Archant Limited
Annual report 2010

Chairman's statement

The impact of digital media on our traditional business has grown rapidly since broadband became mainstream and the economic downturn, which started in 2008, has served to accelerate that pace of change.

RICHARD JEWSON, CHAIRMAN

"Your Group has faced the challenges presented by diversifying and repositioning its portfolio of media assets"

YOUR GROUP HAS faced the challenges presented by diversifying and repositioning its portfolio of media assets, by pursuing efficiencies and by accelerating its business development activities to take advantage of the opportunities created

Absent further serious falls in the GDP, we believe that we have established a platform from which the Group can resume growth when market conditions improve Digital revenue has grown throughout this difficult period, and we fully expect this to continue, as new initiatives are introduced and bear fruit

Strategy

We remain resolutely customer focused in all our activities serving local communities or communities of interest We deliver captivating and relevant content through multiple media channels, thereby providing our advertising customers with a range of media options to help them achieve their objectives We constantly review and improve our existing portfolio of products Increasingly we will achieve this through a combination of joint venturing with specialist and niche businesses as well as in-house development, particularly in the digital arena In so doing we seek to protect and develop our existing business and grow shareholder value

Results

Group operating profit at £8 2m was up 157% (2009 £3 2m) after an impairment charge against the carrying value of certain titles of £0 5m (2009 £12 4m) and exceptional costs of £1 5m (2009 Credit £5 4m comprising exceptional income of £10 0m from pension scheme restructuring and £4 6m of exceptional costs)

Total turnover for the Group was down 1 9% at £139 3m (2009 £142 0m) and the operating profit before amortisation and exceptional items fell 2 4% to £14 8m (2009 £15 1m) Operating profits in the magazine division were up 8 1% at £5 6m (2009 £5 2m), but newspapers were down 13 3% at £9 3m (2009 £10 7m) Digital revenues increased by 14 2% to £5 4m

Total operating costs were reduced by 1 9% to £124 5m (2009 £126 9m) through savings from efficiency initiatives

Operating cash flow remained strong at £13 7m (2009 £14 3m) and net debt at the end of the year was further reduced at £23 3m (2009 £27 5m) The Board remains confident that the available facilities, totalling £49 0m, provide the Group with sufficient working capital and headroom to pursue its current strategies

Adjusted earnings per share, the measure of underlying performance, fell 1 1% to 64 0p (2009 64 7p)

Shareholders and dividends

In March 2010 we paid a first interim dividend for 2010 in lieu of a 2009 final dividend due to the impending increase in rates of personal taxation For 2011 we are reverting to the normal pattern and a final dividend of 13 7p (2009 13 7p) will be proposed to the AGM to be paid on 19 April 2011 If approved, together with the second interim paid in relation to 2010 of 6 4p, the total dividend relating to 2010 will remain at 20 1p (2009 20 1p per share)

The Board fully understands the importance that shareholders attach to the level of the dividend but has to balance short and longer term benefits of shareholders against the needs of the business and the economic conditions it foresees The Board looks forward to being able to grow the dividend as trading performance and confidence in the outlook for the economy justify

Following a low of 15,300 shares traded in 2009 on the Matched Bargain Facility, some 53,000 were traded in the year in the price range £4 75 to £5 25, stronger than those of its nearest comparators but the sector continued to underperform markets generally

Our programme of meetings with shareholders continued during the year and we are grateful for the continued support and understanding of shareholders through these changing and challenging times The AGM this year will be held at The Conference Centre at the John Innes Centre in Norwich In addition to routine business, we are bringing proposals for a revised Long-Term Incentive Plan, to extend the life of the current all employee Share Incentive Plan and to renew powers for the Board to offer non-shareholding senior managers an opportunity to subscribe for shares in Archant The Board looks forward to welcoming as many shareholders as possible to the AGM

Highlights

Very considerable progress has been made in repositioning our business to take advantage of the opportunities presented by the new technologies The full implementation of our industry-leading content management system through all newspaper newsrooms and the associated necessary cultural change has been fundamental

We have made a number of important new senior management appointments during the year to strengthen the executive management team, and to accelerate the rate of change and development across the business The Chief Executive's report discusses a number of these developments, but we have developed our Cambridge strategy with the launch of *Cambridge First* and purchase of *Explorer*, launched a series of glossy hyper-local coastal magazines and relaunched Life county titles in the Midlands In the digital space we have invested in a group buying business, Tickles (*www tickles co uk*), and relaunched *jobs24* on an upgraded platform We are expanding our successful weddings portfolio with new products and into new areas of the country

We celebrated 125 years of *The Star* in Ipswich and 140 Years of the *Eastern Daily Press*, and are delighted to be able to report that the two Norfolk daily titles and half the paid-for weekly titles outside London achieved circulation growth in the second half of 2010 as compared to 2009 Additionally, three Life titles in Lancashire, Yorkshire and Cheshire achieved their tenth consecutive year of combined circulation growth Dialogue made further progress with client wins of the Army Cadet Force, the British Parachute Association and an innovative *Burghley Life* publication for the Land Rover Burghley Horse Trials Specialist launched a number of new titles, notably *Turning Pro* in the photography market and *Clay Shooting*

We have continued to implement efficiencies and during the year we centralised advertising production in Norwich This February, following a review of our print activities and with significant increases in the price of newsprint, we announced a consultation with our employees at Thorpe over a proposal to outsource the printing of some of our titles to a third-party printer

Staff and Board

The Board pays tribute to the management and staff throughout the Group for their continued determination and enthusiasm through what have been, and continue to be, challenging and uncertain times We continue to receive many industry awards – recently at EDF Energy East of England Media Awards 2010, the *Eastern Daily Press* won the Daily Newspaper of the Year award and ***www edp24 co uk*** won Website of the Year

June de Moller will not seek re-election to the Board at the AGM after 12 eventful years We have greatly valued her contribution over this time and wish her well for the future

Outlook

We expect no early relief to the 'hard pounding' of the last few years Whilst there will be an upturn in economic activity and demand for advertising at some point, it is unlikely, at best, to arrive before the end of this year Some commentators expect a 'double dip' recession which would delay it further Meanwhile we expect an increase in newsprint prices of approximately 20% and face the full impact of the cuts in government expenditure

Whilst the recession has accelerated the rate of change in media, we are significantly better positioned to take advantage of this through the appointments we have made and the improvements in our own technology We will continue to develop new revenue streams, through the introduction of new products and services for the benefit of our readers and advertisers

Chief Executive's report

2010 started well with revenue growth in the early part of the year, but this was not sustained in the face of low economic growth, low consumer confidence, government spending cuts and bad weather in December. Despite the difficult trading conditions, headline operating profit before acquisitions was slightly up for the year.

ADRIAN JEAKINGS, CHIEF EXECUTIVE

TOTAL REVENUE WAS down £2 7m (1 9%) at £139 3m The revenue from our newspaper business was down £5 8m (5 9%) excluding acquisitions, mainly due to a drop in advertising in print Revenue from the public sector was particularly weak, falling by 29 1% over the year as a whole with steeper declines in the second half Public sector advertising now constitutes less than 10% of total advertising in print, a considerable drop from previous years Revenue from our magazine divisions grew by 3 0% to £44 9m with particularly strong performances from our local lifestyle magazines and client publishing Digital revenue increased by 14 2%

Focus on business development and improving productivity continued during the year resulting in cost savings of £5 4m (4 1%) before taking into account the impact of acquisitions As a result, operating profit before acquisitions, amortisation, impairment charges and exceptional items was slightly up at £15 2m

Profit after tax at £4 5m was £7 6m higher than last year and is high enough to cover the cost of the annual dividend for the first time since 2006

Strategy implementation

Our strategy is relatively simple We are a community media company The communities are mainly geographically defined but in some cases are also communities of interest Our job is to provide our audience in those communities with compelling content in the way that most suits them at the time that suits them In practice this means that print, fixed web, mobile, exhibitions and events all play a part in delivering the content. We make most of our money by helping our clients, be they advertisers, sponsors, commercial partners or exhibitors, to reach their target customers

We started as a newspaper organisation publishing printed products, we still do this well However, the world is changing and we now need to continuously update our products to reflect changes in consumer behaviour, and in particular how they use media We also need to change to reflect the way that our clients are using new forms of media to reach their existing and potential customers We have made significant progress in this during 2010 and an increased focus on the needs of our customers, both audience and clients, has been a constant theme throughout the year

Securing and growing our audience is key to our future success With this in mind a group of senior managers from across the Group was challenged at the beginning of the year to grow the paid circulation of all our titles The response was outstanding, generating industry-beating circulation performance All four of our daily titles were in the top eight regional dailies in England, and our two Norfolk dailies were the two best performing titles At the same time our Life magazines achieved their tenth successive year of paid circulation growth

In order to understand better what our audiences want we have increased our investment in market research in 2010 We have continued and expanded our use of focus groups but have also worked with WAN-Ifra, the world's leading newspaper trade association, and GfK NOP, an international marketing group, to develop a brand engagement model for media This approach, which was tested on the *East Anglian Daily Times*, gives us an in-depth understanding of our readers in print and online as well as a system for prioritising editorial activity We believe the new approach will increase reader engagement and thereby consumption of our products This model, which we believe is unique, will be rolled out to other titles during 2011

