of our largest costs and one where we can manage our environmental impact by considered sourcing Our newsprint is made from 100% recycled fibre and is manufactured primarily by Palm Paper in King s Lynn to where we return waste newsprint as part of the delivery cycle thereby reducing transportation and enabling returned paper to be incorporated into the manufacture of virgin paper We also ensure that all our magazine paper is sourced from environmentally sustainable and controlled forests in Europe

In addition to arrangements for recycling newsprint, non-paper waste at Thorpe Print Centre is separated and collected for recycling as part of our ISO 14001 accreditation



Recycling
At all principal offices waste is segregated for recycling thus minimising the volume of waste sent to landfill The graph (left) illustrates the percentage of waste that is recycled at Prospect House the Group s largest operational centre

Supplier payment policy

The Group s policy is to trade fairly with all suppliers and to adhere to suppliers agreed payment terms and conditions As at 31 December 2013, the group held 23 days purchases outstanding in trade creditors (2012 26 days) ■

By order of the Board

JO Ellison
28 February 2014

Directors and officers









PHOTOS NICK DAWE

JOHN ELLISON *Company Secretary* **P**

John Ellison 62 was appointed Company Secretary of ECNG in February 1996

RICHARD JEWSON *Chairman* Non-executive **N R P**

Richard Jewson 69 joined the board of Eastern Counties Newspapers Group Limited (ECNG) in 1982 as a Non-executive Director and became Chairman in 1996

After running Jewson the timber and building merchant for 12 years he held the position of Managing Director and then Chairman of its holding company Meyer International Plc until he retired from that role in 1993 Subsequently he was Chairman of Savills Plc for 10 years and Deputy Chairman of awg plc He is currently a Director of Temple Bar Investment Trust Plc Tritax Big Box REIT plc Raven Russia Limited and a number of other unquoted companies

He is also HM Lord Lieutenant of Norfolk, a Trustee of Transforming Education in Norfolk and chairs the Council for the University of East Anglia

Richard chairs the remuneration and nominations committees

ADRIAN JEAKINGS *Chief Executive* **N P**

Adrian Jeakings 55 joined the Board as Finance Director in October 2002 and became Chief Executive in November 2008

Adrian is a Fellow of the Chartered Institute of Management Accountants and was Group Finance Director of The Stationery Office before joining Archant He is a graduate of Imperial College London and worked briefly as an engineer before training as an accountant at BICC plc After qualifying he joined the instrumentation division of Schlumberger where he was Finance Director of a number of business units based in France Before joining The Stationery Office he was Director - Finance Europe for Dun & Bradstreet Inc

Adrian is a Director of the PA Group Limited and is President of the Newspaper Society He is also a Governor of Norwich School

Adrian chairs the pensions committee

BRIAN McCARTHY *Finance Director* **P**

Brian McCarthy 51 joined the Board as Finance Director in November 2008

Brian is a Fellow of Chartered Accountants Ireland having qualified with Arthur Andersen in Dublin and Cambridge He joined Archant in January 2004 as Finance Director of Archant Regional Limited Previously he worked as Finance Director of an environmental company and prior to that he held a series of senior finance roles in the English Language Division of Pearson Education

He is also a Director of the Newspaper Licensing Agency and a Trustee of Transforming Education in Norfolk

SONITA ALLEYNE OBE Non executive

Sonita Alleyne 47 was appointed a Non-executive Director of Archant in 2012

After studying Philosophy at Cambridge University Sonita founded the cross-platform media production company Somethin Else in 1991 She was the CEO of the business for 18 years and a Non-executive Director for a further two years She is a board member of the British Board of Film Classification and the London Legacy Development Corporation a Trustee for the BBC Trust a member of the Court of Governors of the University of the Arts and chair of the Islington Arts and Media School Trust

She was a Non-executive Director at the Department for Culture Media and Sport and a previous member of the National Employment Panel and London Skills and Employment Board Sonita won the Carlton Multicultural Achievement Award for TV and Radio in 2002 and is a fellow of the Royal Society of Arts and the Radio Academy She was awarded an OBE for services to broadcasting in November 2003

SIMON COPEMAN Non-executive **A**

Simon Copeman 47 joined the board of ECNG in October 2001 as a Non-executive Director having previously been a member of the ECNG Newspapers board

Since 1990 he has held a variety of general management Six Sigma M & A sales and marketing positions with 3M UK plc and is currently their General Sales and Marketing Manager of the Traffic Safety and Security Division

DAVID HILL Non-executive **A**

David Hill 56 was appointed a Non-executive Director of Archant in June 2013

David has been Executive Chairman of Jarrold & Sons Ltd since 2002 He trained as a solicitor and worked in the banking department of City law firm Norton Rose before setting up an investment banking business David is a Governor of the 2nd Air Division Memorial Library a Trustee of the Royal Norfolk Agricultural Association and is a Deputy Lieutenant for Norfolk. He was formerly Deputy Chair of the University of East Anglia Council Chair of Norwich HEART and Chair of Norwich Playhouse

JOHNNY HUSTLER *Executive Director*

Johnny Hustler 58 joined the Board in January 2008 having served as a Director of a number of other Archant companies during 26 years of service with the Group

After graduating from Leeds University he went to Unilever and started his media career with Anglia Television in 1983 then joining the East Anglian Daily Times in 1987 In 1995 he moved to Eastern Counties Newspapers Limited as Marketing Director after which he served in a number of senior commercial roles before launching Archant Life in 2001 and managing its development through to 2011 when he became Managing Director of Archant Anglia Retiring from that role in December 2013 Johnny is currently responsible for the development of Archant Dialogue and Archant s new marketing services capability

Johnny chairs the Newspapers Society's Communication and Marketing Committee and is also a Governor of Norwich School

PETER TROUGHTON *Vice-Chairman* Non-executive **N R A**

Peter Troughton 65 joined the board of ECNG as a Non-executive Director in 1991 having served on the boards of East Anglian Daily Times Company Limited and Community Media Limited since 1984

Peter graduated from Trinity College Cambridge and served in HM Diplomatic Service before joining WHSmith Group plc where he became Managing Director News Division and later as a Director of the main board Managing Director Retailing He left in 1995 to become Deputy Chairman of Rothschild Asset Management until 1999 He is Chairman of Lowland Investment Company plc and a Director of JOHIM Global Investment Funds plc, and Waverton Funds plc

A former Trustee of the National Gallery he was appointed a Trustee of the Royal Collection in 2007 He is Pro-Chancellor and Chairman of the Council of the University of Bath and a Trustee of The Royal Opera House Endowment Fund

Peter chairs the audit committee

MIKE WALSH Non-executive **N R**

Mike Walsh 64 was appointed a Non-executive Director of Archant in February 2010

Mike is a Director of Ogilvy & Mather South Africa and of Ogilvy & Mather Africa Inc and a Non-executive of The Brand Union a global brand and creative design agency Formerly a main board Director of Ogilvy & Mather Worldwide for 16 years he was also for 12 years Chief Executive of their Europe Middle East and African operations He was also Senior Vice President for Business Development for Velti Plc After graduating from Durham in 1971 Mike joined Young & Rubicam and was appointed to the Board in 1981 before joining Ogilvy & Mather Plc in 1983

Mike was for six years Chairman of the UK Disasters Emergency Committee which is an umbrella organisation for 13 leading UK charities including The Red Cross Oxfam and Save the Children

N Member of the Nominations Committee
R Member of the Remuneration Committee
A Member of the Audit Committee
P Member of the Pensions Committee

Report and financial statements

for the year ended 31 December 2013

Registered office
Prospect House
Rouen Road
Norwich NR1 1RE

Auditors
Ernst & Young LLP
Cambridge

Report of the directors

The directors present their report and the audited financial statements of the Group for the year ended 31 December 2013

Results

The results for the year ended 31 December 2013 are set out in the Group profit and loss account on page 44 The loss after taxation of the Group for the year was £2,720,000 (2012 loss £14 569 000)

Dividends

The directors do not propose a final dividend in respect of 2013 No interim dividend was paid during the year

Share capital

The issued share capital of the Company is shown in Note 21 of the financial statements

Directors

The following directors held office during the year

SC Alleyne	
SC Copeman	
DJM Hill	(appointed 1 June 2013)
JAE Hustler	
AD Jeakings	
RW Jewson	
BG McCarthy	
PJC Troughton	
MJ Walsh	
RJ Wyatt	(resigned 30 November 2013)

Biographical details of the directors in office as at 31 December 2013 are set out on pages 28 and 29

The interests in the shares of the Company of the directors serving at the year end are disclosed in the Directors remuneration report on page 38

Corporate governance

The Company is not bound by the provisions of 'The UK Corporate Governance Code' but the Board remains committed to maintaining high standards of corporate governance

(a) Board composition and appointment

The Board currently comprises of nine directors six of whom including the Chairman and Vice-Chairman are non-executive

The directors have sought to ensure that the composition of the Board is such that the skills and expertise present in the board room whether derived from technical knowledge or practical experience, are those necessary for the Board to manage the Group effectively

The Articles of Association of the Company require that at each Annual General Meeting of the Company the number of directors most nearly equating to one third (disregarding those appointed by the Board since the previous Annual General Meeting) retire by rotation

(b) Role and operation of the Board

While the Board as a whole is responsible to shareholders for the proper management of the Group it has established the audit nominations, pensions and remuneration committees (the 'Committees') as standing committees with particular responsibilities, and other committees are established from time to time to deal with specific matters The terms of reference of the Committees are set and subject to periodic review by the Board The Board has also established a formal schedule of matters that it has determined should be decided upon only by the Board In particular, the Board determines the Group s strategy, approves the Group s business plan and budget, monitors the Group s financial performance determines the Group's funding strategy and reports to shareholders The Board also retains responsibility for determining the remuneration of the non-executive directors, save that the Chairman's fee is determined by the remuneration committee meeting in his absence

Meetings of the Board are minuted, as are those of the Committees of the Board, and all such minutes are considered and agreed at a later meeting of the relevant body usually the meeting following that to which they relate Directors are free to request that their specific views are recorded in those minutes and, in addition to them having access to the advice and services of the Company Secretary, a procedure exists whereby directors may take external advice at the expense of the Company in respect of matters of concern to them in their role as a director of the Company

Report of the directors

The Company Secretary has responsibility for ensuring that Board procedures are followed

The roles of the Chairman and Chief Executive are separate and the division of responsibilities has been formally set out and agreed by the Board

In addition to the six meetings of the Board scheduled at the beginning of the year and a full-day strategy meeting at which the Board considered the future direction of the Group's activities in detail, there were meetings of the Committees of the Board in 2013 Additionally the Board met either in full or via other duly constituted committees to consider specific matters on a number of other occasions in the year

The Chairman meets from time to time with the other non-executive directors in the absence of the executive directors usually on an informal basis

In 2013 in conjunction with the Institute of Directors a board governance analysis was undertaken concerning the Board s operation in key areas which included the role of the Board in setting strategy business principles internal controls risk management performance management boardroom activity Board Committees and the role of the Board members A report of the output from the analysis was considered by the Board

(c) Board committees

The composition of the Committees of the Board is set out on pages 28 and 29 together with directors biographical details

The Board has sought to appoint to the Committees those of their number who, together it considers to have the most appropriate skills to enable each committee to carry out its allotted functions Annually each committee undertakes a review of the committee's compliance with its relevant terms of reference and reports its findings to the Board

(i) Audit

The terms of reference of the audit committee which were last reviewed in 2012, assign to the committee among other matters responsibility for

- reviewing the integrity of the Company s financial statements, including the consistency of the application of, and changes to, accounting policies,
- considering and making recommendations to the Board in relation to the appointment, reappointment and removal of the Company s auditors
- overseeing the selection process for new auditors
- periodically assessing the independence and objectivity of the Company s auditors
- reviewing and approving the annual audit plan and agreeing the audit fee
- reviewing the effectiveness of the audit
- keeping under review the effectiveness of the Company s internal controls and risk management systems

(ii) Nominations

The terms of reference of the nominations committee, which were last reviewed in 2012, include a requirement that in respect of each proposed appointment to the Board the committee evaluate the balance of skills knowledge and experience on the Board and in the light of that evaluation, prepare a description of the role and capabilities required for a particular appointment

The committee is charged with identifying suitable candidates for appointment to the Board and with keeping under review the time commitments of the non-executive directors with a view to ensuring that those so appointed have sufficient time to properly discharge their duties in relation to the Company

The terms of reference of the committee also require it to keep under review the leadership needs of the organisation to give full consideration to succession planning for directors and other senior executives and in consultation with the Chairmen of those Committees to make recommendations to the Board concerning the composition of the audit and remuneration committees