Our editorial change project, the first stage of which was completed during the year, is also helping to increase the focus on our audience The new content management system, which was rolled out as part of the project, provides many tools to help our journalists publish more engaging stories faster in print and online Our editorial teams across the country continue to develop the way they use these tools and interact with their audience

Focus on our audience is not enough We also need to understand better our clients' needs and provide them with new ways to reach their target customers Our investment in business development, whether through our central team or through individual

“These changes put us in a very strong position to deal with the economic turbulence of the coming months and to build the business through the strong relationships that we have with our audience and clients”

business units, is key to this

We have developed and launched a range of hyper-local glossy magazines In some cases a large part of the content is written by local people and distribution is through local businesses, giving the community a greater sense of ownership and engagement with the magazine We are now starting to roll this concept out across the business In Life we have relaunched some of the titles that were closed at the start of the recession whilst at Specialist we have launched a number of new titles around the core portfolio We appointed a new managing director, Mick Hurrell, for Dialogue during the year to grow the business by capitalising on our expertise in membership organisations and by leveraging our client relationships across the Group

We made significant additions to our Group business development team during the year starting with the appointment of Serge Taborin as group business development director Since Serge's appointment we have grown the business development team and accelerated the rate of new product development We relaunched our *jobs24* website in September and have seen a 12% growth in revenue over the year despite a 22% reduction in our print recruitment advertising We have also seen a 36% increase in visits to the site, and a 250% increase in online job applications since relaunch Other developments include the roll-out of our weddings business concept across the Group, with significant growth budgeted for 2011, and the launch of a local group buying service, Tickles, similar to Groupon, in January 2011 There are further products in the pipeline for launch during 2011

Productivity improvements

We continued to work to improve productivity during 2010 We are currently migrating virtually all of our advertising production for newspapers and magazines to Norwich This will provide us with the tools to improve customer service and design quality whilst generating substantial cost savings The project has included the implementation of a new workflow system that can be readily adapted for use elsewhere in the Group

Other areas of efficiency improvement include Archant Accounting Services where we have implemented new customer management software that streamlines the work of cash collection staff whilst providing customers with a web interface to review their invoices, make payments and, if necessary, raise queries

At Archant Print we have announced plans to outsource the printing of our weekly papers published outside Norfolk and Suffolk This will save a substantial amount of money and would not have been possible without the additional equipment installed as part of the 2007 capacity expansion project. It should be noted that the 2007 investment has achieved its financial targets and that the savings from the new project are in addition to these These plans, which are subject to consultation, will inevitably result in a number of redundancies

Archant Information Systems provides the IT infrastructure that makes all of this possible Major projects during 2010 included the roll-out of the new content management system to our newspapers and the first steps in creating two fully mirrored data centres in Norwich and Ilford Together these will give us more resilient systems and the ability for our staff to work from any location, including their own homes

Industry developments

The election of a new government in May 2010 saw a change of direction in a number of areas Most importantly for us, the new government is determined to stop local authorities spending taxpayer money on publishing their own newspapers A new code of practice for local authority publicity has been laid before the House of Commons which prevents councils publishing anything resembling a newspaper more than once a quarter The code is expected to become law in April 2011

The new Secretary of State for Culture, Olympics, Media and Sport, Jeremy Hunt, has stopped the previous government's plans for regional television news and is promoting a plan to create local television services in cities There are no clear plans yet and it is not certain that there is a viable business model, however we are talking to a number of organisations about the role that we might play in this

There is increasing talk of regional press consolidation in the trade and financial press Daily Mail and General Trust Plc has stated that it is not prepared to put capital into becoming a consolidator but that it would consider any worthwhile approaches for its regional newspaper business, Northcliffe Debt and pension issues remain problematic in the context of consolidation for the other major players The major financial benefits that are only available from consolidation would come from the elimination of duplicated management structures and the closure of competing titles in the same geography Any consolidation likely to result in the closure of titles, or any other reduction in competition, would almost certainly be referred to the competition authorities The new government has made positive noises about relaxing the relevant rules, particularly in respect of cross-media ownership, but nothing has happened yet.

The launch of the Apple iPad has stimulated a burst of creativity in content delivery The iPad experience is significantly better than that from more limited e-readers such as the Amazon Kindle and there will be a proliferation of similar, less expensive, devices launched in 2011 which will result in tablet devices becoming mainstream delivery channels We launched a number of iPad and iPhone apps during 2010 and will seek to exploit the capabilities of the new devices as they appear in 2011

Outlook

The outlook for the economy is not positive in the short term There will be an upturn in the parts of the economy that affect us but a material improvement this year seems unlikely The price of newsprint is expected to increase by approximately 20% in 2011 and the current unrest in the Middle East is unlikely to be helpful for energy prices We have significantly reduced our cost base over the last two years whilst investing both in new products and the capability to develop new products faster We have also invested to develop a better trained and equipped customer-focused editorial team These changes put us in a very strong position to deal with the economic turbulence of the coming months and to build the business through the strong relationships that we have with our audience and clients

Financial review

A solid result in a year of investment.

Brian McCarthy, Finance Director

	2010	2009	Change
	£m	£m	£m
Group revenue	139 3	142 0	(2 7)
Operating costs			
Staff costs	55 5	56 9	(1 4)
Other costs	69 0	70 0	(1 0)
Total operating costs[1]	124 5	126 9	(2 4)
Operating profit[1]	14 8	15 1	(0 3)
Amortisation and impairment	(5 1)	(17 3)	12 2
Net exceptional items	(1 5)	5 4	(6 9)
Operating profit	8 2	3 2	5 0
Share of operating results in associate	(0 2)	(0 2)	(0 0)
Income from investments	0 0	0 2	(0 2)
Interest payable	(1 8)	(0 6)	(1 2)
Other finance expense	(0 5)	(1 9)	1 4
Profit before tax	5 7	0 7	5 0

[1]Excluding exceptional items amortisation and impairment

Revenue at £139 3m (2009 £142 0m) was £2 7m (1 9%) lower than 2009 Operating profit before amortisation and impairment of intangible assets and exceptional items fell by £0 3m (2 4%) to £14 8m (2009 £15 1m) Total operating costs were down £2 4m (1 8%) with like-for-like costs down £5 4m, a saving of 4 1% over 2009 Cost control remained an important priority across the business, however, provision was made for investment in business development to ensure our continuing growth in new business areas, particularly digital Overall the results were solid

Operating profits in the second half of the year were 9 7% higher than the first half at £7 7m, and would have been better but for the adverse weather conditions in December and fewer publishing days for daily titles due to Christmas Day falling on a Saturday The rate of like-for-like revenue decline was 5 3% in the second half of the year, compared to 1 1% in the first half

An improvement in stability in the financial position of the relevant acquired titles and the cumulative effect of previous write-downs has meant that a non-cash impairment charge of £0 5m has been recorded, a 96% reduction on the 2009 charge of £12 4m

Exceptional items, comprising restructuring costs, reduced profit by £1 5m (2009 £5 4m credit) The 2009 credit arose principally from changes to the defined benefit pension scheme, resulting in a one-off credit of £10 0m, off-setting £4 0m of restructuring costs and other one-off costs of £0 6m

Interest payable at £1 8m was £1 2m higher than 2009 despite the reduction in net debt This is due to the higher interest rates applicable to the Group's debt under its refinancing in December 2009

A £0 5m charge (2009 £1 9m) is shown as other finance expense in the profit and loss account This arises from the expected return on pension scheme assets relative to the interest charge on scheme liabilities under the FRS 17 accounting standard

The tax charge on profits for the year was £1 3m (2009 £3 8m) and the profit for the year after charging impairment and tax was £4 5m, an improvement on 2009's loss of £3 2m

Adjusted earnings per share, which reflect the underlying performance of the business, were down 0 7p (1 1%) at 64 0p, whilst basic earnings per share improved by 54 8p from (22 8p) to 32 0p

Net debt at the end of the year was £23 3m (2009 £27 5m) after capital expenditure of £2 4m The Group maintains sufficient debt headroom for development opportunities and is operating well within covenants

Summary of divisional operating results

The revenue and operating profit before amortisation, impairment and exceptional items were

	Turnover		Operating profit	
	2010	2009	2010	2009
	£m	£m	£m	£m
Newspapers & printing	94 4	98 4	9 3	10 7
Magazines & contract publishing	44 9	43 6	5 6	5 2
Common costs			(0 1)	(0 8)
	139 3	142 0	14 8	15 1

“Investment was made in developing our digital capability which we expect to pay back in 2011 and beyond”

Key performance indicators (KPIs)

The key financial and non-financial performance indicators for the Group include revenue, operating profit, operating margin, advertising volumes, circulation volumes, unique users online, net debt and digital revenue The Group seeks to target performance in line with or ahead of competitors

Details of the Group's performance against the relevant KPIs for each division are included in the respective sections below

Newspapers and printing

Advertising conditions in UK regional newspapers improved over the first three quarters of 2010, with the fourth quarter of the year showing a worse position as a result of public sector cutbacks, economic confidence falling and the effects of poor weather

Newspaper and printing revenues fell by £4 0m with like-for-like revenues down by £5 8m (5 9%) to £92 6m (2009 £98 4m) Of this fall, more than half related to advertising funded by the public sector, where revenues fell by 29 1% in the year Public sector advertising now represents 9 6% of total advertising revenues (2009 12 4%)

All categories of advertising other than property suffered revenue declines in 2010, with recruitment in particular continuing its downward trend in our print publications, although in digital form, growth of 11 8% was achieved

Digital revenue grew by 14 2% overall, with particular growth in directories and E-editions offsetting small reductions in display revenue

Advertising year-on-year

	Full year	1st half	2nd half
Recruitment	(17 5%)	(10 1%)	(26 6%)
Property	3 9%	9 4%	(1 8%)
Motors	(3 4%)	(1 7%)	(5 2%)
Classified	(11 2%)	(7 7%)	(14 9%)
Display	(5 6%)	(0 7%)	(10 1%)
Other	(3 5%)	2 0%	(8 6%)
All advertising	(6 8%)	(2 1%)	(11 6%)

Circulation performed strongly, particularly in the second half of the year Like-for-like circulation volumes and revenues for paid-for newspapers each declined by 2 5%, however the second-half ABC performance showed a reduction of only 0 7%, having been 4 2% lower in the first half of the year, the best performance for many years Both the *Eastern Daily Press* and the *Norwich Evening News* increased circulation in the second half of the year, with weekly titles outside London (where a number of routes to market are used and paid-for circulation is not the only circulation measure) falling by only 0 4%

Whilst recognising the brand capital in our paid-for titles, Archant's overall audience is not solely comprised of paid-for titles and we have exploited strong brand relationships in the digital audiences for both our paid-for and free newspaper titles – with unique visitors growing by 9 5% in the year

Like-condition operating costs at £82 8m (2009 £87 7m) were down £4 9m (5 5%), maintaining the cost savings generated in 2009 Savings in employment costs were driven by a reduction in full-time equivalent staff numbers of 5 3% Further savings were made as a result of lower paginations as advertising fell, reductions in ink prices and property exits Investment was made in developing our digital capability which we expect to pay back in 2011 and beyond

Like-for-like operating profit was down 9 0% at £9 7m (2009 £10 7m)

Magazines and contract publishing

Revenues were £44 9m (2009 £43 6m), an increase of £1 3m (3 0%), and operating profit £0 4m (8 1%) higher at £5 6m

It was pleasing to see growth in both revenues and profits in magazines again in 2010, against a challenging background Circulation through the newstrade is increasingly difficult and expensive and so it has been particularly valuable to have increased subscription sales by 9 9%, to a point where such sales now represent more than half of our paid-for circulation Advertising revenue saw improvement in property over the full year, with trends in display slightly behind

Archant Life's revenues were up 4 2% in 2010, with advertising revenues 3 3% higher Digital and other revenues also increased, but overall circulation revenues fell by 1 9% Costs increased by 2 1% principally on printing and paper costs as paginations increased

Archant Specialist revenues were down 2 6%, with imaging titles in particular proving challenging in a competitive marketplace, together with a further downturn in the French property market The lifestyle portfolio posted resilient 13 0% year-on-year growth Circulation revenues fell by 1 3%, although subscriptions grew by 2 8%, with the biggest challenges presented by copy sales through high-street outlets Advertising revenues were down 9 1% Costs were reduced by 2 1%, again principally on costs for printing and paper, employment and distribution

Archant Dialogue returned a near record year, with revenues growing by 26 2% and profits rising by 28 0%

Digital activity

Despite the challenges faced in the recruitment marketplace, revenue from online activities increased by 14 2% to £5 4m (2009 £4 7m), mainly driven by revenue from *jobs24*, E-editions of our products and directories Of the non-financial →

Financial review

before amortisation impairment and exceptional items

* before amortisation impairment and exceptional items

measures of online activity, unique visitors increased by 13 4%, though page impressions fell by 2 9% following changes in site design Almost 2 8 million people on average visit Archant websites every month

Impairment of newspaper and magazine intangible assets

The Group is required to review the carrying value of all its intangible assets annually, to determine whether either events or changes in circumstances indicate that the carrying value may not be recoverable The carrying value is assessed by a number of measures – principally forecast cash flows – which are discounted in line with the Group's cost of capital

The only titles for which an impairment charge has had to be made relates to those acquired with KOS Media Publishing in 2010 These titles were severely affected by reductions in public sector spending in the second half of 2010, and their carrying value is not currently supported by forecasts Consequently an impairment charge of £0 5m has been recorded during the year No further charges have been required in the year

The impairment charge has no cash impact, however, it does reduce distributable reserves, which were £48 6m at the end of 2010 before the impairment charge The Group's annual dividend payment at its current level is more than adequately covered by the profits generated from normal trading, and distributable reserves after the impairment charge are £48 1m

Associated companies

In June 2010 the Group acquired outright KOS Media Publishing, publisher of a number of newspaper and digital titles in Kent, including *Kent on Sunday*, since when it has been consolidated in full in the Group's results Prior to this date, the investment in its holding company was treated as an associate, with Archant's share of losses in 2010 totalling £0 2m (2009 loss £0 2m)

Exceptional items

Exceptional costs (excluding impairment) were £1 5m (2009 £4 0m) in respect of the costs of reducing the size of the business, principally redundancy and office closure costs In 2009, there were further exceptional costs of £0 6m in relation to the bank refinancing and the restructuring of the defined benefit pension scheme to reduce the rate of growth in future liabilities The restructuring of the pension scheme resulted in a one-off exceptional credit of £10 0m in 2009

Taxation

The financial statements include a tax charge of £1 3m (2009 £3 8m) The effective rate of taxation for the year, before impairment and an exceptional corporation tax credit, was 51 3% (2009 38 6%), and the effective standard rate of tax was 28 0% (2009 28%) The 2010 pre-impairment effective rate was higher than the standard rate due primarily to amortisation of intangible assets that is not deductible for tax purposes The tax charge has been reduced by an exceptional credit of £1 9m relating to the favourable resolution of certain tax matters accrued in previous years and also includes a £0 2m charge for deferred tax arising from the reduction in the rate of corporation tax from 1 April 2011

Earnings per share

Basic earnings per share grew by 54 8p from last year's loss per share of 22 8p to 32 0p Adjusted earnings per share fell by 0 7p (1 1%) to 64 0p Adjusted earnings per share are considered to be a better indicator of the underlying performance of the business and the difference between basic and adjusted earnings per share is explained in more detail in Note 11 to the financial statements

Dividends and dividend cover

It is proposed that a final dividend for 2010 will be paid on 19 April 2011 at the rate of 13 7p per share If the 2010 first interim dividend is treated as being in respect of 2009, the total dividend for the year is 20 1p (2009 20 1p) At this level the dividend would be covered 3 2 times (2009 3 2 times) by adjusted earnings per share

Net debt and cash flow

The Group continues to be cash generative and operating cash flow at £13 7m (2009 £14 3m) was £0 6m lower than in 2009, mainly due to the reduction of £0 3m in operating profit before amortisation, impairment and exceptional items Conversion of profit (before impairment and one-off pension credit) into cash at 158% was again strong (2009 257%) Net debt at the end

Financial review

* before amortisation impairment and exceptional items

* 2009 includes and 2010 excludes the 1st Interim for 2010 for comparative purposes

of the year was £23 3m (2009 £27 5m) Movements in net debt are summarised below

	2010	2009
	£m	£m
Operating cash flow	13 7	14 3
Net interest paid	(1 2)	(0 4)
Tax paid	(1 7)	(0 9)
Dividends paid	(2 8)	(2 8)
Cash flow before acquisitions and capital expenditure	8 0	10 2
Capital expenditure	(2 4)	(2 6)
Acquisitions and investment in associate	(0 5)	(0 3)
Share transactions	(0 3)	(0 1)
Other	(0 6)	(0 1)
Decrease in net debt	4 2	7 1

Capital expenditure

Capital expenditure during the year was £2 4m (2009 £2 6m), substantially all of which again related to investment in IT hardware and software developments which will improve operating efficiency and system resilience in future years

Pension scheme

The triennial actuarial valuation completed in 2008 indicated that liabilities of the Group's pension scheme of £148 6m were under-funded by £8 0m as at 1 January 2008 The Group made cash contributions totalling £1 45m towards the reduction of this deficit in 2010 (2009 £1 45m) The deficit shown in the balance sheet was determined using the FRS 17 accounting standard, which the Group adopted in 2005 Under this standard, the defined benefit scheme service cost in the profit and loss account has decreased by £0 2m to £1 4m and the deficit shown on the balance sheet has fallen by £3 2m, from £14 7m to £11 5m The fall in the deficit is a result of a combination of a recovery in investment markets, and increased gilt yields which have reduced the valuation of liabilities As the liabilities of the pension scheme are expected to fall due over a period of more than 50 years, and the deficit is less than one year's current operating profit before amortisation, the deficit is not considered onerous

Treasury management, associated risks and uncertainties

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 costs and maximise returns on funds subject to short-term liquidity requirements