Report of the directors

(iii) Remuneration

The terms of reference of the remuneration committee which were last reviewed in 2012 provide that the committee is responsible for determining and agreeing with the Board the framework and policy for the remuneration of certain senior executives and, in consultation with the Chairman and/or Chief Executive as appropriate determining the total individual remuneration package (including pensions bonuses, incentive payments and share awards) of those executives The senior executives concerned are the Chief Executive, who is not consulted in relation to his own remuneration his direct reports, the executive directors of the Company and the Company Secretary The committee excluding the Chairman also determines and agrees with the Board the remuneration of the Chairman

The terms of reference of the committee require it to review the design and targets of all performance-related pay and long-term share incentive schemes

(iv) Pensions

The terms of reference of the pensions committee were last reviewed in 2012 The pensions committee comprises the Chairman, Chief Executive, Finance Director HR Director, Company Secretary and Pensions Manager The Committee is responsible for the design of the Group s pension arrangements monitors the performance of the Group's pension schemes and makes recommendations to the Board in respect of the Group s pension arrangements in light of current circumstances, matters requiring consultation with the Trustee Company and anticipated developments

(d) Board's relations and communication with shareholders

Communication with shareholders is undertaken principally through the Annual Report, the Interim statement and at the Annual General Meeting The Company has taken advantage of the provisions of the Companies Act 2006 to distribute documents and information to members via its website and by electronic communication Any members wishing to receive such information electronically should contact the Company Secretary

The Chairman and Vice-Chairman are willing, subject to issues of commercial confidentiality, to discuss with any shareholder irrespective of the size of their holding, matters of concern to them in relation to the affairs of the Group The directors also hold a programme of meetings with major shareholders

(e) Internal control

The directors are responsible for the system of internal control in the Company and its subsidiaries and for reviewing its effectiveness

The control structure and procedures adopted are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement errors, losses or fraud

The key elements of internal control that have been established and that were in operation throughout 2013 (and up to and including, the date of this report), are

- Authority to manage the Group's operating units is delegated, subject to certain constraints determined by the Board Each of the principal operating units hold regular management meetings that are attended by senior executives of the Group Other matters of significance are reported where required,
- Annual financial and operational budgets and quarterly forecasts are prepared by operating units and reviewed and approved by senior executives of the Group and on a consolidated basis by the Board,
- Monthly management reports and accounts are prepared by all operating units and include comparisons to budget prior year and forecasts Significant variances are highlighted and investigated
- Formal procedures are used to assess material investments and capital projects and appropriate due diligence is carried out if a business acquisition is proposed
- The audit committee reviews the effectiveness of the financial control systems and reports areas of concern to the Board

Report of the directors

Procedures have been implemented to monitor the systems for safeguarding assets against unauthorised use for maintaining proper accounting records, and for ensuring the reliability of financial information within the business

The Board reviewed the effectiveness of all material controls including financial operational, compliance and risk management in 2013 through a formal procedure to identify, evaluate and manage such significant risks as the Group faces

Each operating unit prepares a risk matrix annually The matrix details risks that it is thought could prevent the achievement of the strategic objectives of that business unit and assesses the likelihood of their occurrence The measures in place, and proposed, in respect of the monitoring and management of each such risk are documented This information is reviewed with the Finance Director Thereafter senior management review the risks to the Group as a whole focusing in particular on those factors that could impact upon achievement of the Group s strategy

The outcome of the risk review process is summarised and reported upon annually to the audit committee, to whom responsibility for such annual review has been delegated by the Board

(f) Operation of the audit committee

The audit committee met on four occasions in 2013

The committee reviewed the 2012 Financial statements and the 2013 Interim statement prior to their publication

The committee met with the auditors in 2013 to discuss the audit in respect of the year ended 31 December 2012 matters of relevance to the 2012 Financial statements and the proposals for the conduct of the audit in respect of 2013 Other matters considered by the committee during 2013 included a review of the Group's tax policy, corporate governance mechanisms, the annual review of operational risk and a report in relation to the Group s insurances

(g) Internal audit

The audit committee considers periodically whether the introduction of an internal audit function would strengthen the control environment to the extent necessary to justify the additional costs and the impact on the operation of the business that such a function would entail

In the light of the scale and structure of the Group and the control environment in place the Board does not currently consider that the introduction of an internal audit function would materially benefit the Group

(h) Non-audit fees and auditor independence

The audit committee has an ongoing responsibility for monitoring the independence of the Company s auditors

The audit committee has placed certain restrictions on the use by the Group of the Company auditors Ernst & Young LLP (Ernst & Young), for non-audit matters Within such restrictions and in the light of the substantial knowledge that Ernst & Young have built up with regards to the Group and its affairs the considerable level of technical expertise that they can make available to the Group and the cost-effectiveness and efficiency of obtaining that expertise from a party who already has a detailed knowledge of the Group, Ernst & Young advised the Group in relation to tax compliance and general tax advice during the year

In accordance with auditing standards Ernst & Young have advised the Company in writing that the firm is independent within the meaning of regulatory and professional requirements and that the objectivity of the audit engagement partner and audit staff is not impaired Having reviewed that opinion the Board is of the opinion that the continuing provision to the Group by Ernst & Young of both audit and non-audit services has not compromised the independence of the auditors in relation to their audit of the affairs of the Company and the Group in respect of 2013

Report of the directors

Sums payable to Ernst & Young in relation to the 2013 audit were £91 000 and in relation to non-audit services provided in the year were £136,000

(i) Operation of the nominations committee
The nominations committee met on three occasions in 2013 to consider the appointment of David Hill as a non-executive director, agree the directors to stand for re-election at the 2014 Annual General Meeting, and consider the retirement of Richard Jewson as Chairman and the appointment of his successor

(j) Operation of the pensions committee
The pensions committee met on three occasions in 2013 to consider strategic and other pension matters on behalf of the Board including the implementation of the Archant Pension Plan and compliance with auto-enrolment requirements under workplace pensions regulations

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the Strategic report, the Report of the directors 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 the 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 Group and the Company and of the profit or loss of the Group for that period In preparing those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Group will continue in business

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group s and the Company s transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement as to disclosure of information to auditors
The directors who were members of the Board at the time of approving this report are detailed on page 29 Having made enquiries of fellow directors and of the Company s auditors each of these directors confirms that

- to the best of their knowledge and belief, there is no information relevant to the preparation of this report of which the Company's auditors are unaware and
- they have taken all the 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

Going concern
The Group's business activities together with the factors likely to affect its future development, are described in the Strategic report on pages 8 to 27

The Group has considerable financial resources available together with long-term contracts with principal suppliers As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future Accordingly the directors have continued to adopt the going concern basis in preparing the accompanying financial statements

Report of the directors

Qualifying third-party indemnity provisions
It has been the practice of the Company to indemnify its directors in accordance with the Company's Articles of Association and to the maximum extent permitted by law Indemnities that constitute qualifying third-party indemnity provisions as defined by section 234 of the Companies Act 2006 have been in place throughout the year and as at the date of this report remain in force Under those indemnities the Company has indemnified the directors, in accordance with the Company's Articles of Association in respect of liabilities that may attach to them in their capacity as directors of the Company or of associated companies

Auditors
The Company's auditors Ernst & Young LLP have indicated their willingness to continue in office and, in accordance with section 485 of the Companies Act 2006, a resolution proposing their reappointment will be put to the members at the forthcoming Annual General Meeting

Annual General Meeting
Notice of an Annual General Meeting of the Company to be held on 16 April 2014 is set out on page 85

By order of the Board

JO Ellison
Secretary
28 February 2014

Directors' remuneration report

Remuneration committee
The remuneration committee is chaired by Richard Jewson, who is both the Chairman and a non-executive director of the Company

Peter Troughton and Mike Walsh also served as members of the committee throughout the year, together with Richard Wyatt who served until the date of his resignation from the Board All members of the committee are non-executive directors The committee met on three occasions in 2013

Policy on remuneration of executive directors
The remuneration committee determines an overall remuneration package for each executive director of the Company with the intention of attracting and retaining high-quality executives capable of enabling the Group to achieve its objectives

In determining the elements of those packages the remuneration committee pays particular attention to remuneration levels in the industry and may take advice from external remuneration and other consultants where it considers it appropriate to do so

The main elements of the remuneration packages of the executive directors of the Company are

(a) Basic salary
Basic salary is subject to annual review by the remuneration committee with reference to such external data as the committee considers relevant

(b) Annual bonus (non-pensionable)
Each of the executive directors of the Company participates in an annual cash bonus scheme The payment of any such bonus is dependent in part upon the extent to which certain financial targets of the Group are met in relation to the particular year Payment of the balance depends on the extent to which the director achieves personal goals in the year in question

The targets and goals for each director are determined by the remuneration committee at the beginning of the financial year, and any such bonus is paid annually in arrears

(c) Long-term incentive plans ("LTIPs")
The shareholder-approved LTIPs are designed to align closely the interests of participating senior managers with those of shareholders by setting performance targets measured over a three-year period for each plan cycle The rules of each of the LTIPs stipulate the conditions that must be met and/or the circumstances that must arise in order for restrictions to be lifted or for the options to become exercisable For all plans the conditions that must be met are based on the financial performance of the Group The Group s adjusted earnings per share aggregated over a period of three years has been adopted as the measure of performance Any awards that do not meet the conditions within the specified timeframe are forfeited or lapse The maximum number of shares/options that may be awarded to any participant in any one year cannot exceed 100% of the participant's annual salary excluding bonuses

Awards under The Archant 2011 Long-term incentive plan (2011 LTIP") are in the form of options and comprise of two main elements

1) an HM Revenue & Customs (HMRC")-approved option granted at the market price of the shares on the date of award The maximum award of the approved options is £30,000 per person being held at any one time This element also comprises of a discretionary taxable cash bonus equivalent to the value of the exercisable approved option to enable participants to exercise their options at nil cost to them (with the exception of any tax liability due on the cash bonus) and
2) nil-cost options that are granted to individuals who are eligible for a grant that is in excess of the HMRC-approved option limit of £30 000

Since the initial grant made in 2011 no further options have been granted under the 2011 LTIP

Awards under the 2006 LTIP were made in the form of restricted shares Since the approval of the 2011 LTIP no awards have been made under the 2006 LTIP

Directors' remuneration report

(d) Employee share schemes

From time to time the Company offers an HMRC-approved Share incentive plan ('the SIP) Executive directors are entitled to participate in the SIP on the same basis as other eligible employees No offers have been made under the SIP since 2008

(e) HMRC-approved pension

The executive directors are either members of the Senior Management Section of the Defined Benefit Section of the Archant Pension & Life Assurance Scheme (the Scheme') or the Archant Pension Plan (further information is given in Note 29 to the financial statements)

For the Defined Benefit Section of the Scheme members who commenced pensionable service prior to 31 May 1989 were not subject to the statutory pensionable earnings cap introduced from 1 June 1989, nor to the scheme-specific earnings cap introduced from 6 April 2006 after the abolition of the statutory pensions earnings cap From 1 December 2009 members pensionable earnings were capped at the level of pensionable earnings over the 12 months to 1 December 2009 (the 2009 Cap) Any pension benefits on pensionable earnings above this capped level are provided through a Defined Contribution arrangement

The Senior Management Section of the Scheme provides a pension of up to one-thirtieth of the participant s final pensionable salary for each year of pensionable service so that members with at least 20 years pensionable service can achieve a pension of two-thirds final pensionable salary (subject to the 2009 Cap) at the member s normal retirement age Benefits cannot exceed the maximum lifetime allowance laid down by HMRC

The Archant Pension Plan is a Defined Contribution Scheme and provides a pension at retirement based on the value of the member's fund including investment returns, the type of annuity chosen and annuity rates in place at the time

From 1 May 2009 the Company introduced SMART, a salary sacrifice arrangement whereby each pension scheme member was given the option to have their pension contributions paid by the Group and the member's contractual pay was reduced by the amount of those contributions Each executive director opted to have their contributions paid by SMART

Adrian Jeakings is a deferred member of the Senior Management Section of the Scheme having left active membership on 30 April 2013 Prior to leaving active membership of the Scheme the Company had agreed to pay Adrian Jeakings a non-pensionable supplement of 25 per cent of pensionable earnings above the 2009 Cap After ceasing active membership of the Scheme, the Company has agreed to pay an additional non-pensionable supplement of 33 per cent of pensionable earnings up to the 2009 Cap

Johnny Hustler was an active member of the Senior Management Section of the Scheme during 2013 and was not subject to the statutory earnings cap or the scheme-specific earnings cap but was subject to the lifetime limit and 2009 Cap Member pension contributions on any pensionable earnings above the 2009 Cap were made under SMART into the Defined Contribution top-up arrangement, which the Company matched at a rate of 1 5 times Johnny Hustler retired from active membership of the Scheme on 31 December 2013 and is now a pensioner member

Brian McCarthy is a member of the Archant Pension Plan and opted to have his contributions paid under SMART, and the Company matches these contributions at a rate of 2 5 times

For the executive directors the Scheme has taken out a life insurance policy under which a lump sum of four times ' Reference Salary (member s salary before any reduction for salary sacrifice) is payable on death in service Spouse s and/or dependants' pension benefits are also payable for death in service

(f) Other benefits

In common with those other senior executives of the Group, the executive directors are offered a company car or are paid an annual cash sum as determined by the committee in lieu of the provision of a car

Brian McCarthy has group income protection insurance cover which provides an income for five years in the event of long-term sickness and a lump sum insurance cover of 1 5 times his Reference Salary, if he remains unable to work after the five-year insured period

Each of the executive directors may elect to have the Group make the benefits of private health insurance available for themselves and if they so choose their spouse partner and/or eligible children

Directors' remuneration report

Policy on remuneration of non-executive directors

Subject to the restrictions contained in the Articles of Association of the Company, the fees of non-executive directors are determined by the Chairman and executive directors in the light of such external advice as they consider appropriate to take and recommendations made to them by the Chairman and Chief Executive The Chairman's fee is determined by the remuneration committee in his absence

Service contracts

(a) Executive directors

It is the policy of the Company that contracts with executive directors should continue until between age 60 and 65 subject to earlier termination by either party on 12 months' notice in writing, save where the agreement may be terminated summarily for a significant and/or specified breach

(b) Non-executive directors

It is the policy of the Company to engage non-executive directors on fixed-term contracts for periods of three years Such contracts, which are generally renewable are, however, subject to termination on one month s notice, or three months notice in the case of the Chairman

Directors' emoluments

		Salary/fees £000	Performance-related bonus £000	Other benefits £000	Value of all pension related benefits accrued during the year		Total £000
					Defined contribution £000	Defined benefit £000	
SC Alleyne[1]	**2013**	**25**	-	-	-	-	**25**
	2012	23	-	-	-	-	23
SC Copeman	**2013**	**25**	-	-	-	-	**25**
	2012	25	-	-	-	-	25
DJM Hill[2]	**2013**	**15**	-	-	-	-	**15**
	2012	-	-	-	-	-	-
JAE Hustler[3]	**2013**	**160**	**7**	**12**	**2**[6]	-	**181**
	2012	146	36	11	2[6]	-	195
AD Jeakings[4]	**2013**	**284**	**7**	**82**[7]	-	**6**	**379**
	2012	284	98	56[7]	-	35	473
RW Jewson	**2013**	**90**	-	-	-	-	**90**
	2012	109	-	-	-	-	109
BG McCarthy	**2013**	**162**	**7**	**13**	**28**	-	**210**
	2012	162	58	13	28	-	261
PJC Troughton	**2013**	**29**	-	-	-	-	**29**
	2012	29	-	-	-	-	29
MJ Walsh	**2013**	**25**	-	-	-	-	**25**
	2012	25	-	-	-	-	25
REJ Wyatt[5]	**2013**	**23**	-	-	-	-	**23**
	2012	25	-	-	-	-	25
Total	**2013**	**838**	**21**	**107**	**30**	**6**	**1,002**
	2012	828	192	80	30	35	1165

[1] SC Alleyne was appointed to the Board with effect from 1 February 2012
[2] DJM Hill was appointed to the Board with effect from 1 June 2013
[3] JAE Hustler s contractual working days from January 2012 to June 2012 were four days per week and from June 2012 reverted to five days per week
[4] Highest-paid serving director as at 31 December 2013
[5] REJ Wyatt resigned from the Board with effect from 30 November 2013
[6] Both in 2012 and 2013 the Company and Mr Hustler paid Defined Contribution top-up payments on pensionable earnings above the 2009 Cap Mr Hustler s contributions were matched at a rate of 1 5 times equating to an employer contribution rate of 10 5%
[7] AD Jeakings was paid 25% of pensionable earnings above the 2009 Cap as a cash supplement and since 30 April 2013 when he ceased active membership of the Scheme an additional cash supplement of 33% of pensionable earnings up to the 2009 Cap These figures were previously disclosed under other pension provisions

Adrian Jeakings has been permitted to retain those fees payable to him in respect of his directorship of PA Group Limited No other fee-paying external positions were held by any of the Executive Directors

Directors' remuneration report

Directors' interests in shares

The interests in the shares of the Company of those individuals who were directors at the year end were as follows

	20p ordinary shares at 1 January 2013	20p ordinary shares at 31 December 2013
SC Alleyne	-	-
SC Copeman	57 222 24 500 [2]	57 222 24,500[1 2]
DJM Hill	-	10,000
JAE Hustler[4]	8,826 14 000[3]	8 826 -
AD Jeakings[4]	21 602 42 000[3]	21 602 -
RW Jewson	35 697	35,697
BG McCarthy[4]	4,728 22 400[3]	4 728 -
PJC Troughton	91 755	176 744
MJ Walsh	5,000	5 000

[1] Non beneficial
[2] Joint with others
[3] Restricted shares awarded under 2006 LTIP (see page 42)
[4] The director was invited to participate in the SIP on the same basis as other eligible employees As a result the director has obtained and as at 31 December 2013 retained the awards of shares under the SIP as shown below No awards have been made under the SIP since 2008

Share incentive plan

Date of award Price paid for partnership shares (pence per share)	6 October 2003 1000	17 June 2004 1250	28 June 2005 1500	31 May 2006 1325	30 May 2007 1150	30 May 2008 800
JAE Hustler						
Partnership shares	7	6	5	5	6	-
Matching shares	14	12	10	10	12	-
Free shares	28	22	19	22	25	36
Total	**49**	**40**	**34**	**37**	**43**	**36**
AD Jeakings						
Partnership shares	-	6	5	5	6	9
Matching shares	-	12	10	10	12	18
Free shares	-	22	19	22	25	36
Total	-	**40**	**34**	**37**	**43**	**63**
BG McCarthy						
Partnership shares	-	-	5	5	6	9
Matching shares	-	-	10	10	12	18
Free shares	-	-	19	22	25	36
Total	-	-	**34**	**37**	**43**	**63**
Total	**49**	**80**	**102**	**111**	**129**	**162**

All such shares, none of which are included in the numbers set out in the principal table, are currently held by the SIP Trustee pursuant to the rules of the SIP

No sum was paid or payable in respect of the matching shares or the free shares

As far as the Company is aware, none of the directors of the Company at 31 December 2013 had any interests in any shares in the Company or any of its subsidiaries at 1 January 2013, 31 December 2013 or 28 February 2014 save as disclosed above

Directors' remuneration report

Options and invitations to subscribe held by directors

Save as disclosed in the section below headed 'Long-term incentive plans' as far as the Company is aware no director had options outstanding over any share in the Company at any time during 2013 and none has been granted any option over any such share since the end of that year

Long-term incentive plans

Awards of options made under the 2011 LTIP to those individuals who were directors of the Company at any time during the year and that remained outstanding at any time during the year were as follows

	Awards held at 1 January 2013	Granted during year	Exercised during year	Awards held at 31 December 2013	Market price on exercise	Exercise price £	Date from which exercisable	Date of expiry of options
JAE Hustler	20 000	-	-	20 000	-	4 00	16 June 2014	16 June 2021
AD Jeakings	41 000	-	-	41 000	-	4 00	16 June 2014	16 June 2021
BG McCarthy	22,000	-	-	22 000	-	4 00	16 June 2014	16 June 2021

Awards of restricted shares made under the 2006 LTIP to those individuals who were directors of the Company at any time during the year and that remained outstanding at any time during the year were as follows

	Cycle ending 31 December	Date of award	Market price at time of award	Awards held at 1 January 2013	Awarded during the year	Forfeited during the year	Awards outstanding at 31 December 2013
			Pence per share	Number of 20p ordinary shares	Number of 20p ordinary shares	Number of 20p ordinary shares	Number of 20p ordinary shares
JAE Hustler	2012	14 May 2010	525	14,000	-	14 000	-
AD Jeakings	2012	14 May 2010	525	42 000	-	42 000	-
BG McCarthy	2012	14 May 2010	525	22 400	-	22 400	-

Where reference is made in this document to market price at a date prior to 8 June 2004 this is the price that at the relevant time, the Board had indicated it was willing to offer for sale shares that a shareholder had asked it to offer for sale pursuant to Article 39 of the Articles Where reference is made in this document to market price at a date on or after 8 June 2004 this is the price at which shares had most recently then been traded via the matched bargain facility operated in respect of shares in the Company Any values of shares in Archant referred to in this document have been calculated solely by reference to such prices

Approved by the Board and signed on its behalf by

RW Jewson
Chairman
28 February 2014

Independent auditor's report to the members of Archant Limited

(company number 4126997)

We have audited the financial statements of Archant Limited for the year ended 31 December 2013, which comprise the Group profit and loss account the Group statement of total recognised gains and losses, the Group reconciliation of movements in shareholders' funds, the Group and Company balance sheets the Group statement of cash flows and the related notes 1 to 29 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 auditor
As explained more fully in the Statement of directors responsibilities set out on page 36 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 Group s and 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 Report 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 Group s and of the Company s affairs as at 31 December 2013 and of the Group's loss for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic report and the Report of the directors 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 by the Company, or returns adequate for our audit have not been received from branches not visited by us or
- the Company 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

Robert Forsyth
Senior statutory auditor
for and on behalf of
Ernst & Young LLP
Statutory Auditor
Cambridge
28 February 2014

Notes

1 The maintenance and integrity of the Archant Limited website is the responsibility of the directors the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website

2 Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Group profit and loss account

for the year ended 31 December 2013

	Notes	2013 £000	2012 £000
Group turnover			
Continuing operations		**126,623**	131,366
Operating profit before amortisation, impairment and exceptional items			
Continuing operations	2	**9,404**	6 301
Amortisation of goodwill and other intangible assets	11	**(4,166)**	(4,560)
Amortisation of film copyright	3,11	**(1,613)**	-
Impairment of intangible assets	3 11	**(4,555)**	(4 815)
Restructuring and other exceptional costs	3	**(1,329)**	(1 312)
Film royalty income	3	**1,929**	-
Group operating loss	2	**(330)**	(4,386)
Profits on disposals of intangible fixed assets	3	**400**	-
Profits less losses on disposals of fixed asset investments	3	**51**	-
Profit/(loss) on ordinary activities before investment income, interest and taxation		**121**	(4,386)
Income from investments	5	**437**	19
Interest payable	6	**(1,169)**	(5,571)
Other finance expense	29	**(148)**	(783)
Loss from ordinary activities before taxation		**(759)**	(10,721)
Tax on loss from ordinary activities	7	**(1,974)**	(4 053)
Loss from ordinary activities after taxation		**(2,733)**	(14,774)
Minority interests		**13**	205
Loss for the financial year attributable to members of the parent company		**(2,720)**	(14 569)
Earnings/(loss) per share - Basic	10	**(19 9p)**	(106 4p)
Continuing operations	10	**(19 9p)**	(106 4p)
Diluted	10	**(19 9p)**	(106 4p)
Adjusted	10	**45 9p**	19 8p

There is no material difference between the profits calculated on a historical cost basis and those presented above

Group statement of total recognised gains and losses

for the year ended 31 December 2013

	Note	2013 £000	2012 £000
Loss for the financial year attributable to members of the parent company		**(2,720)**	(14 569)
Actuarial gains/(losses) recognised on defined-benefit pension scheme	29	**16,116**	(34)
Movement on deferred tax asset associated with pension scheme deficit		**(3,720)**	10
Change in deferred tax asset on pension scheme deficit arising from a change in the rate of corporation tax		**(236)**	(594)
Total recognised gains and (losses) relating to the year		**9,440**	(15 187)

Group reconciliation of movements in shareholders' funds

for the year ended 31 December 2013

	Note	2013 £000	2012 £000
Opening shareholders funds		**22,238**	40 174
Total recognised gains and losses		**9,440**	(15,187)
Dividends	9	**-**	(2,752)
Issue of new shares		**8**	10
Purchases of own shares		**(9)**	(7)
Total movements in the year		**9,439**	(17,936)
Closing shareholders funds		**31,677**	22 238