The main risks that the Group faces from its treasury activities are liquidity risk and interest rate risk The Group's activities are primarily in the UK and there is minimal foreign currency risk

Our liquidity risk arises from timing differences between cash inflows and outflows These risks are managed through committed short-term and long-term credit facilities Our policy is to ensure continuity of funding and flexibility and to maintain sufficient cash balances and committed facilities to meet anticipated funding requirements Our resources and the expected future cash flows are regarded as sufficient to meet the anticipated funding requirements of the Group for at least the next 12 months

The Group successfully refinanced its debt in December 2009, following the expiry of its previous debt facility The total facility was £50 0m, of which £45 0m is a revolving advances facility through RBS and Bank of Ireland which expires in April 2013 and a £5 0m overdraft facility from RBS on which competitive rates of interest are payable The maximum amount of the revolving credit facility was reduced to £42 0m on 10 January 2011 and will be further reduced to £36 0m by equal annual reductions on 1 January 2012 and 2013 During the year the Employee Benefit Trust was granted an overdraft facility of £2 0m, which is guaranteed by the Company, the balance of which is included in Archant debt In January 2010 the Company entered into interest rate swap arrangements covering £15 0m of its debt obligations, expiring in December 2011, to limit the Company's exposure to interest rate risk

Net assets

Net assets on 1 January 2010 were £53 1m The profit for the year was £4 5m, which was transferred to reserves Other movements included an increase of £2 6m arising from the FRS 17 Retirement Benefits accounting standard and dividend payments of £2 8m Net assets at the end of the year were £57 1m

Directors and officers

[illegible] *Chairman*, Non-executive **N R P**

Richard Jewson 66 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 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 Grafton Group plc Raven Russia Limited and a number of other unquoted companies

He is HM Lord Lieutenant of Norfolk and also chairs the Council for the University of East Anglia

Richard chairs the remuneration and nominations committees

AD[illegible] *Chief Executive* **N P**

Adrian Jeakings, 52, 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 sits on the Board of the Newspaper Society He is a governor of Norwich School and a member of the audit committee of the University of East Anglia

BG[illegible] *Finance Director* **P**

Brian McCarthy 48 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, and joined Archant in January 2004 as Finance Director of Archant Regional

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 Deputy Chairman of City Academy, Norwich

[illegible] Non-executive **A**

Simon Copeman, 44 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 and sales and marketing positions with 3M UK plc and is currently their Manager of Acquisitions, Alliances Strategic Planning and Execution

[illegible] *Director*

Johnny Hustler 55 Managing Director of Archant Lifestyle and the newspaper titles in Kent and the South West, joined the Board in January 2008 having served as a director of a number of other Archant companies during 24 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, of which he remains a Director in 2001

Johnny is a past UK and European Director of the International Newspaper Marketing Association and is currently a Director of the Periodical Publishers Association Limited He is also a governor of Norwich School

[illegible] Non-executive **R A**

Richard Wyatt 51 was appointed a Non-executive Director of Archant in April 2005

Richard is Chairman of Loudwater Investment Partners Limited He is a Managing Director of N M Rothschild and formerly Managing Director of Schroder Securities

Richard who is a law graduate is also a trustee of Aldeburgh Music

Directors and officers

MJ WALSH Non-executive

Mike Walsh 61 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 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 is also Vice President of 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 is 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

J[illegible] DE MOLLER Non-executive **R A N**

June de Moller 63 joined the board of ECNG as a Non-executive Director in May 1999

June was Managing Director of Carlton Communications Plc from 1993 to 1999 having joined the board of Carlton in 1983

Formerly a Director of Cookson Group Plc BT plc and J Sainsbury Plc, she is currently a Non-executive Director of Derwent London Plc and Temple Bar Investment Trust plc

June is a member of the Council of the University of East Anglia

PJC TROUGHTON *Vice-Chairman*, Non-executive **R A N**

Peter Troughton, 62, 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 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 a director of a number of private companies He is a Non-executive Director of Lowland Investment Company plc and JOHIM Global Investment Funds plc

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

Peter chairs the audit committee

[illegible] ELLISON *Company Secretary*

John Ellison 59 was appointed Company Secretary of ECNG in February 1996

R Member of the remuneration committee
A Member of the audit committee
N Member of the nominations committee
P Member of the pensions committee

During 2010, Archant's staff continued to deliver innovative solutions to the challenges faced by an ever-changing media landscape.

The roll-out of our content management system is enabling journalists to publish to multiple channels with one touch. This integrated media approach continues to be essential to Archant's strategy of serving its clearly defined communities.

A significant success in 2010 was Archant's fightback against the challenge of declining newspaper circulations. Giving readers what they want, together with effective, responsive distribution management, has been critical to winning, regaining and retaining readers.

Across the Group's portfolio, new products have been launched that cater for new communities and innovative thinking has been applied to existing products. Cost efficiencies remain important and initiatives to make the Group more sustainable have started to pay off.

On the following pages, we pay tribute to some of those who have been involved in the initiatives that made 2010 a year of which Archant can be proud.

Intelligent integration

Archant's customers increasingly expect to get news and information at a time and place of their choice, but one thing remains the same they still want engaging, relevant content

WHETHER THEY GET it from newspapers, magazines, tablet PCs, smart phones or e-readers, Archant's customers want news that matters to them That's why Archant continues to put the journalist at the heart of its operations In 2009, Archant Regional moved to a single newsroom culture Out went the idea of reporters working on just one title and in came multi-title news teams supplying tailored content to brand editors

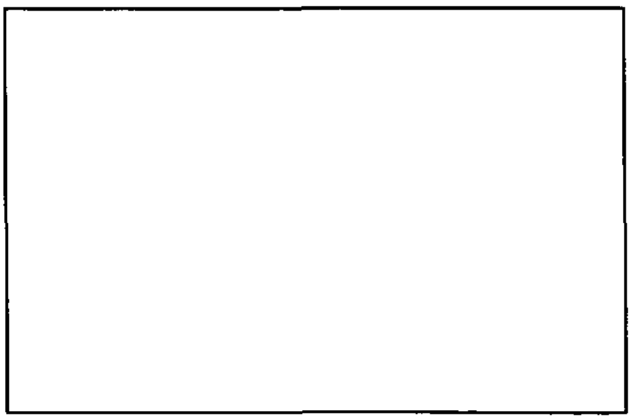
In 2010, Archant accelerated this integrated media approach with the roll-out of its Content Management System (CMS), enabling journalists to publish to multiple channels with one touch James Foster, editorial director, Archant Norfolk explains "We believe we were the first UK newspaper business (and one of the first in the world) to use a completely integrated CMS to develop content for print, web and mobile " The CMS enhances Archant's multimedia capabilities, optimising stories for different publishing platforms, and encourages journalists to engage with audiences using social media sites such as Twitter and Facebook

James adds "This integrated media approach is essential to Archant's strategy of serving clearly defined communities, based on geography or interest groups "

The UK is one of Europe's fastest growing smartphone markets with mobile web traffic growing an estimated eight times quicker than fixed web traffic As a result, mobiles could surpass PCs as the main point of web access as early as 2013 That has profound implications for the business, as Serge Taborin, Archant's Group business development director, explains "We must grow our audiences by providing rich content from strong brands across multiple channels – harnessing digital platforms and developing new revenue streams "

James backs this up "Our editorial process is built on strong planning and, above all, focusing on our customers – audiences, advertisers, whoever wants to engage with us " The *Welwyn Hatfield Times* (*WHT*), which was the first Archant newspaper to use the CMS in October 2009, has seen a 55 per cent increase in unique visitors to its website in 2010 "Testimony to the power of good copy," says *WHT* chief reporter Kelly-Ann Kiernan

“The CMS puts the story back at the heart of everything we do, rather than being driven by deadlines”



An information package Head of sport Richard Willner (left) and editorial development director Paul Hill

Culture change

The roll-out of the CMS wasn't easy "It involved a major cultural as well as technological shift," explains James, "as our whole approach to news gathering and storytelling radically changed "

Among those embracing the new technology are people like Richard Willner, head of sport at Archant Norfolk, who is enthusiastic about the results "The CMS puts the story back at the heart of everything we do, rather than being driven by deadlines "

Journalists now enter all their material for each event, including photos and videos, into the CMS as a story They then work with editors to determine how it will fit the available media "We spend more time developing the full story," explains Richard, "making our stories more engaging for readers and the surrounding space more attractive for advertisers – which is good for journalism and Archant "

That's a view shared by Bob Crawley, who moved to Archant London as editorial director in March 2010 "The new CMS gives us greater control over copy and design and frees up editors to work more closely with their brand teams, crafting interesting, relevant content for their communities "

According to Bob, it was also a significant factor in Archant London's decision to centralise production of a number of titles and enabled a redesign of the Ilford newsroom around a central editorial hub "This command centre," he says, "ensures joined-up thinking across the editorial, advertising and marketing teams "

One story, many channels

NEW TALENT

SERGE TABORIN
GROUP BUSINESS DEVELOPMENT DIRECTOR

What attracted you to become part of Archant?
I was drawn by the opportunity to become a part of and help shape Archant's future The strength of the vision to turn Archant from a publishing company into a much wider multimedia organisation was even more important I felt that Archant, with its long local history and culture of innovation, offered excellent potential for launching successful new products