Balance sheets

as at 31 December 2013

	Notes	Group 2013 £000	Group 2012 £000	Company 2013 £000	Company 2012 £000
Fixed assets					
Intangible assets	11	**35,329**	45 711	**-**	-
Tangible assets	12	**25,471**	28 960	**1**	1
Investments	13	**174**	91	**166,862**	166,863
		60,974	74 762	**166,863**	166 864
Current assets					
Stocks	14	**1,253**	1 267	**-**	-
Debtors	15	**18,269**	19 297	**82,384**	85 806
Cash at bank and in hand	16	**3,777**	3 663	**2**	7
		23,299	24,227	**82,386**	85 813
Creditors - amounts falling due within one year	17	**33,012**	34,622	**3,297**	3 017
Net current (liabilities)/assets		**(9,713)**	(10 395)	**79,089**	82 796
Total assets less current liabilities		**51,261**	64,367	**245,952**	249,660
Creditors - amounts falling due after more than one year	18	**9,645**	18 515	**206,244**	205,210
Provisions for liabilities	20	**640**	751	**-**	-
Net assets excluding pension scheme liability		**40,976**	45,101	**39,708**	44,450
Defined-benefit pension liability	29	**9,299**	22 857	**-**	-
Net assets		**31,677**	22 244	**39,708**	44,450
Capital and reserves					
Called-up share capital	21	**2,875**	2 873	**2,875**	2,873
Share premium account	22	**2,631**	2,625	**2,631**	2,625
Revaluation reserve	22	**248**	255	**-**	-
Other reserves	22	**288**	2,647	**(5,081)**	(5,072)
Profit and loss account	22	**25,635**	13 838	**39,283**	44 024
Shareholders' funds		**31,677**	22 238	**39,708**	44,450
Minority interests		**-**	6	**-**	-
		31,677	22,244	**39,708**	44,450

RW Jewson
Chairman

BG McCarthy
Finance Director

28 February 2014

Group statement of cash flows

for the year ended 31 December 2013

	Notes	2013 £000	2012 £000
Cash flow from operating activities	23	**10,410**	7,572
Returns on investments and servicing of finance	24	**(305)**	(1,055)
Taxation		**1,479**	(11)
Capital expenditure and financial investment	24	**(793)**	(1 298)
Acquisitions and disposals	24	**(53)**	(266)
Equity dividends paid	9	**-**	(2 752)
Cash inflow before use of liquid resources and financing		**10,738**	2 190
Financing	24	**(10,659)**	(1 619)
Increase in cash	25	**79**	571

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 25)

	2013 £000	2012 £000
Increase in cash	**79**	571
Cash flow from decrease in loans	**9,000**	1 000
Loan issue costs	**45**	622
Change in net debt resulting from cash flows	**9,124**	2 193
Amortisation of loan issue costs	**(175)**	(513)
Change in net debt	**8,949**	1 680
Net debt at 1 January	**(15,707)**	(17 387)
Net debt at 31 December	**(6,758)**	(15,707)

Notes to the financial statements

for the year ended 31 December 2013

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention modified by the revaluation of certain freehold and leasehold properties and in accordance with UK Generally Accepted Accounting Practice

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings drawn up to 31 December each year No profit and loss account is presented for the Company as permitted by section 408 of the Companies Act 2006

Entities in which the Group holds an interest on a long-term basis and are jointly controlled by the Group and one or more other venturers under a contractual arrangement are treated as joint ventures In the Group financial statements, joint ventures are accounted for using the gross equity method

Intangible fixed assets

(a) Newspaper and magazine titles

On the acquisition of a business the cost of investment is allocated between net tangible assets goodwill and newspaper or magazine titles on a fair-value basis The fair value of newspaper titles is assessed by the directors at the date of acquisition supported by a comparative view of similar transactions within the newspaper industry The fair value of magazine titles is limited to an amount that does not create or increase any negative goodwill arising on the acquisition

Newspaper and magazine titles are amortised on a straight-line basis over their estimated useful lives subject to a maximum of 20 years The carrying value of newspaper and magazine titles is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable Newspaper and magazine titles created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred

Newspaper and magazine titles acquired prior to 31 December 1997 were classified as goodwill and written off directly to reserves

(b) Goodwill

Goodwill arising on acquisitions prior to 31 December 1997 was set off directly against reserves and has not been reinstated on implementation of FRS 10

Goodwill arising on acquisitions since 1 January 1998 is capitalised classified as an asset on the balance sheet, and amortised on a straight-line basis over its useful economic life subject to a maximum of 20 years It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

If a subsidiary, associate or business is subsequently sold or closed any goodwill arising on acquisition that was written off directly to reserves is taken into account in determining the profit or loss on sale or closure

Notes to the financial statements

for the year ended 31 December 2013

1 ACCOUNTING POLICIES (continued)

Tangible fixed assets

Freehold properties are carried at their frozen 1996 valuations as permitted by FRS 15 Tangible Fixed Assets , as adjusted for subsequent additions disposals depreciation and impairment, if any

All other assets are stated at cost less accumulated depreciation and impairment if any Such cost includes the cost of refurbishing or replacing part of an asset provided that the recognition criteria are met

Freehold land is not depreciated Depreciation and amortisation is provided on all other assets on a straight-line basis estimated to write off the cost or valuation of those assets less their estimated residual values over their useful lives at the following rates

Freehold buildings		2%
Leasehold buildings	- long	2%
	- short	Period of lease
Plant, equipment and vehicles		Between 7% and 33%

Website development costs

Costs incurred in the development and maintenance of websites are expensed as incurred, and are only capitalised if the criteria specified in UITF 29 Website development costs are met

Leases

Assets acquired under finance leases are capitalised in the balance sheet and depreciated over the shorter of their respective lease terms and the estimated useful lives of the assets

Rentals paid under operating leases are charged to income on a straight-line basis over the term of the lease

Stocks

Stocks are stated at the lower of cost and net realisable value Cost includes all costs incurred in bringing each product to its present location and condition

Raw materials and consumables are stated at purchase cost on a first-in, first-out basis

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposals of fixed assets that have been rolled over into replacement assets only to the extent that, at the balance sheet date there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when the replacement assets are sold
- 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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material

Notes to the financial statements

for the year ended 31 December 2013

1 ACCOUNTING POLICIES (continued)

Foreign currency transactions

Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date All exchange differences are taken to the profit and loss account

The trading results of foreign subsidiary undertakings are translated into sterling at average rates for the year All other exchange differences are taken to the profit and loss account

Pensions

The Archant Pension & Life Assurance Scheme (the Scheme) has a defined-benefit section that requires contributions to be made to separately administered funds The defined-benefit section was closed to new members in February 1998 from which time membership of a defined-contribution scheme has been available

The cost of providing benefits under the defined-benefit section is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined-benefit obligations) and is based on actuarial advice Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested When a settlement or curtailment occur the change in the present value of the Scheme liabilities and the fair value of the Scheme assets reflects the gain or loss that is recognised in the profit and loss account Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction

The interest element of the defined-benefit cost represents the change in present value of the Scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year The expected return on Scheme assets is based on an assessment made at the beginning of the year of long-term market returns on Scheme assets adjusted for the effect on the fair value of Scheme assets of contributions received and benefits paid during the year The difference between the expected return on Scheme assets and the interest cost is recognised in the profit and loss account as other finance income or expense

Actuarial gains and losses are recognised in full in the Group statement of total recognised gains and losses in the period in which they occur Any difference between the expected return on Scheme assets and that actually achieved and any differences that arise from experience or assumption changes are also charged through the Group statement of total recognised gains and losses

The defined-benefit pension asset or liability in the Group balance sheet comprises the present value of the defined-benefit obligation (using a discount rate based on high-quality corporate bonds) less any past service cost not yet recognised and less the fair value of Scheme assets out of which the obligations are to be settled directly net of deferred tax Fair value is based on market price information and in the case of quoted securities is the published bid price The value of a net defined-benefit pension asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the Scheme

The Group operates a defined-contribution pension scheme which is open to eligible employees The Group's contributions are charged to the profit and loss account in the year in which they are payable

Additionally the Group contributes to a small number of personal pension plans for certain employees who are not participants in one of the Group s pension schemes

The Group also makes provision for the capital value of unfunded pensions to certain current and former employees in accordance with independent actuarial advice

Notes to the financial statements

for the year ended 31 December 2013

1 ACCOUNTING POLICIES (continued)

Segment reporting
Group activities are predominantly UK-based and comprise a single trade of publishing newspapers and magazines in print online and through mobile technologies and printing newspapers

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities Revenue is shown net of value added tax, trade discounts and anticipated returns after eliminating sales within the Group

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group s activities as follows

- Advertising and circulation revenues are recognised on publication or display
- Subscription revenues are recognised over the periods to which the subscriptions relate
- Printing and contract publishing revenues are recognised on delivery of the publication
- Other revenues are recognised when the goods or services have been supplied or provided to the customer and there is a contractual obligation for the customer to pay for those goods or services

Share-based payments – equity-settled transactions
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 reference to the price at which shares in the Company have most recently traded through the matched bargain facility

At each balance sheet date before vesting, the cumulative expense is calculated representing the extent to which the vesting period has expired and the management s best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity

Notes to the financial statements

for the year ended 31 December 2013

2 GROUP OPERATING PROFIT/(LOSS)

	Notes	**2013 £000**	2012 £000
Turnover from continuing operations		**126,623**	131,366
Operating costs			
Raw materials and consumables		**9,785**	10,964
Staff costs	4	**53,007**	56,154
Depreciation of tangible fixed assets	12	**4,747**	4,689
Losses/(profits) on disposal of tangible fixed assets		**12**	(81)
Rental of property		**1,116**	1,268
Rental of plant and equipment		**2,044**	2,227
Auditors' remuneration			
• Group audit		**91**	90
• Tax compliance		**136**	128
• Other services		**-**	53
Other operating charges		**46,281**	49,573
		117,219	125 065
Operating profit before amortisation, impairment and exceptional items		**9,404**	6 301
Amortisation of goodwill and intangible assets	11	**(4,166)**	(4,560)
Amortisation of film copyright	3 11	**(1,613)**	-
Impairment of intangible assets	3,11	**(4,555)**	(4,815)
Film royalty income	3	**1,929**	-
Exceptional costs	3	**(1,329)**	(1 312)
Operating loss		**(330)**	(4,386)

Notes to the financial statements

for the year ended 31 December 2013

3 EXCEPTIONAL ITEMS

		Cash flow impact		Profit and loss account	
		2013	2012	**2013**	2012
	Note	**£000**	£000	**£000**	£000
Recognised in arriving at operating profit					
Amortisation of film copyright	11	**-**	-	**(1,613)**	-
Film royalty income		**-**	-	**1,929**	-
Impairment of intangible assets	11	**-**	-	**(4,555)**	(4,815)
Restructuring costs		**(1,312)**	(1 557)	**(1,271)**	(978)
Group legal restructuring		**(1)**	(425)	**-**	-
Costs incurred in preparation for pensions auto-enrolment		**(77)**	(125)	**(77)**	(125)
Claim from The Dublin Daily News Limited		**(95)**	(176)	**5**	224
Tax compliance litigation		**(176)**	(233)	**14**	(433)
		(1,661)	(2 516)	**(5,568)**	(6 127)
Recognised below operating profit					
Profits on disposals of intangible fixed assets		**508**	-	**400**	-
Profits less losses on disposals of fixed asset investments		**59**	-	**51**	-
Special dividend from The Press Association		**352**	-	**352**	-
Accrued interest on potential corporation tax liabilities		**-**	-	**(302)**	(4,057)
		919	-	**501**	(4 057)
Total exceptional items		**(742)**	(2,516)	**(5,067)**	(10,184)

Film royalty income and amortisation of film copyright
The Group owned the copyright and physical material of two films, which were carried at estimated net realisable value, calculated as the minimum value of royalties receivable The distribution agreements for the films expired in December 2013, at which time the Group received the royalties due under those agreements, and amortised the carrying value of the films to reduce the carrying value to nil The Group subsequently sold the copyright and physical material in the films, the profits and proceeds of which are included in the profits on disposals of intangible fixed assets above

Restructuring costs
The restructuring costs arise from redundancies and related property exit and relocation costs resulting from a number of initiatives to improve the productivity of the operating divisions

Group legal restructuring
Certain costs in respect of the 2011 legal restructuring have been settled in 2012 and 2013

Notes to the financial statements

for the year ended 31 December 2013

3 EXCEPTIONAL ITEMS (continued)

Costs incurred in preparation for pensions auto-enrolment

The government has introduced auto-enrolment for pensions, implemented by the Group from 1 December 2013 These costs have been incurred to ensure that the Group was able to comply with this new legislation

Claim from The Dublin Daily News Limited

In July 2003 The Dublin Daily News Limited (DDN), a newspaper publishing company based in Dublin in which the Group had taken a 20% holding, ceased trading

The Company received a statement of claim dated 8 February 2008 from the liquidator of DDN seeking judgement in the sum of approximately €500 000 plus costs in relation to non-cash consideration for the issue to the Company of shares in DDN In November 2012, a final settlement of this claim was negotiated and agreed at an amount less than that provided in prior years financial statements

Tax compliance litigation

These costs relate to the long-standing tax dispute with HM Revenue and Customs (HMRC) in respect of potential tax liabilities dating back to 2003 As noted in the 2012 financial statements, the Group provided for corporation tax of £3 695,000, being the maximum tax liabilities that may be incurred as a result of a challenge by HMRC in respect of licensing agreements The Group has also provided an aggregate of £4 359,000 (2012 £4 057000) being the accrued interest on these potential corporation tax liabilities