What skills and experience do you bring?
I worked for five years in commercial and strategy roles in digital media Prior to that I was a technology consultant My professional skills are in corporate strategy and commercial development, although I also have operational experience Digital media is my area of expertise

What excites you about your new role?
Archant's long-standing presence in the communities that we serve gives us a number of unique advantages that, I believe, can be successfully exploited in our rapidly changing industry – something I am really looking forward to being part of

The power of good copy
Terry Mitchinson, editor *WHT* series, with the *WHT* team

As Terry Mitchinson, editor *WHT* series, puts it "The CMS lets everyone see the whole picture and track a story's progress online and in print Journalists also have a more varied role – not just searching out stories but using rich media, such as videos, polls and links, to make the most of them The process is also completely seamless – which is a huge step forward "

The CMS also helps with planning, believes Terry "We all have a deeper understanding of each story's value and how we can best use it When we first considered the CMS two years ago, Archant was really trail blazing – now it is hard to imagine being without it " →

The move to mobile

The rapid rise of smart phones and tablet PCs has increased the consumption of content on the move, something Serge is keen for Archant to exploit "We made significant strides in mobile during 2010, launching iPhone and iPad apps as well as 10 mobile-optimised sites across selected titles helping generate new revenue "

Two of Archant's most popular mobile sites are for the football-focused *Pink'Un* and *Green'Un* "These together get on average almost 20,000 visits a month, generating almost 200,000 mobile page impressions," says Serge, "and both sites are growing rapidly "

That coverage made them perfect for Archant's first mobile platform sponsorship deal – with local brewer Adnams The deal gave Adnams prominent banner ads on the mobile sites These linked to a webpage where fans could enter a competition to win a case of beer, find a local Adnams pub and pick up a voucher redeemable for Adnams-branded goods

As Sean Clark, head of web at Adnams confirms "Sponsoring the mobile *Pink'Un* and *Green'Un* sites was an innovative way to engage with one segment of our target audience and raise brand awareness "

Greater control
Bob Crowley
editorial director,
Archant London

Seeing eye-to-eye

Archant Specialist launched a number of iPhone and iPad apps towards the end of 2010 As Miller Hogg, managing director Archant Specialist, explains "*Foto News Now* is a new mobile brand for the amateur and professional photographer It draws the best content from the websites of *Professional Photographer* and *Photography Monthly* and optimises it for its iPhone-compatible site, creating a great user experience

"Updated regularly by our journalists using the CMS, *Foto News Now* delivers videos, podcasts and features from both print magazines, as well as listings, competitions and readers' photos from both websites " The app, which costs just £1 79, is regularly featured in iTunes Photography's 'What's Hot' list and already has over 1,200 paid subscribers

"We also launched two iPad apps," says Miller "*Foto Mags Now* is a free app that lets you sample and buy iPad-friendly (or print) editions of four specialist magazines These include *World of Photography*, which in turn offers a free iPad app compiling the best images from the readers of *Photography Monthly* (a print edition is available on subscription) This app is very popular too, with more than 12,000 downloads in its first seven weeks "

"The beauty of web and mobile is that we can reach a global audience who share a common interest"

Global reach

Not only is this success increasing print subscriptions, it is also creating new audiences for its websites, as Miller explains "The beauty of web and mobile is that we can reach a global audience who share a common interest

Social media
Social media encourages users to communicate and share Traditional media, like print or TV, deliver one-to-many communication Web-based and mobile technologies have turned communication into interactive dialogue between individuals and groups, often in real-time

Social media exists in many forms, including blogs, voting, and profile building and sharing but its basis is that of participation, encouraging contributions and feedback from a variety of users

Archant uses social media extensively within its digital operations to encourage user engagement with its products and brands This activity ranges from blogs and photo sharing to profiles for most newspapers and magazines on major social media sites such as Facebook and Twitter

Thanks to the intelligent use of social media, Archant's Life titles now have 22,000 Twitter followers and around 10,000 Facebook fans between them Regular online conversations encourage repeat visits, engagement and subscriptions to the printed magazines As a result, visits to *Great British Life*'s websites have increased by 195 5 per cent

Social networking, left to right Dan Coman Jules Rastelli, Laura Jordan Mary Brooks and Laura Stringer

“The integration of social media is increasingly important in building brand communities”

NEW TALENT

JULES RASTELLI
DIGITAL DIRECTOR
ARCHANT LIFE

What attracted you to become part of Archant?
Archant's lifestyle magazine brands lead the market and have a great reputation, so this seemed like a good opportunity to help them do the same online

What skills and experience do you bring?
My last role was as head of digital at KM Group, and before that my background was in senior roles in magazine publishing at the BBC and Redwood group for 14 years

What excites you about your new role?
It's a brand-new role at Archant so it's exciting to be at the start of a project that shows so much promise I've been impressed by Archant's commitment and vision to be as successful online as they are in print, and they have backed this up with resources to get the job done

“By producing content with global appeal, we attract global brands such as Nikon, which has already sponsored our iPad app for the next 12 months They like the fact that a third of our mobile audience is in America, a third in Australasia and a third in Europe – you can't get that coverage or integrated sales opportunity with a specialist magazine in the UK ”

Head out on the highway
Other divisions making good use of new platforms include Archant Dialogue, which launched its first iPhone app for the Harley Owners Group (H O G) in 2010 “It was a natural development,” says Dialogue's editorial director, Zoe Francis-Cox “We already create and manage a suite of multilingual communication channels for H O G ,” she says, “including a quarterly magazine, members' website (with 20,000 unique visitors a month), monthly e-zine, and Twitter and Facebook activity Creating an app that enables members to interact from their iPhones while out on the road made sense ”

Phil Sumner, Dialogue's senior developer, adds “It's very rewarding to see it used around the world and it's a great way to reach existing and potential customers, without being pushy They can read the latest news, watch videos, send messages and post pictures of their Harleys to the website ”

Creating a social buzz
It's not just mobile platforms that are helping Archant's divisions engage new and existing audiences The integration of social media is increasingly important in building brand communities That's particularly true at Archant Life, which has the largest portfolio of regional magazines in the UK

As Mary Brooks, editor and publisher, *Great British Life* (*GBL*), explains “*GBL* is the web portal to our 45 regional sites Online conversations through our social media channels have encouraged repeat visits, engagement and subscriptions to our printed magazines This has helped us build a database of 100,000 email addresses, with 90,000 asking to receive *GBL*'s weekly e-newsletter containing local-interest articles and competitions ”

The benefits are clear “Readers benefit from the strength of our coverage – events, lifestyle tips and regional news – while advertisers gain massive reach across affluent and engaged audiences,” says Mary

That's something Ian Fish, finance director, Archant Lifestyle, agrees with “Social media builds audience loyalty, as seen by the increasing number of print subscriptions taken out online ” *GBL*'s Christmas 2010 gift subscription campaign generated 1,656 orders online in just nine weeks

Ian concludes “It's part of an integrated package where multiple access points help build strong media brands ”

NEW TALENT

FRASER CHAPMAN,
COMMERCIAL DIRECTOR, *JOBS24*

What attracted you to become part of Archant?
I was impressed with Archant's clear vision to dominate their market and instantly wanted to be part of it. The opportunity to develop a new digital platform was an exciting challenge and one I knew we could achieve.

What skills and experience do you bring?
My experience developing new digital recruitment products in a markeHeading publishing environment was a perfect fit for this role. I also bring experience in implementing sales strategies that improve effectiveness within many media sectors. My experience leading and influencing geographically spread teams to manage 'change' projects lends itself well to the role.

What excites you about your new role?
Archant shares my passion for ensuring that *jobs24* continues to profitably exceed our jobseekers and clients' needs. The most exciting element to my role is that I have the opportunity to work with a diverse group of experienced and dedicated individuals.

Targeted innovation

During 2010, Archant continued to increase its portfolio of highly targeted publications and websites, as well as being innovative with existing products

IN 2010, ARCHANT identified areas to connect with new audiences, as well as expanding its product offering through innovation.

Money matters

The personal finance industry generates £1 billion in advertising revenue a year and Archant has launched a comprehensive offering that will attract a share of this. *MyMoney24* was announced in 2010, headed by award-winning personal finance writer, Adam Aiken (below). Adam has worked with Archant for 12 years – most recently as *Eastern Daily Press* (*EDP*) deputy business editor – but his passion is personal finance and he has always pushed for more consistent coverage across the Group. "I launched a regular column in the *EDP* in 2007," he explains, "and in February 2010 I became what we believe was the first full-time regional personal finance writer in the UK.

"Personal finance has national appeal, mortgages, pensions, savings and borrowing interest different audiences at different life stages. Being part of Archant gives the site a competitive advantage. We will be providing an opinion piece for every one of Archant's weekly titles, which have a combined circulation of 1.1 million. The rich content will attract a wide range of advertisers – from small, local personal finance businesses to national providers."