All exceptional items recognised in arriving at operating profit arise from the continuing operations of the Group

Notes to the financial statements

for the year ended 31 December 2013

4 STAFF COSTS

Average monthly number of staff	Group 2013	Group 2012	Company 2013	Company 2012
Publishing and printing	**1,748**	1,797	**-**	-
Group head office	**25**	25	**25**	25
	1,773	1 822	**25**	25
Full-time equivalents	**1,652**	1 702	**23**	23

Pay and benefits	Group 2013 £000	Group 2012 £000	Company 2013 £000	Company 2012 £000
Wages and salaries	**44,490**	46,569	**1,563**	1,612
Social security costs	**4,349**	4 554	**202**	206
Other pension costs	**4,168**	5,031	**339**	348
	53,007	56 154	**2,104**	2,166

The average monthly number of staff shown above for the Group head office includes seven (2012 six) non-executive directors of the Company

Directors emoluments and other benefits are disclosed in the Remuneration report on page 38

Share-based payments
The Group operates a Long-term incentive plan and a Share incentive plan, both of which may result in eligible employees of the Group receiving part of their remuneration in the form of shares in the Company (equity-settled transactions ')

The expense recognised for share-based payments in respect of employee services received during the year ended 31 December 2013 is £nil for both the Group and the Company (2012 £nil for both the Group and the Company)

2011 Long-term incentive plan (2011 LTIP)
The 2011 LTIP was approved by shareholders at the AGM on 13 April 2011

In any financial year, an employee may be granted approved share options and nil-cost options over shares in the Company, the final vesting of which is subject to continued employment within the Group and satisfaction of the performance conditions

For the options awarded the proportion that vests will be determined by the Group's adjusted earnings per share, aggregated over a three-year period, measured against targets set at the beginning of the plan cycle

No options have been granted since 2011

The approved share options and nil-cost options can be exercised between the third and tenth anniversary of grant The remuneration committee may award a participant a conditional discretionary bonus award, payable in cash, the maximum gross amount of which is equivalent to the value of the approved share options subject to the bonus award on the grant date

Notes to the financial statements

for the year ended 31 December 2013

4 STAFF COSTS (continued)

2011 Long-term incentive plan (2011 LTIP) (continued)

Share options issued under the 2011 LTIP	Number of shares	Weighted average exercise price £
Outstanding at 31 December 2012	150,000	4 00
Lapsed during the year	(4,000)	4 00
Outstanding at 31 December 2013	146 000	4 00

It is not anticipated that the performance conditions will be met, and no provision has been made for the cost of any options outstanding at the year end that may be exercised in future years

Share incentive plan (SIP)
The SIP is an HMRC-approved scheme Eligible employees may be invited from time to time to purchase shares (Partnership Shares) in the Company, and may be awarded further shares either conditional on the purchase of Partnership Shares ('Matching Shares") and/or unconditionally ('Free Shares) All SIP shares are held by the SIP Trustee on behalf of the participating employees

The Company funds the SIP Trustee to purchase Matching Shares and Free Shares on behalf of participants in accordance with the rules of the SIP (the Rules) The shares so acquired are valued by reference to the price at which shares in the Company have most recently traded through the matched bargain facility The value of Matching and Free Shares awarded is recognised in the profit and loss account in the year that the award is made The SIP Trustee also acquires, without cost shares as a result of their forfeiture by SIP participants in accordance with the Rules

5 INCOME FROM INVESTMENTS

	2013 £000	2012 £000
Income from investments	**379**	19
Interest received	**58**	-
	437	19

6 INTEREST PAYABLE

	2013 £000	2012 £000
Bank overdrafts and loans	**692**	1,000
Amortisation of loan issue costs	**175**	513
Accrued interest on potential corporation tax liabilities	**302**	4 058
	1,169	5 571

Notes to the financial statements

for the year ended 31 December 2013

7 TAX ON LOSS FROM ORDINARY ACTIVITIES

(a) Tax on loss from ordinary activities

The taxation charge is made up as follows

	Note	2013 £000	2012 £000
Current tax			
UK corporation tax		**246**	60
Tax under/(over)provided in prior years		**462**	(470)
Exceptional tax provided in respect of prior years		**-**	3,695
Current tax on loss from ordinary activities	7(b)	**708**	3,285
Deferred tax			
Origination and reversal of timing differences		**1,357**	188
Origination and reversal of pension scheme timing differences		**400**	156
Adjustments in respect of prior years,		**(556)**	287
Adjustment arising from change in rate of corporation tax		**65**	137
Total deferred tax		**1,266**	768
Tax on loss from ordinary activities		**1,974**	4 053

(b) Factors affecting tax charge

The tax assessed on the loss from ordinary activities for the year is higher (2012 higher) than the standard rate of corporation tax in the UK of 23 25% (2012 24 5%) The differences are reconciled below

	Note	2013 £000	2012 £000
Loss from ordinary activities before tax		**(759)**	(10 721)
Loss from ordinary activities multiplied by standard rate of corporation tax in the UK		**(176)**	(2,627)
Expenses not deductible for tax purposes		**170**	274
Non-taxable income		**(88)**	-
Ineligible amortisation of goodwill and intangible assets		**805**	1,330
Ineligible impairment of intangible assets		**1,059**	547
Accelerated capital allowances		**654**	1,179
Other timing differences		**(419)**	(162)
Trading losses and loan relationship deficits not utilised		**547**	1 604
Utilisation of tax losses and loan relationship deficits brought forward		**(2,216)**	(2,085)
Adjustment to accounting profits for capital gains		**(90)**	-
Tax under/(over)provided in previous years		**462**	(470)
Exceptional tax provided in respect of previous years		**-**	3 695
Total current tax	7(a)	**708**	3,285

Notes to the financial statements

for the year ended 31 December 2013

7 TAX ON LOSS FROM ORDINARY ACTIVITIES (continued)

(c) Factors that may affect future tax charges

The Finance Act 2013 enacted on 17 July 2013 reduced the main rate of UK Corporation Tax to 21% from 1 April 2014 and to 20% from 1 April 2015 The Group expects that substantially all of the gross timing differences at 31 December 2013 excluding the pension scheme deficit will reverse in 2014 Due to the expected reversals of timing differences in 2014 deferred tax has been calculated at 21% in these financial statements The effect of the announced reduction to 20% would be to reduce the deferred tax asset by approximately £150,000

The above changes to the rates of corporation tax will impact the amount of future cash tax payments to be made by the Group

No provision has been made for deferred taxation where potentially taxable gains have been rolled over into replacement assets Such gains would become taxable only if the assets were sold without it being possible to claim rollover relief The amount not provided is £303,000 (2012 £332,000) It is not envisaged that any tax will become payable in this respect in the foreseeable future

The Group has tax losses arising in the UK of approximately £7800 000 (2012 £8 100 000) that are available indefinitely for offset against future taxable profits A deferred tax asset has been recognised in respect of these losses as on the basis of all available evidence it is regarded as more likely than not that there will be suitable taxable profits against which these losses can be utilised

In addition the Group has further tax losses arising in the UK of approximately £10 000 000 (2012 £8,800 000) that may be available for offset against future taxable profits Deferred tax assets have not been recognised in respect of these losses

The Group also has non-trade loan relationship deficits and management expenses carried forward of approximately £6 100 000 (2012 £5,300,000) A deferred tax asset has not been recognised in respect of these deficits and management expenses

The market value of the Group s listed investments and the directors valuation of the Group s unlisted investments are in excess of their book values as disclosed in Note 13 If they were sold at those values there would be a liability to tax of a maximum of £340,000 (2012 £233 000) on the capital gain arising from the sale

(d) Deferred taxation asset

The deferred taxation included in the balance sheet is as follows

		Group		Company	
		2013	2012	**2013**	2012
	Notes	**£000**	£000	**£000**	£000
Included in debtors	15	**678**	1 544	**1**	7
Included in defined-benefit pension liability	29	**2,472**	6 828	**-**	-
		3,150	8,372	1	7

Notes to the financial statements

for the year ended 31 December 2013

7 TAX ON LOSS FROM ORDINARY ACTIVITIES (continued)

(d) Deferred taxation asset (continued)

The movements in the amounts recognised for deferred tax are as follows

	Group £000	Company £000
At 31 December 2012 including deferred tax on defined-benefit pension liability	8 372	7
Deferred tax charge in Group profit and loss account	(1,266)	(6)
Amounts charged to Group statement of total recognised gains and losses	(3,956)	-
At 31 December 2013 including deferred tax on defined-benefit pension liability	**3,150**	**1**

Deferred taxation recognised in the financial statements and the amounts not provided are as follows

	Group				Company			
	Recognised		Not provided		Recognised		Not provided	
	2013 £000	2012 £000	**2013 £000**	2012 £000	**2013 £000**	2012 £000	**2013 £000**	2012 £000
(Accelerated) / decelerated capital allowances	**(1,100)**	(827)	-	-	**1**	2	-	-
Capital gains rolled over less capital losses carried forward	-	-	**(273)**	(262)	-	-	-	-
Losses carried forward	**1,633**	1,765	**2,093**	2,014	-	-	-	-
Loan relationship deficits and management expenses carried forward	-	458	**1,237**	786	-	-	**95**	104
Pension costs	**2,472**	6,828	-	-	-	-	-	-
Other timing differences	**145**	148	-	-	-	5	-	-
	3,150	8 372	**3,057**	2,538	**1**	7	**95**	104

Notes to the financial statements

for the year ended 31 December 2013

8 (LOSS)/PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements of the parent company was £4 741,000 (2012 profit £15 495,000)

9 DIVIDENDS

	2013 £000	2012 £000
Declared and paid during the year		
Equity dividends on ordinary shares		
Final dividend for 2012 0 0p (final dividend for 2011 13 7p)	-	1 877
Interim dividend for 2013 0 0p (interim dividend for 2012 6 4p)	-	875
	-	2 752

There are no dividends accrued as liabilities at either year end

Under the rules of the 2006 LTIP no dividend shall be payable on restricted shares held by participants The Trustees of the Archant Employee Benefit Trust have given a continuing waiver on the dividends payable on shares that they hold in the Company From 1 October 2011, the SIP Trustee has also given a continuing waiver on the dividends payable on unallocated shares held by the SIP Trust

Notes to the financial statements

for the year ended 31 December 2013

10 (LOSS)/EARNINGS PER ORDINARY SHARE

The calculations of both basic loss per ordinary share and diluted loss per ordinary share are based on losses of £2,720 000 (2012 £14 569 000) and on 13,696,000 (2012 13 698 000) ordinary shares being the weighted average number of shares in issue during the year, excluding the shares held by the Employee Trusts and the restricted shares issued under the 2006 LTIP

No restricted shares issued under the 2006 LTIP or share options granted under the 2011 LTIP have been included as dilutive potential ordinary shares in 2012 or 2013 as they do not increase loss per share and so are not dilutive

As in previous years adjusted earnings per share have also been disclosed as the directors consider that this alternative measure gives a more comparable indication of the Group's underlying trading performance

The adjusted earnings per share has been calculated by using the losses attributable to shareholders adjusted as follows

	2013 £000	**2013 Pence per share**	2012 £000	2012 Pence per share
Loss attributable to shareholders/loss per share	**(2,720)**	**(19 9)**	(14,569)	(106 4)
Exceptional items	**1,329**	**9 7**	1,312	9 6
Film royalty income	**(1,929)**	**(14 1)**	-	-
Amortisation of film copyright	**1,613**	**11 8**	-	-
Amortisation of goodwill and other intangible assets	**4,166**	**30 4**	4,560	33 3
Impairment of intangible assets	**4,555**	**33 2**	4 815	35 2
Profits on disposals of magazine title film copyright and fixed asset investment	**(451)**	**(3 3)**	-	-
Exceptional dividend	**(352)**	**(2 5)**	-	-
Tax impact of exceptional items	**(289)**	**(2 1)**	(1,298)	(9 5)
Exceptional interest accrual on potential corporation tax liabilities	**302**	**2 2**	4,057	29 6
Exceptional corporation tax charge for prior years	**-**	**-**	3,695	27 0
Deferred tax adjustment arising on change in rate of corporation tax	**65**	**0 5**	137	1 0
Adjusted earnings per share	**6,289**	**45 9**	2 709	19 8

Notes to the financial statements

for the year ended 31 December 2013

11 INTANGIBLE FIXED ASSETS

Group	Films £000	Newspaper titles £000	Magazine titles £000	Goodwill £000	Total £000
Cost					
At 31 December 2012	4 100	112,489	59,515	7 240	183 344
Acquisitions	-	-	-	60	60
Disposals	(4,100)	-	(365)	-	(4,465)
At 31 December 2013	-	**112,489**	**59,150**	**7,300**	**178,939**
Amortisation					
At 31 December 2012	2,487	95,449	34 452	5,245	137,633
Provided during the year	1 613	1,275	2,556	335	5 779
Impairment	-	936	3 619	-	4 555
Disposals	(4 100)	-	(257)	-	(4 357)
At 31 December 2013	-	**97,660**	**40,370**	**5,580**	**143,610**
Net book value					
At 31 December 2013	-	**14,829**	**18,780**	**1,720**	**35,329**
At 31 December 2012	1,613	17 040	25,063	1 995	45,711

The Group owned the copyright and physical material of two films The films were carried at estimated net realisable value calculated as the minimum value of royalties receivable The carrying value was matched by interest-free loans secured on the films and repayable out of film receipts up to 14 December 2013 On termination of the distribution agreements the financial impact of which is explained more fully in Note 3, the Group sold its interest in the copyright and physical material of the two films

Newspaper titles are amortised evenly over the directors' estimates of their useful economic lives subject to a maximum of 20 years

Magazine titles are amortised evenly over the directors' estimates of their useful economic lives subject to a maximum of 20 years

Goodwill arising on the acquisition of subsidiary undertakings is amortised evenly over the directors' estimate of its useful economic life, subject to a maximum of 20 years

The carrying values of all intangible assets are reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying values may not be recoverable

Impairment of intangible fixed assets
Newspaper titles magazine titles and goodwill are allocated at acquisition to the Income Generating Units (IGUs) that are expected to benefit from that business combination The recoverable amounts of the IGUs are determined from value in use calculations The key assumptions for the value in use calculations are those regarding the growth rates expected changes to revenues and direct costs during the period, and the discount

Notes to the financial statements

for the year ended 31 December 2013

11 INTANGIBLE FIXED ASSETS (continued)

Impairment of intangible fixed assets (continued)
rates applied These assumptions have been reviewed during the year in light of the current economic environment The value in use calculation uses post-tax cash flow projections based on the financial budgets approved by the Board for 2014 The growth rates for cash flows beyond 2014 assume an annual RPI increase only and no underlying growth Changes in revenues and direct costs are based on past practices and expectations of market development Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money, expected debt/equity ratios and the risks specific to the IGUs The cost of capital and therefore the discount rate applied to future cash flows was 10 2% (2012 11 7%)

The Group prepares discounted cash flow forecasts derived from the most recent financial budgets approved by management for the next year and extrapolates cash flows for 20 years from the date of testing based on an estimated annual growth rate of 2 5% A discounted residual value of one times the final year s cash flow is included in the forecast The present value of the cash flows is then compared to the carrying value of the asset

Given the current difficult trading climate, and the anticipated timing and extent of the recovery certain of the Group s newspaper and magazine titles have been impaired The carrying value for the newspaper titles published by the KOS Media business unit and the magazine titles published by the London business unit before any impairment charge were £936 000 and £3 619 000 respectively The value in use has been calculated as £nil for both portfolios resulting in impairment charges of £936,000 and £3,619 000 respectively (2012 impairment charge £4,815 000)

The Group has conducted a sensitivity analysis on the impairment test of each IGU's carrying value Neither a decrease in the long-term growth rate of 0 5% nor an increase in the discount rate of 0 25% nor a terminal value of five times the final year's cash flow would result in a higher or lower impairment charge for the Group

12 TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £000	Leasehold buildings £000	Plant, equipment and vehicles £000	Total £000
Cost or valuation				
At 31 December 2012	16 351	907	55,737	72 995
Additions	-	-	1,270	1,270
Disposals	-	(20)	(647)	(667)
At 31 December 2013	**16,351**	**887**	**56,360**	**73,598**
Depreciation				
At 31 December 2012	4 241	735	39,059	44 035
Charge for year	306	38	4,403	4 747
Disposals	-	(15)	(640)	(655)
At 31 December 2013	**4,547**	**758**	**42,822**	**48,127**
Net book value				
At 31 December 2013	**11,804**	**129**	**13,538**	**25,471**
At 31 December 2012	12,110	172	16 678	28,960

Included in freehold land and buildings is land valued at £3,383,000 (2012 £3 383 000) which is not depreciated

Notes to the financial statements

for the year ended 31 December 2013

12 TANGIBLE FIXED ASSETS (continued)

Following the closure of the Ipswich Print Centre in early 2009 the Group entered into a joint venture arrangement in December 2010 to develop the freehold property at Lower Brook Street, Ipswich The Group is progressing towards submitting an application for outline planning permission but development will only proceed when there is a forward sale agreement or similar commitment

Company	Plant, equipment and vehicles £000	Total £000
Cost		
At 31 December 2012	11	11
Additions	1	1
At 31 December 2013	**12**	**12**
Depreciation		
At 31 December 2012	10	10
Charge for year	1	1
At 31 December 2013	**11**	**11**
Net book value		
At 31 December 2013	**1**	**1**
At 31 December 2012	1	1

The cost or valuation of land and buildings at 31 December 2013 comprises

Group	Freehold	Leasehold	
		Long	Short
	£000	£000	£000
At valuation - 1996	12,313	126	-
At cost	4,038	-	761
	16,351	126	761

After taking appropriate professional advice the directors revalued the Group's freehold and long leasehold properties at 31 December 1996 Certain Group properties identified as potential disposals were valued at open-market value The remaining Group properties were valued at open-market value for existing use Subsequent additions are shown at cost

Notes to the financial statements

for the year ended 31 December 2013

12 TANGIBLE FIXED ASSETS (continued)

The historical cost of freehold and leasehold land and buildings is as follows

Group	Freehold 2013 £000	Freehold 2012 £000	Leasehold 2013 £000	Leasehold 2012 £000
Cost	**15 717**	15 717	**895**	916
Aggregate depreciation	**5,297**	5 047	**761**	738

Depreciation on freehold and leasehold properties for the year has been based on the 1996 revalued amounts Based on cost the consolidated charge would have been lower by £8 000 (2012 £8,000)

13 INVESTMENTS

Group	Listed £000	Unlisted £000	Total £000
Cost			
At 31 December 2012	8	108	116
Additions	-	90	90
Disposals	(1)	(6)	(7)
At 31 December 2013	**7**	**192**	**199**
Provisions			
At 31 December 2012 and 2013	**-**	**25**	**25**
Net book value			
At 31 December 2013	**7**	**167**	**174**
At 31 December 2012	8	83	91

Notes to the financial statements

for the year ended 31 December 2013

13 INVESTMENTS (continued)

Company	Subsidiary undertakings £000	Listed £000	Unlisted £000	Total £000
Cost				
At 31 December 2012	177,321	8	60	177 389
Disposals	-	(1)	-	(1)
At 31 December 2013	**177,321**	**7**	**60**	**177,388**
Provisions				
At 31 December 2012 and 2013	**10,501**	**-**	**25**	**10,526**
Net book value				
At 31 December 2013	**166,820**	**7**	**35**	**166,862**
At 31 December 2012	166,820	8	35	166 863

The market value of the listed investments at 31 December 2013 was £12 000 (2012 £53,000) for both the Group and the Company Unlisted investments, which consist entirely of equity share capital, are valued by the directors at £1,783 000 (2012 £1 052 000) for the Group and £1 651 000 (2012 £1 004,000) for the Company

In arriving at market or directors valuations, no provision has been made for taxation that would be chargeable amounting to a maximum of £340 000 (2012 £233,000), in the event of disposals at these values

The Company's principal trading subsidiary undertakings all of which are unlisted companies, are set out below Archant BHGC Limited is a company limited by guarantee given by Archant Holdings Limited All other subsidiary undertakings are wholly owned and incorporated in England, with the exception of The British Connection, Inc which is incorporated in the United States of America

Those companies in which the equity is held by a subsidiary undertaking are marked with an asterisk

Subsidiary undertakings	Company registration number	Activity
Archant BHGC Limited	7783475	Holding company
Archant Community Media Holdings Limited*	4243174	Holding company
Archant Community Media Limited*	19300	Newspaper and magazine publishing printing and contract publishing
The British Connection, Inc*	Not applicable	Magazine distribution
Archant Properties Limited*	2562545	Property
Archant Holdings Limited	4040110	Holding company
Mustard TV Limited*	7982360	Local television broadcaster
PlanningFinder Limited*	6171969	Online planning searches

On 3 May 2013 the Group acquired the remaining 34% of PlanningFinder Limited for a consideration of £25 000 satisfied in cash

Notes to the financial statements

for the year ended 31 December 2013

13 INVESTMENTS (continued)

On 28 August 2013 the Group also acquired the remaining 10% of Mustard TV Limited for a consideration of £35,000 satisfied in cash

For all UK subsidiary undertakings listed above other than Archant Community Media Limited in accordance with section 479C of The Companies Act 2006 the Company has guaranteed all outstanding liabilities to which those subsidiary undertakings are subject at 31 December 2013 until they are satisfied in full Accordingly each of those UK subsidiaries is exempt under section 479A from the requirements of the Companies Act 2006 relating to the audit of accounts

14 STOCKS

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Raw materials	**1,253**	1,267	**-**	-

15 DEBTORS

	Note	Group		Company	
		2013	2012	**2013**	2012
	Note	**£000**	£000	**£000**	£000
Due within one year					
Trade debtors		**12,350**	13,194	**-**	-
Amounts owed by subsidiary undertakings		**-**	-	**-**	37
Other debtors		**2,543**	1 580	**61**	54
Prepayments and accrued income		**2,698**	2 979	**9**	85
Corporation tax recoverable		**-**	-	**1,725**	1,326
		17,591	17 753	**1,795**	1 502
Due after more than one year					
Amounts owed by subsidiary undertakings		**-**	-	**80,588**	84 297
Deferred tax asset	7(d)	**678**	1 544	**1**	7
		678	1 544	**80,589**	84,304
Total debtors		**18,269**	19 297	**82,384**	85 806

Notes to the financial statements

for the year ended 31 December 2013

16 CASH AT BANK AND IN HAND

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Cash at bank and in hand	**3,777**	3,663	**2**	7

17 CREDITORS amounts falling due within one year

		Group		Company	
		2013	2012	**2013**	2012
	Note	**£000**	£000	**£000**	£000
Bank loans and overdrafts	19	**890**	855	**2,871**	2,317
Trade creditors		**4,229**	5 406	**-**	-
Corporation tax		**10,007**	7 819	**-**	-
Tax and social security		**2,786**	2 508	**-**	-
Film finance loans		**-**	1 613	**-**	-
Other creditors		**1,799**	2 816	**3**	3
Accruals and deferred income		**10,095**	10 281	**423**	697
Subscriptions in advance		**3,206**	3 324	**-**	-
		33,012	34,622	**3,297**	3 017

The loans relating to film finance were interest-free and repayable out of film receipts prior to 14 December 2013 They were secured by charges on the copyright and physical material relating to two films owned by the Group and shown under that heading in intangible fixed assets

18 CREDITORS amounts falling due after more than one year

		Group		Company	
		2013	2012	**2013**	2012
	Note	**£000**	£000	**£000**	£000
Bank loans and facilities	19	**9,645**	18,515	**9,645**	18,515
Amounts owed to subsidiary undertakings		**-**	-	**196,599**	186,695
		9,645	18,515	**206,244**	205,210

All liabilities falling due in more than one year mature between two and five years

Notes to the financial statements

for the year ended 31 December 2013

19 BANK LOANS, OVERDRAFTS AND FACILITIES

The bank loans, overdrafts and facilities comprise

Amounts falling due within one year

	Group		Company	
	2013 **£000**	2012 £000	**2013** **£000**	2012 £000
Bank overdrafts	**-**	-	**1,981**	1 462
Employee Benefit Trust overdraft	**890**	855	**890**	855
	890	855	**2,871**	2,317

Amounts falling due after more than one year

	Group		Company	
	2013 **£000**	2012 £000	**2013** **£000**	2012 £000
Term revolving advances facility	**10,000**	19 000	**10,000**	19 000
Arrangement fees	**(355)**	(485)	**(355)**	(485)
	9,645	18,515	**9,645**	18,515

The Employee Benefit Trust (EBT) has a bank overdraft facility of £1m and any overdraft under this facility is guaranteed by the Company The Group has a bank overdraft facility of £3m and any overdrafts under this facility are secured by a floating charge over the undertaking, property assets and rights of certain companies in the Group together with cross guarantees from certain companies in the Group

The Group has a term revolving advances facility expiring on 31 March 2016 The maximum amount under this facility was reduced to £28m on 30 June 2013, and will be further reduced to £24m by equal annual reductions on 30 June in each of years 2014 and 2015 The undrawn committed facilities available at 31 December 2013 in respect of which all conditions precedent had been met at that date were £21m (2012 £14m) Provided that the Group continues to comply with the conditions of the facility, the Group has the right to draw down sums up to the amount of the facility for periods ending on or before the expiry date

Sums drawn down under the revolving advances facility are secured by a floating charge over the undertaking property, assets and rights of certain companies in the Group together with cross guarantees from certain companies in the Group