Archant's daily newspapers also benefit from the team's incisive news and comment. "The *EDP*'s 'Money Matters' column was rebranded as *MyMoney24* and is a double page spread. It now appears every Saturday in the *EDP* and in the *East Anglian Daily Times* and *Kent on Sunday*."

Adam is also using the CMS to distribute news stories. "We are a resource for editors, helping them tackle local and national issues. We are also working with the Archant Life titles to ensure they have a range of articles for use throughout the year. These target specific audience segments and aim to provide stimulating content for readers and an attractive environment for advertisers – as well as driving traffic to the *MyMoney24* website."

MyMoney24
Adam Aiken

New-look recruitment

When Fraser Chapman became the new commercial director of *jobs24* in May 2010, he was tasked with relaunching the site to ensure it retained its position as a leading recruitment portal. "We had to offer a simple way to find the right job quickly. We also wanted to help recruiters differentiate themselves in a crowded market."

"Unique visitors on *jobs24* were up 48 per cent year-on-year"

With extensive experience of managing online job portals, including the award-winning *Times Educational Supplement* site, Fraser's first move was to appoint a specialist provider of online recruitment platforms. "We had to ensure the new site was flexible and responsive."

The new site is cleaner and easier to use. "It also offers seekers great functionality, which really empowers them," he says. "They can refine their search by location, sector and salary. They can also sign up for email alerts as soon as we advertise a new job that matches their saved searches."

A mobile-optimised *jobs24*

site was launched at the same time "Seekers can browse for jobs on the move and our sales team can offer clients a portfolio of new products that generate additional revenue Advertisers like the new enhanced ads because they make jobs look more exciting, and that boosts enquiries " The response has been excellent, he adds "CV numbers on the site trebled in the first two months following the relaunch in September," says Fraser "Unique visitors were up 48 per cent year-on-year More impressively, considering the challenging jobs market, digital revenue is up 12 per cent and means we are outperforming the market "

The new site works because of its great hyper-local strategy, adds Fraser "We understand our communities, that enables us to engage a loyal local audience and enables recruiters to cross-advertise successfully in our printed media – we give them multiple routes to market and our seekers greater job opportunities "

A year of firsts

For Archant Herts & Cambs, 2010 was a year of firsts – notably the launch of *Cambridge First*, a weekly paper that takes "a fresh look" at the city "We call it a 21st-century weekly," says Herts & Cambs managing director, Stuart McCreery, "because its 'multi-platform, multiple routes to market' approach is the future for local newspapers " These routes include paid-for sales, free pick-ups, hand-outs in high footfall locations, a website and a mobile site – a formula that also provides exciting ways to work with advertisers "Archant is a progressive, community media company," says Stuart "*Cambridge First* implements many of our innovative ideas on local engagement and distribution "

Paul Richardson, editorial director, adds "*Cambridge First* has an original design and refreshing blend of positive news and useful information It also has a strong rapport with its audience, and reflects the city's reputation as a centre of research and innovation "

In another first, Herts & Cambs launched *Scene*, an innovative weekly 'newszine' covering East Hertfordshire and Harlow Herts & Cambs business development manager,

(left) Cambridge firsts
Left to right Paul Richardson Barry Hunt, Roy Testa John Wood, Stuart McCreery and Jonathan Tewson

Jonathan Tewson, says "*Scene* fuses the excitement and thrust of a newspaper with the glamour and comfort of a magazine, supported by web and mobile sites "

Scene also takes multiple routes to market, including the use of 41 parish council outlets to distribute copies to rural areas Editor, Barry Hunt, adds "We aim to increase reader involvement by delivering desirable, relevant and accurate content, at a time and place to suit them "

Jason Valentine, regional advertisement manager, is proud of the team for delivering such an exceptional publication "With its sharp news and contemporary design, it meets the needs of our readers and creates a positive environment for advertisers and sponsors "

Herts & Cambs' third success was the acquisition of Cambridge-focused *Explorer* magazine, which celebrated its 100th edition in December This vibrant 'what's on?' guide, with its individual editorial style, keeps readers abreast of the latest leisure and entertainment opportunities in the city and surrounding area "*Explorer* is an ideal fit with our existing titles," says Stuart McCreery, "giving Archant a comprehensive portfolio of products covering the exciting Cambridge market It also provides us with an opportunity to develop *Explorer*'s digital offering and replicate the format in other markets "

Lifestyle launches

Archant Life relaunched in Leicestershire and Nottinghamshire, and acquired a title in Herefordshire "We continue to strive to achieve our ambition of having a title in every English county," says Archant Life managing director, Johnny Hustler "Our coverage offers advertisers a local solution of consistent quality "

Synergies are also being exploited between Archant divisions The opportunity to promote local events, such as Porsche Club events, through Life titles, is now a regular part of Archant Dialogue's pitches for new business "When Archant Norfolk launched an equestrian magazine in 2010, it was able to draw on Dialogue's →

Chapelfield celebration

Innovation is not just about new titles and formats, explains Tim Williams *Norwich Evening News* editor "We also use existing products in different ways to create a real buzz for readers and key customers – such as Chapelfield shopping centre's sponsorship deal with the newspaper, celebrating its fifth birthday "

For one day in September, the *Norwich Evening News* mixed regular news with content specific to the Norwich Chapelfield mall – including a fashion feature on the new Superdry store, TV programme reviews by Chapelfield staff and a look at the centre's green credentials Chapelfield's general manager Davina Tanner (right), who was guest editor for the day, says "This was an exciting and innovative partnership Credit to Tim and his team for the idea – and for making a positive local business story even more relevant and engaging That helped boost our footfall across the week – and sales of the newspaper So it was good for our consumers and retailers, as well as Archant and its readers "

Sales innovation drives spend

Helping advertisers maximise their sales is good business – successful campaigns encourage repeat bookings. That's why Archant invested in a McInnis & Associates design and sales course for 320 sales people, more than half its sales force.

Bob McInnis, based in the US, specialises in teaching sales teams to understand customers and tailor campaigns to their needs, aiming to "help advertisers get the best response possible".

Linda Ikwue, Archant Life (above), saw immediate benefits of the training. "One customer planned to pull their account because of poor response," she explains, "but, following the training, I helped make their ad more effective. As a result they moved from a quarter page to a full page and increased spend from £520 in 2009 to £1,605 in 2010."

Stephan Phillips, Archant Norfolk's managing director, says: "The sales team has already generated significantly higher sales revenues. The remainder of the sales workforce will attend a further workshop in 2011."

considerable experience in the equestrian area," explains Johnny. "And advertisers and sponsors are taking advantage of opportunities to reach and interact with Archant Life and Specialist audiences too."

Dialogue developments

Launching products for new clients and creating innovative solutions for existing customers kept Archant Dialogue busy during 2010. "As well as seeing the rebirth of Saab in 2010, we also launched our first monthly customer magazine for Porsche Club GB," explains client services director, Chris Rainer. "Each issue of the 136-page magazine includes 50 pages of advertising which generate significant advertising revenue," adds head of advertising Sam Overton.

The Army Cadet Force (ACF) put its magazine out to tender in early 2010. Fighting off tough competition from leading industry players, Archant Dialogue was awarded a three-year contract. Melanie Bowran, head of marketing and communications at the ACF said: "The decision to appoint Dialogue was unanimous. Their proposal was very detailed and we were incredibly impressed by the level of enthusiasm of the team that presented to us." Managing editor, Aisha Singleton, adds: "We worked hard to gain valuable knowledge about the organisation. Now we produce their magazine, annual review and e-newsletters. We've also directed some video work for them at some of their prestigious events, including the Cadet150 Garden Party at Buckingham Palace."

Dialogue was also appointed by the British Parachute Association (BPA) to publish its bi-monthly members' magazine. Kirsty Kelly, managing editor, who has been learning to skydive, explains: "We also designed, built and now manage a website that complements the printed magazine, with news, event reports and photo galleries. The BPA was very impressed with what we have delivered and asked us to rebuild the Association's website to incorporate online renewal and membership."

Archant Dialogue's work in the equestrian marketplace also saw expansion. James Houlder, commercial manager, explains: "We've been working with British Eventing since late 2008 and this has given us a good understanding of the equestrian marketplace. In mid-2010, working closely with Anne Basey-Fisher and Johnny Hustler from Archant Life, we presented to the PR team for the Land Rover Burghley Horse Trials the idea for a *Burghley Life* magazine. The magazine was very well received and the client has committed to a second edition to celebrate the event's 50th anniversary in 2011."

NEW TALENT

MICK HURRELL,
MANAGING DIRECTOR, ARCHANT DIALOGUE

What attracted you to become part of Archant?
The opportunity to contribute to Dialogue's great success story and take it to new heights. I saw Archant as an impressively progressive company, offering a unique media portfolio and platform for growth, combined with a supportive senior management team that encourages and invests in innovation and entrepreneurial success.

What skills and experience do you bring?
I have 25 years' experience in magazine and multimedia publishing – 15 of those in the contract publishing sector. I bring a proven track record of growing businesses and producing international award-winning publications, both as a journalist and publisher. I relish challenges, encourage and embrace innovation and bring a passion for publishing – it's a great business.

What excites you about your new role?
The sheer scope of the opportunity. Dialogue is one of the country's most established publishing agencies, boasting an enviable client list – many of whom have been with us not just for five years, but 10 and more. From this strong base we have the perfect platform to grow across a range of fronts – new media, new clients and new services – to exploit business opportunities within the Group and with national and international brands.

Dynamic Dialogue
Left to right: James Houlder, Chris Rainer, Sam Overton, Nicola Preston, Abi Burroughes, Claire Leibrick, Aisha Singleton and Kirsty Kelly

Local focus

An aligned management structure has seen Archant's county magazines focus on what's really important.

Teamwork
Suzanne Heaven and Tim Thurston

ARCHANT LIFE'S ABILITY to enhance and empower its local teams played an important part in its success in 2010

A reorganisation in late 2009 replaced the regional managing directors with a new flatter, functional structure Tim Thurston was appointed Group commercial director and Suzanne Heaven Group publishing director – supported by commercial, publishing and editorial teams with specialist expertise on the ground

The new structure enabled the faster implementation of decisions Suzanne explains "The speed we can move and change things, introduce cost efficiencies, share best practice and improve training, is much quicker with the new functional structure "

Tim and Suzanne have worked closely to ensure they spread a single vision Both are on the road continuously, meeting and supporting local teams Archant Life has nine offices across the country in addition to a high proportion of staff who work from home "We need to ensure we maintain the strength of our tagline 'made in the county, especially for the county'," says Suzanne

The new structure meant the teams needed time to evolve and absorb the new culture of continuous product and skill development "'Critique not criticism' is the motto for every title review meeting so everyone understands that part of our professional job satisfaction is to improve every aspect of what we do – all the time," explains Suzanne

"The biggest challenge," adds Tim, "was a lack of balance – some titles were too focused on being platforms for advertising sales, with very little attention paid to the needs of readers, while others were editorial-led but with insufficient attention paid to the effect on the commercial attractiveness of the resulting product," he explains

Tim and Suzanne's goal has been to focus teams on what is most important – the reader "The reader is the responder," says Tim "If they are happy and responsive that makes our advertisers happy

"We have really invested in understanding what our customers want Suzanne hosts regular reader focus groups and I meet as many advertisers as I can, as does my team We can tailor our products to ensure they are beautifully designed, with the right mix of content and advertising We have proved that bespoke local content that focuses on highlighting local people and local places drives response for advertisers and creates confidence in the teams, completing the virtuous circle "

There is now far greater engagement and interaction with the reader, says Suzanne "Instead of only focusing on content from professional journalists, we actively encourage reader photographs, local expert columnists and comments from local people – a user-generated content approach that exploits the capabilities of digital media "

This is complemented by the development of a substantial online audience through the creation of *www greatbritishlife co uk* "When *Great British Life* ran a competition supported by Land Rover, it attracted nearly 30,000 entries – a great source of content that we can publish in the printed magazines "

A commercial league table ensures that each team knows how its magazine is performing overall, and the 'best bits' of editorial and commercial content are shared across the Archant Life teams by Suzanne and her team

"The old management structure created inter-region competition – now the competitive focus is external to ensure that Archant Life retains its unique publishing position – consistent circulation growth for the past 10 years – and the growth of profitable advertising market share is achieved

"We are very proud of the teamwork at a local level," concludes Suzanne "The Archant Awards nominations were really difficult because there are so many good people working in Archant Life who really care about their products "

High-quality front covers are absolutely paramount to copy sales, adds Tim "We have enabled our covers to become a revenue stream on occasion Several of our front covers have been sponsored – but you wouldn't know it. This is an example of being true to our values, but being able to respond to short-term revenue opportunities "

The challenge now is to continue to innovate because new competitors are constantly launching "Managing and supporting disparate locations and teams requires lots of energy and excellent communications to be added to the very best of talent locally," says Tim "This is a challenge both Suzanne and I relish "

NEW TALENT

SHARON KIRBY,
PUBLISHING DIRECTOR,
ARCHANT LIFE LONDON

What attracted you to become part of Archant?
I have always understood the value and place in the community of excellent local magazines While working at IPC I continued to watch Archant grow its Life business with curiosity and admiration In the past decade, businesses have begun to understand the need to be less global and more local

What skills and experience do you bring?
I have 24 years' publishing experience working across regional newspapers and magazines – the past 10 years spent in national magazines across men's, music, women's, luxury, homes and weeklies

What excites you about your new role?
Everything! Great brands in affluent neighbourhoods an AB reach in London, and a great new team that believes in and loves the brands as much as I do There are also huge opportunities for brand extensions and new platforms

140 years of the *Eastern Daily Press*

In 2010, Archant Norfolk's *Eastern Daily Press* (*EDP*) celebrated its 140th birthday Celebrations included running historic front pages from the past 140 years, a souvenir supplement, an exhibition at Norwich Cathedral and reception for more than 50 former and current journalists and a special celebratory DVD

On October 22 the *EDP* had a National Express train named *Eastern Daily Press* 140 at Norwich's Thorpe station The train was unveiled by editor Peter Waters and an *EDP* reader

Peter said "Being reminded of the history of this newspaper is a salutary lesson to journalists to remember who their audience is We've served Norfolk for 140 years, we're the biggest selling regional morning newspaper in England, and our continued success is down to serving the county, reflecting its issues and interests, holding people to account when necessary, and highlighting what a great place it is to live"

Suffolk's *Evening Star* celebrates 125 years

Archant Suffolk's *Evening Star* celebrated its 125th birthday on February 17, 2010 with special supplements features community events, a live radio show and a huge cake

Messages of congratulation came from the Prime Minister, the leader of the Opposition and leading Ipswich and Suffolk dignitaries

Since February 17, 1885, when it was first published as *The Star of the East*, the paper has remained at the heart of the community It has been there to deliver news of major world, national and local events over two centuries from the outbreak of the First and Second World Wars to the terrorist atrocities of 9/11 and 7/7

But as well as reporting the news of events which have shocked and stunned the town, the *Evening Star* has always been there to celebrate the good things in life with its readers

The paid-for growth challenge

Newspaper circulation in the UK has been in general decline for many years However, it is possible to fight this trend, as Archant Regional proves

GROWING ARCHANT'S AUDIENCE and that audience's engagement with its media is essential for the future of the Group "Increasing the number of people that pay for our content, whether that is in a newspaper, magazine or online, is essential," says Adrian Jeakings, chief executive, who issued a challenge to senior managers in early 2010 "Halt the decline in newspaper circulations and get them growing again " This was against an industry average of an annual 5-7 per cent decline for pretty much every local newspaper in the country

"There are three reasons for the UK's downward trend in paid-for circulation changes in media consumption, demographics and distribution," explains Brian McCarthy, Archant's finance director "The launch of multiple radio and TV channels changed the way people consume news – the internet accelerated that change Consumers now have greater access to news and opinions than ever before "

Breaking news is now largely the preserve of media other than print – particularly rolling 24-hour news channels and social media sites such as Twitter "Print has to adapt to reflect that, by providing more detailed and relevant analysis of events, for example," he adds

Demographically, many young people, raised on mass-media, haven't acquired the habit of buying newspapers casually or on subscription They tend to rely on mobile news distribution So, Archant is making its content available through multiple, strongly branded channels

“People must be able to get our content where and when they want it”

Team of the Year 2010
Left to right: Mervyn Freeman, Neil Bowman, Jo Hawkins, Ian Condron and Don Williamson

Brian observes: “People often overlook the mundane issue of physical distribution, yet good distribution and data management are key to maintaining and even growing circulation. One problem is that home deliveries are declining – not just because of falling demand but also lack of availability. Many local, independent newsagents are closing. Some are taken over by national retail chains or nothing replaces them and trade migrates to edge-of-town superstores.”

Either way, it leaves fewer people prepared to provide local deliveries.

In 2010, Archant began to fight back against the decline. “Efficient, responsive circulation management is critical to winning, retaining and regaining readers,” says Brian. It also has other business benefits, such as controlling costs, reducing waste (which is also good for the environment) and improving returns.

“People must be able to get our content where and when they want it. That means developing multiple routes to market for physical as well as virtual products.

“We are working more closely with newsagents on various initiatives. For instance, we use them – and accurate marketing data – to canvass new customers, who they then supply.

“We help transfer home deliveries from one agent to another, if one is taken over or closes. We have also invested in our merchandising, particularly for promotions and point-of-sale materials, and we train shopkeepers on ways of improving sales of selected titles.”

As well as improving traditional channels, Archant has an active programme of promoting selected titles at high-profile events in their circulation areas. “We have stands at agricultural shows, airshows, football games and horse trials – even local Lord Mayor’s shows.”

These events are a great way to promote Archant’s products, because the context shows potential customers that a local title is relevant to them. It also reminds lapsed readers what they are missing. “As a result,” concludes Brian, “we have actually delivered year-on-year circulation growth on some titles.”

Adrian Jeakings adds: “I am delighted that two of our daily papers grew their circulation in the second half of 2010. Also, half of our weekly titles outside London are showing year-on-year growth.” In recognition of this success, Archant Norfolk’s Audience Growth Team was named Archant Team of the Year at the 2010 Archant Awards, for spectacular results on the *EDP*, *Evening News* and weekly newspapers.