Notes to the financial statements

for the year ended 31 December 2013

20 PROVISIONS FOR LIABILITIES

	Group		Company	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Provisions for liabilities	**640**	751	-	-

The movements in provisions are as follows

Group	Dilapidations and onerous leases £000
At 31 December 2012	751
Arising during the year	29
Tenant contribution	21
Utilised	(198)
Transferred from accruals	37
At 31 December 2013	**640**

Provisions for dilapidations are made in accordance with independent professional advice If the leases run to expiry without earlier break clauses being exercised, or without the leases being renewed for a further term, these obligations will mostly be settled within five years, with the remaining liabilities due in various years up to 2036

Provisions for onerous leases are made where the properties concerned are vacant or sub-let at less than full rental and are based on assumptions about the Group's ability to sub-let the properties through to lease expiry, or to exit the leases early The timing of the settlement of these obligations is dependent on the termination of the various leases If the leases run to expiry, or the exercise of earlier break clauses, these obligations will be settled within two years

21 CALLED-UP SHARE CAPITAL

	Allotted called up and fully paid	
	2013 £000	2012 £000
Ordinary shares of 20p each 14 376 822 issued (2012 - 14 366 822 issued)	**2,875**	2,873

Movement in ordinary shares	Number
Shares in issue at 1 January 2013	14 366,822
Shares issued for cash on 18 September 2013 at £0 75 to a non-executive director pursuant to the authority given by shareholders on 13 April 2011	10 000
Shares in issue at 31 December 2013	14 376 822

Notes to the financial statements

for the year ended 31 December 2013

22 MOVEMENTS ON RESERVES

	Group £000	Company £000
Share premium		
At 31 December 2012	2,625	2,625
Arising on share issue	6	6
At 31 December 2013	**2,631**	**2,631**
Revaluation reserve		
At 31 December 2012	255	-
Transfer to profit and loss account	(7)	-
At 31 December 2013	**248**	-
Other reserves		
(a) Special reserve		
At 31 December 2012	2,350	-
Transfer to profit and loss account	(2,350)	-
At 31 December 2013	-	-
(b) Capital reserve		
At 31 December 2012 and 2013	**5,369**	-
(c) Own shares held		
At 31 December 2012	(5,072)	(5 072)
Purchase of own shares	(9)	(9)
At 31 December 2013	**(5,081)**	**(5,081)**
Total other reserves		
At 31 December 2013	**288**	**(5,081)**
At 31 December 2012	2 647	(5 072)
Profit and loss account		
At 31 December 2012	13 838	44,024
Loss from ordinary activities after taxation	(2 720)	(4,741)
Other net recognised gains and losses in the year		
Net movement in pension scheme deficit	12 160	-
Transfer from revaluation reserve	7	-
Transfer from special reserve	2,350	-
At 31 December 2013	**25,635**	**39,283**
Total reserves		
At 31 December 2013	**28,802**	**36,833**
At 31 December 2012	19,365	41 577

Notes to the financial statements

for the year ended 31 December 2013

22 MOVEMENTS ON RESERVES (continued)

The special reserve was created in 2001 on the cancellation of the preference shares in Eastern Counties Newspapers Group Limited (now Archant Community Media Limited) ('ECNG") to protect the creditors of ECNG at the date of cancellation The special reserve has been released to distributable reserves as all of the creditors of ECNG at the date of cancellation have been satisfied

The capital reserve comprises the balance of the share premium account in the former holding company on 1 March 2002

Own shares held comprise shares held by the trustees of the EBT, the LTIP Trust and the SIP Trust other than shares being held as a bare trustee Own shares held comprised 676,391 shares with a nominal value of 20p each, acquired at an average cost of £7 51 each (2012 669 916 shares at £7 57) Purchases of shares in the Company by the EBT have been funded by a bank overdraft guaranteed by the Company and by a loan from the Company, and purchases by the LTIP and SIP have been funded by cash contributions from the Company and its subsidiaries The trusts provide sources of shares for use in connection with the SIP

All expenses incurred by the trusts are settled directly by the Company and charged in the financial statements as incurred

The cumulative amount of goodwill written off to the profit and loss account at 31 December 2013 in the consolidated financial statements is £8 032 000 (2012 £8 032,000)

23 RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS

	2013 £000	2012 £000
Operating loss	**(330)**	(4,386)
Depreciation of tangible fixed assets	**4,747**	4 689
Amortisation of film copyright	**1,613**	-
Amortisation of intangible fixed assets	**4,166**	4,560
Impairment of intangible fixed assets	**4,555**	4,815
Loss/(profit) on disposals of tangible fixed assets	**12**	(81)
Decrease in stocks	**14**	92
Decrease in debtors	**162**	1 459
Decrease in creditors	**(2,472)**	(962)
Movements in provisions	**(111)**	(1,205)
Adjustment for FRS 17 pension funding	**(1,946)**	(1,409)
Cash flow from operating activities	**10,410**	7,572

Notes to the financial statements

for the year ended 31 December 2013

24 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2013 £000	2012 £000
Returns on investments and servicing of finance		
Interest received	58	-
Dividends received	379	19
Interest paid	(742)	(1,074)
	(305)	(1,055)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,270)	(1 394)
Sale of tangible fixed assets	-	144
Sale of intangible fixed assets	508	-
Acquisition of fixed asset investments	(90)	(48)
Proceeds on sale of fixed asset investments	59	-
	(793)	(1 298)
Acquisitions and disposals		
Acquisitions of businesses	(53)	(266)
Financing		
Issue of ordinary share capital	8	10
Repayment of loan under bank revolving credit facility	(9,000)	(1 000)
Repayment of film finance loans	(1,613)	-
Banking facilities financing costs	(45)	(622)
Purchase of own shares	(9)	(7)
	(10,659)	(1,619)

25 ANALYSIS OF NET DEBT

	At 1 January 2013 £000	Cash flow £000	Other non-cash changes £000	At 31 December 2013 £000
Cash at bank and in hand	3,663	114	-	3,777
Archant EBT bank balance	(855)	(35)	-	(890)
Bank and cash balances	2,808	79	-	2,887
Bank loans	(19,000)	9 000	-	(10,000)
Loan issue costs	485	45	(175)	355
Total	(15,707)	9,124	(175)	(6,758)

Notes to the financial statements

for the year ended 31 December 2013

26 CAPITAL COMMITMENTS

Approved future capital expenditure at 31 December 2013 for which no provision has been made in these financial statements amounted to

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Contracted for but not provided	**120**	-	-	-

27 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2013 annual commitments under non-cancellable operating leases were as follows

	Land and buildings		Plant, equipment and vehicles	
	2013	2012	**2013**	2012
Group	**£000**	£000	**£000**	£000
Operating leases that expire				
Within one year	**62**	145	**457**	42
Between one and two years	**304**	259	**933**	804
Within two to five years	**701**	705	**422**	1,129
Over five years	**40**	157	-	-
	1,107	1,266	**1,812**	1 975

28 CONTINGENT LIABILITIES

The Group has a potential liability for rent and other outgoings on a small number of properties occupied by a former subsidiary where the Group provided a guarantee that they would ensure that the former subsidiary met their obligations under the lease The leases on the properties concerned expire in 2018 No claims have been received by the Group at the date of this report

Notes to the financial statements

for the year ended 31 December 2013

29 PENSION SCHEMES

Archant Pension & Life Assurance Scheme
The principal pension scheme operated by the Group during 2012 was the Archant Pension & Life Assurance Scheme (the Scheme"), a hybrid scheme in the United Kingdom with a defined-benefit section (the DBS"), which includes a senior-management section (the SMS '), and a defined-contribution section (the DCS") The DBS was closed to new entrants in February 1998 from which time membership of the DCS was available The DCS was closed to new entrants on 31 December 2012, from which date membership of a new defined-contribution scheme the Archant Pension Plan has been available

The Scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees The directors of the Trustee Company (the Trustee Directors") of the fund are required to act in the best interest of the fund's beneficiaries The Group has a policy that at least one-third of all Trustee Directors should be nominated by members of the Scheme including at least one member by current pensioners

Archant Pension Plan
A new defined-contribution pension scheme, the Archant Pension Plan (the APP), was established from 1 January 2013 and thereafter contributions for former members of the DCS and new entrants in 2013 are paid into the APP During 2013 certain of the funds held in the DCS were transferred into the APP by bulk transfer with the consent of the Scheme Trustee

Under workplace pension regulations, auto-enrolment into an approved pension plan was introduced The Group's staging date was 1 September 2013, and implementation was postponed until 1 December 2013 as permitted by the regulations On that date all Group employees who were not already members of the Scheme were auto-enrolled into the APP

Other pension provision
The Group also pays ex gratia pensions on an unfunded basis to certain former employees and their dependants and, accordingly provides for this liability calculated in accordance with actuarial advice in the financial statements

Defined-contribution pensions
The Group provides retirement benefits to approximately 79% of current employees through the APP

	2013 £000	2012 £000
Contributions payable for the year		
DCS	**209**	2 932
APP	**2,450**	-
Total contributions payable for the year	**2,659**	2,932

Notes to the financial statements

for the year ended 31 December 2013

29 PENSION SCHEMES (continued)

Defined-benefit section

The Group provides retirement benefits to some of its former and approximately 8% of current employees through the DBS In 2009 the Group amended the definition of final pensionable salary such that pensionable earnings used to calculate final salary pension benefits became capped at the employees pensionable earnings in the 12 months prior to 1 December 2009 Any pension benefits on pensionable earnings above the capped level of pensionable earnings are provided through a defined-contribution arrangement Members of the DBS continue to accrue additional pensionable years of service at their current accrual rate for the purpose of calculating pension benefit The level of retirement benefit is based principally on years of pensionable service and final pensionable salary subject to the 2009 Cap

The liabilities of the DBS are measured by discounting the best estimate of future cash flows to be paid out by the Scheme using the projected unit method an accrued-benefits valuation method in which the Scheme liabilities make allowance for projected earnings This amount is reflected in the deficit in the balance sheet The accumulated benefit obligation is an actuarial measure of the present value of benefits for service already rendered and includes no assumption for future salary increases following the capping of pensionable salaries in 2009, there is no difference between the projected unit method and the accumulated benefit obligation method At the balance sheet date the accumulated benefit obligation was £145 3m (2012 £149 9m)

An alternative method of valuation to the projected unit method is a solvency basis often estimated using the cost of buying out benefits at the balance sheet date with a suitable insurer This amount represents the amount that would be required to settle the Scheme liabilities at the balance sheet date rather than the Group continuing to fund the on-going liabilities of the Scheme The Group estimates the amount required to settle the Scheme s liabilities at the balance sheet date is £98m (2012 £89m) in excess of the assets held by the Scheme

The most recently completed triennial actuarial valuation was carried out as at 1 January 2011 ('the Valuation) by an independent actuary The financial assumptions adopted that have the most significant effect on the Valuation were

Annual rate of increase in	
Prices	3 3%
Salaries	0 0%
Statutory increases to relevant pension elements	3 2%
Investment return - Pre-retirement	6 2%
- Post-retirement	5 0%

The results of the Valuation were

Market value of the Scheme's assets	£147 1m
Present value of the Scheme's liabilities	£160 4m
Actuarial deficit	£13 3m
Market value of the Scheme s assets as a proportion of the present value of the Scheme s liabilities	91 7%

Contribution rates to the DBS are calculated as a percentage of pensionable earnings determined on the basis of the most recent Valuation and with the advice of independent actuaries using the projected unit method

Notes to the financial statements

for the year ended 31 December 2013

29 PENSION SCHEMES (continued)

Following the Valuation, the Group has agreed to pay a shortfall recovery payment of at least £1 8m per annum for the years 2012 to 2020 inclusive The Group paid an additional cash contribution of £1 8m into the Scheme in 2013 (2012 £1 8m) From 1 January 2012 the Group also agreed to separately settle the administration costs of the DBS including insurances and the Pension Protection Fund levy These costs were £650,000 for 2013 (2012 £771 000) and are estimated at £883 000 for 2014

Following the Valuation the Group has agreed with the Trustee Directors to return the on-going funding level of the Scheme to 100% of the projected past service liabilities within a period of ten years from the Valuation and to maintain funding at least at this level once the funding level of the Scheme is 100% of the projected past service liabilities The next triennial valuation is due to be completed as at 1 January 2014 The deficit and regular contributions will be recalculated as part of this valuation

On 16 January 2009 the Company guaranteed the punctual performance of all obligations under the Scheme of the Scheme's participating employers The guarantee will remain in place until the Scheme becomes fully funded on the Scheme-specific funding basis as advised by the Scheme actuary The Trustee Directors took the guarantee into consideration when setting the period of the Scheme s deficit recovery plan following the Valuation and setting the Scheme s investment strategy

The benefits payable by the Scheme are expected to increase steadily over the next 20 years as active and deferred members reach retirement After that the benefits payable should drop off markedly as mortality rates increase

Pension disclosure under FRS 17

The following information for the Scheme is measured in accordance with FRS 17 The Valuation has been updated to 31 December 2013 by an independent actuary

The assets and liabilities of the Scheme at 31 December are

	2013 %	**2013 £000**	2012 %	2012 £000
Global equities	**51 6**	**79,031**	49 6	76 299
Absolute Return	**21 3**	**32,582**	23 3	35 872
Corporate and Government bonds	**17 8**	**27,211**	17 7	27,155
High-yield bonds	**8 4**	**12,843**	8 0	12,249
Bank and cash balances	**0 9**	**1,402**	1 4	2,193
Fair value of the Scheme s assets	**100 0**	**153,069**	100 0	153,768
Present value of funded obligations		**164,284**		182,803
Present value of unfunded obligations		**556**		650
Total Scheme obligations		**164,840**		183,453
Scheme deficit		**11,771**		29 685
Related deferred tax asset at 21% (2012 23%)		**(2,472)**		(6,828)
Net liability		**9,299**		22 857

The unfunded obligations are in respect of the ex gratia pensions paid by the Group The present value of these obligations has been calculated in accordance with FRS 17 by an independent actuary

Notes to the financial statements

for the year ended 31 December 2013

29 PENSION SCHEMES (continued)

Analysis of the movement in the balance sheet liability

	2013 £000	2012 £000
Shortfall in the Scheme at beginning of year	**(29,685)**	(30,277)
Movements		
Total recognised in the profit and loss account	**(1,485)**	(5,186)
Employer contributions	**3,283**	5 812
Actuarial gains/(losses)	**16,116**	(34)
Shortfall in the Scheme at end of year	**(11,771)**	(29 685)

The amounts recognised in the profit and loss account are as follows

	2013 £000	2012 £000
Current service cost - DBS	**1,128**	1 471
Current service cost - DCS	**209**	2,932
Recognised in arriving at operating profit	**1,337**	4,403
Interest on funded obligations	**6,306**	6 405
Interest on unfunded obligations	**30**	34
Expected return on the Scheme's assets	**(6,188)**	(5 656)
Other finance expense	**148**	783
Total recognised in the profit and loss account	**1,485**	5 186
Actual return on the Scheme s assets	**17,073**	13 769

Notes to the financial statements

for the year ended 31 December 2013

29 PENSION SCHEMES (continued)

Cumulative actuarial gains and losses recognised in the Group statement of total recognised gains and losses (STRGL)

	2013 £000	2012 £000
Actual return less expected return on assets	**10,885**	8 113
Changes in assumptions	**5,231**	(8 147)
Net actuarial gains/(losses) recognised in STRGL	**16,116**	(34)
At the beginning of the year	**(40,790)**	(40,756)
At the end of the year	**(24,674)**	(40,790)

Changes in the present value of the Scheme obligation are as follows

	2013 £000	2012 £000
Opening Scheme obligation - DBS and DCS	**182,803**	169,359
Opening Scheme obligation - unfunded obligations	**650**	728
Total opening Scheme obligation	**183,453**	170,087
Service cost	**1,337**	4,403
Interest cost	**6,336**	6 439
Actuarial (gains)/losses - DBS and unfunded obligations	**(5,231)**	8 147
Contributions by employees	**10**	54
Change in DC fund values	**3,648**	3 096
Benefits paid	**(8,911)**	(8 773)
Bulk transfer to the APP	**(15,802)**	-
Closing Scheme obligation	**164,840**	183 453

Notes to the financial statements

for the year ended 31 December 2013

29 PENSION SCHEMES (continued)

Changes in the fair value of the Scheme's assets are as follows

	2013 £000	2012 £000
Opening fair value of the Scheme s assets	**153,768**	139,810
Expected return on the Scheme s assets	**6,188**	5 656
Actuarial gains on the Scheme's assets	**10,885**	8,113
Contributions by employer	**3,283**	5,812
Contributions by employees	**10**	54
Change in DC fund values	**3,648**	3,096
Benefits paid	**(8,911)**	(8 773)
Bulk transfer to the APP	**(15,802)**	-
Closing fair value of the Scheme s assets	**153,069**	153,768

Assumptions
The major assumptions used by the actuary in updating the Valuation for FRS 17 were

	2013 %	2012 %	2011 %
Rate of increase in salaries	**0 00**	0 00	0 00
Rate of increase in deferred pensions	**2 50**	2 15	2 30
Rate of statutory increase to relevant pension elements	**3 20**	2 85	3 00
Discount rate	**4 59**	4 29	4 66
Inflation	**3 20**	2 85	3 00
Expected long-term rate of return			
Equities	**6 11**	5 62	5 55
Bonds and gilt securities	**3 61**	4 78	4 99
Other	**0 50**	0 50	0 50

The current assumed life expectations in years on retirement at age 65 are

	2013	2012
Retiring today		
Male	**22 2**	22 3
Female	**24 1**	24 2
Retiring in 20 years		
Male	**23 9**	24 4
Female	**26 0**	26 5

Notes to the financial statements

for the year ended 31 December 2013

29 PENSION SCHEMES (continued)

Sensitivity analysis of the principal assumptions used to measure the Scheme's liabilities
The sensitivities regarding the principal assumptions used to measure the Scheme's liabilities are set out below

Assumption	Change in assumption	Impact on the Scheme s liabilities
Discount rate	Increase by 0 25%	Decrease by 3 8%
Rate of inflation	Increase by 0 25%	Increase by 2 4%
Life expectancy	Increase by 1 year	Increase by 2 0%

The group expects to contribute approximately £3 2m to the Scheme in 2014

Amounts for the current and previous four years are as follows

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Present value of funded obligations	**164,284**	182,803	169,359	160 497	150 506
Present value of unfunded obligations	**556**	650	728	823	902
Total Scheme obligations	**164,840**	183 453	170,087	161 320	151 408
Fair value of the Scheme s assets	**153,069**	153 768	139 810	145 544	130 933
Scheme deficit	**(11,771)**	(29 685)	(30 277)	(15,776)	(20 475)
Changes in assumptions					
Demographics	**1,666**	-	(667)	-	-
Discount rate	**9,563**	(9,687)	(17,221)	(4,466)	(1 300)
Inflation	**(6,024)**	1,431	6 256	879	(5 490)
Experience adjustments on the Scheme s liabilities	**26**	109	2,603	-	(31)
	5,231	(8 147)	(9 029)	(3,587)	(6 821)
Experience adjustments on the Scheme's assets	**10,885**	8 113	(6 761)	7,393	12 643
Actuarial losses recognised in equity	**16,116**	(34)	(15,790)	3,806	5 822

Five year financial summary

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Turnover	**126,623**	131,366	135,057	139,253	141,973
Operating profit before exceptional items	**9,404**	6 301	10,415	14 752	15 116
Return on sales	***7 4%***	*4 8%*	*7 7%*	*10 6%*	*10 6%*
Share of operating results of associate	-	-	-	(202)	(196)
Amortisation of intangible fixed assets	**(4,166)**	(4,560)	(4 616)	(4 617)	(5 009)
Exceptional income	**2,732**	-	-	-	10 000
Exceptional costs	**(7,799)**	(10,184)	(3,095)	(1,963)	(16 927)
Income from investments, interest payable and FRS 17 financing costs	**(930)**	(2,278)	(1 683)	(2 244)	(2 310)
(Loss)/profit before tax	**(759)**	(10,721)	1 021	5,726	674
Tax	**(1,974)**	(4,053)	(2 549)	(1,271)	(3 848)
Effective rate of taxation	***360 1%***	*137 8%*	*249 7%*	*22 2%*	*570 9%*
(Loss)/profit after tax	**(2,733)**	(14 774)	(1 528)	4,455	(3 174)
Dividends paid during the year	-	2,752	2 779	2,766	2 802
Basic earnings per share	**(19 9p)**	(106 4p)	(10 6p)	32 0p	(22 8p)
Diluted earnings per share	**(19 9p)**	(106 4p)	(10 6p)	31 1p	(22 8p)
Adjusted earnings per share	**45 9p**	19 8p	43 1p	64 0p	64 7p
Dividends declared per share[1]	-	6 4p	20 1p	20 1p	20 1p
Dividend cover (based on dividends declared and adjusted EPS)	-	3 1	2 1	3 2	3 2
Net assets	**31,677**	22,244	40 160	57 060	53 127
Net debt	**(6,758)**	(15 707)	(17 387)	(23 257)	(27 517)
Exceptional items					
Royalty income on films	**1,929**	-	-	-	-
Special dividend from The Press Association	**352**	-	-	-	-
Profits less losses on disposals intangible fixed assets and fixed asset investments	**451**	-	-	-	-
Reduction in defined-benefit pension liabilities	-	-	-	-	10 000
Total exceptional income	**2,732**	-	-	-	10 000
Impairment on intangible fixed assets	**(4,555)**	(4,815)	-	(500)	(12,363)
Amortisation of film copyrights	**(1,613)**	-	-	-	-
Reorganisation and restructuring costs	**(1,271)**	(978)	(3 095)	(1 484)	(3,991)
Costs incurred to reduce defined-benefit pension liabilities	-	-	-	21	(330)
Costs incurred in preparation for pensions auto-enrolment	**(77)**	(125)	-	-	-
Claim from The Dublin Daily News Limited	**5**	224	-	-	-
Tax compliance litigation	**14**	(433)	-	-	-
Refinancing costs	-	-	-	-	(243)
Accrued interest on potential corporation tax liabilities	**(302)**	(4,057)	-	-	-
Total exceptional costs	**(7,799)**	(10 184)	(3,095)	(1,963)	(16 927)

[1] 2010 includes the 2011 first interim dividend in place of the final dividend for 2010

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at The Conference Centre at the John Innes Centre on Wednesday 16 April 2014 at noon, to consider and if thought fit, pass the following resolutions

Ordinary resolutions

1 THAT the reports of the Directors and auditors and the audited financial statements of the Company for the year ended 31 December 2013 be and are hereby received
2 THAT Mr D Hill, retiring as a Director at this meeting be elected as a Director of the Company
3 THAT Ms S Alleyne retiring as a Director at this meeting be re-elected as a Director of the Company
4 THAT Mr B McCarthy retiring as a Director at this meeting, be re-elected as a Director of the Company
5 THAT Mr P Troughton retiring as a Director at this meeting be re-elected as a Director of the Company
6 THAT Ernst & Young LLP be reappointed as auditors for the Company at a fee to be fixed by the Directors

Special resolutions

7 THAT, subject to the passing of resolution 8 the directors be generally empowered pursuant to section 569 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560 of the Act) pursuant to authority conferred by Resolution 8 as if section 561 of the Act and the pre-emption provisions of the Company's Articles of Association did not apply to such allotment
8 THAT for the purposes only of the allotment of ordinary shares in the capital of the Company pursuant to an election made by the holders of such ordinary shares to receive additional ordinary shares in accordance with Article 132 of the Company s Articles of Association the directors of the Company are generally and conditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act) and in substitution for any existing authority conferred on them to allot ordinary shares in the Company up to an aggregate nominal amount of £790 000 such authority to continue for a period of five years from the date on which this resolution is passed, and further that pursuant to and in accordance with section 570 of the Act section 561 of the Act shall not apply to any allotment pursuant to that authority

BY ORDER OF THE BOARD
JO Ellison
Secretary
28 February 2014

Archant Limited
Prospect House
Rouen Road
Norwich NR1 1RE

Telephone 01603 772772
Facsimile 01603 613276
Email company secretary@archant co uk
Registered number 4126997

Notes

1 Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the Annual General Meeting (AGM) A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder A proxy need not be a shareholder of the Company A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice If you do not have a proxy form and believe that you should have one or if you require additional forms, please contact the Company Secretary on 01603 772810
2 To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Equiniti Limited, Aspect House Spencer Road Lancing West Sussex BN99 6DA no later than noon on Monday 14 April 2014
3 The return of a completed proxy form will not prevent a shareholder attending the AGM and voting in person should they wish to do so
4 To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast) shareholders must be registered in the register of members of the Company at 6pm on Monday 14 April 2014 (or in the event of any adjournment, at 6pm on the date that is two days before the time of the adjourned meeting) Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the AGM

Financial calendar

for year to 31 December 2014

16 April	Annual General Meeting
28 June	Half year end
1 August	Interim statement

Registrars
Shareholders with questions regarding their shareholding should contact the Company s registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
BN99 6DA

0871 384 2641

Shareholders may access details of their shareholdings via the internet To register for the service go to www shareview co uk

Produced and designed for Archant Limited by
Archant Community Media Limited
T/A Archant Dialogue
Prospect House
Rouen Road
Norwich NR1 1RE

Tel 01603 664242
mail@archantdialogue co uk
www archantdialogue co uk
Photos Nick Dawe Paul Bayfield and others