Closer to customers

Getting closer to readers has paid dividends for Archant Life too, as managing director Johnny Hustler explains: “Despite 2010 being a tough year, we have delivered revenue and circulation growth – including a 10th successive year of circulation growth for our county magazines.”

He also puts this circulation success down to the team’s skills. “We have people who have worked for newspaper distributors and magazine wholesalers. They understand the issues and are making our distribution more efficient and greener so that less of the cover price goes on getting magazines to market.”

That has led to one particular development in 2010. “We started supplying some retailers directly from our printer,” explains Johnny. “The main motivation was to reduce waste. Now Booths, which is an important retailer with 26 stores in the north west, receives copies directly from us and sells every one.”

He also stresses: “We continue to work with our logistics partners to increase supply chain efficiency, particularly by improving the sales data we get back from retailers. This will help reduce the number of magazines that have to be pulped each month – which is good for us and the environment.”

However, Johnny comes back to Brian’s point about strong brands. “We are a local media company – we live or die by our localness – which is why we have a clear objective of having a magazine in every county.”

In 2011, Archant plans to strengthen its merchandising support for independent stores because local shops run by local people are good for selling local magazines. Johnny concludes: “They understand them in a way that the national chains sometimes don’t.”

Effective distribution management
Archant fought back against the decline in the circulation of local newspapers during 2010, focusing on retaining and regaining readers as well as targeting new readers through multiple routes to market. The business benefits from cost control and waste reduction, which is also good for the environment.

NEW TALENT

PENNY WHITELOCK,
BUSINESS DEVELOPMENT DIRECTOR, WEDDINGS & PUBLISHER, ARCHANT LIFE

What attracted you to become part of Archant?
I was attracted to Archant for its strong belief in the printed product. I quickly recognised the appetite for continued growth and development for new and existing titles. I could see there was an opportunity to work with beautiful and well-respected editorial products. This meant I would get the chance to work with editors which brings new challenges and chances to learn. Further, I was given the opportunity to look at a side of the business that is entirely new to me: exhibitions.

What skills and experience do you bring?
I come to Archant with 10 years' publishing experience at a senior level. This means that I have good knowledge not only of the strategic processes needed to take businesses forward, but I have also gone through many changes in the business and so can bring solutions to the table to help move Archant forward through current changes. I have a broad range of commercial experience in managing the people, the processes and the finances which makes me a good all-rounder which is of value in the Life business.

What excites you about your new role?
The senior management team at Life have open minds and welcome ideas, which is really refreshing.

Investing in new ideas

People remain at the heart of Archant. In 2010 Archant embarked on three programmes to encourage new ideas from the geographical community in which it is based, while helping education in the region.

ARCHANT THRIVES ON ideas from its employees, so pursues policies to draw in talented individuals from regional communities while also supporting local educational establishments.

Fresh thinking

Archant has always had a good relationship with Norwich University College of the Arts (NUCA). This was further strengthened in 2010 when Archant Norfolk agreed to donate £50,000 a year (for three years) to NUCA and to provide live projects for students. "This sponsorship shows that Archant takes its social responsibilities seriously," says Stephan Phillips, Archant Norfolk's managing director, "but it also makes good business sense. Drawing on such an extraordinarily rich talent pool gives us a real, long-term, competitive advantage."

The first project was to redesign the classified columns in print. The judges selected four teams of three students (plus tutors) from 48 applications to work on the brief. Those teams presented their work to Archant Norfolk's executive team – and the results were "absolutely brilliant", says Stephan. "They were so good that we will use the winning design to relaunch our classifieds sections in our newspapers in 2011."

He continues: "It helps the students because they have to produce 'real work' that demonstrates to their tutors that they can meet the needs of a modern media company. Meanwhile we benefit from their fresh vision and thinking which has the web as a default setting, so they naturally come up with some innovative ideas."

For some of the students there was another benefit. "Having seen their work," says Stephan, "and how they fitted into the team, we felt confident enough to employ three of them (Mary Hender, Lucy Moss and Stewart Muller) full time. We hope to do the same again in future."

As Lucy Moss, now an editorial designer, confirms: "It's been a great experience – the Archant team is really supportive. Knowing how hard it is to get a job at the moment, I feel really lucky to have been offered such an excellent opportunity so soon after graduating."

The apprentices

Archant's educational focus also includes training City College Norwich (CCN) apprentices. Eight CCN digital apprentices worked with Ashley Spooner,

CCN apprentices Back row, left to right: working with Andrew Denny – Ellie Gooch, Suzanne Chamberlin, Hannah McMillan; working with Ashley Spooner – Sophie Campbell, Marisa Alaoui and front row, left to right: Emma Parker and Sam Gibson

Left to right Foyzur Rahman, Helal Ahmed, Val Bulgin and Leon Campbell

Investing in our communities

Archant doesn't just take on graduates and college students – the Group also understands that it has a responsibility to invest in the communities it serves That is why it is particularly keen to help young people from diverse backgrounds to gain valuable work experience and training

One such initiative is Archant London's Aspirations Programme, which is run in conjunction with the East London Business Alliance (ELBA) a not-for-profit community organisation that works for long-term positive change through volunteering, employment and legacy programmes

"The 12-week programme is open to 18-24-year-olds from all walks of life, who are really keen to earn and learn," says Val Bulgin, HR officer for Archant London who is the driving force behind the programme and ELBA's main contact "Its aim is to help participants build new skills and strengthen their CVs We also guarantee to interview everyone who completes the programme if we have any suitable vacancies "

The programme launched in September 2010 and immediately had over 30 applicants, demonstrating the level of demand for such opportunities Following a rigorous selection process, ELBA chose six applicants who it felt had the necessary motivation and aptitude "ELBA provides financial support for all the participants, so it has to be confident that they will get the most from the programme," Val explains "It's fair to say that some candidates have complicated lives that make holding down a job difficult "

The first part of the programme is an intensive two weeks of employability training at ELBA's facilities in London's Docklands "The whole programme is tailored to the needs of the participants and our needs as an employer, so it includes Archant-specific content," explains Val "Members of our team even get involved with the initial training so participants know what to expect when they join us for the main 10 weeks of the programme

"I'm pleased to say that the three who completed the course also had successful interviews with us We have now taken them on full time, one in marketing and two in sales, and they are all doing really well They have a great work ethic and have fitted into the team "

Archant London has worked with ELBA for a number of years and recently sponsored the design and build of ELBA's new website As a spokesperson for ELBA says "Archant's expertise and support has been invaluable in terms of communicating ELBA's visions to a much broader audience "

"This sort of community work is good for Archant," says Val "It's great to be able to give young people these opportunities, it shows us to be a positive employer and it reflects the diversity of our audiences Even if we only help participants learn good life skills we have achieved something – but if we can go on to employ some of them then that is a real triumph

"That is why we will be running more Aspirations Programmes in 2011," she concludes "In fact, one of our new recruits, Foyzur Rahman, has even volunteered to speak to participants on the next course because he wants to help them understand that it really is worth their effort – now that's what I call commitment!"

Archant Norfolk's digital development director, and his colleague Andrew Denny, digital directories manager "Four apprentices worked on social media projects," explains Ashley, "using sites such as Twitter and Facebook to promote events around Norfolk Some events are customer sponsored, so our online activity strengthens their print campaigns Others, such as Norwich Fashion Week, only have editorial coverage – but we create a buzz in advance to increase readership "

He also sees plenty of value in the one-year apprenticeship scheme "It's a great way for students to gain media experience – with the potential to go full-time – and we gain from their natural affinity for all things digital "

Other apprentices created listings for the *LocalSearch24* business directory, adds Andrew Denny "We use the text and images from customer websites – we even design logos if they need one, which makes a huge difference," he explains "Previously, listings took two weeks to go live Now 95 per cent are live within an hour of booking →

NEW TALENT

KEVIN QUARTERMAINE
WEDDING BUSINESS DEVELOPMENT DIRECTOR

What attracted you to become part of Archant?
Archant originally acquired my successful Cheshire wedding business in 2007 There were many synergies between the two businesses and Archant could also provide additional resources for its continued growth

In 2010 Archant offered me the opportunity to lead the future development of their wedding business across the Group, utilising the brands and business model I had created I was delighted to accept

What skills and experience do you bring?
By combining the business skills I gained from my managerial positions in a financial plc with my many years' experience in the wedding industry, I created the largest independent wedding business plus renowned wedding brands in the north west

My background provides me with the credentials necessary to help drive Archants wedding business forward to the next level

What excites you about your new role?
The wedding sector has shown itself in the past to be more resilient in times of recession Despite the current financial difficulties, I have always enjoyed a challenge and therefore welcome the opportunity to use my experience of proven best wedding business practices, to help Archant achieve its objectives across all wedding media platforms

and all within 24 hours "

The apprentices also mock-up listings so the sales team can show target clients what their listings might look like "Their work has helped boost average conversion rates from 5 8 per cent to 15-16 per cent," concludes Andrew

Degrees of talent
The need to discover new talent is behind Archant's support for CCN's new two-year Journalism Foundation Degree, launched in September 2010 "This course is particularly appropriate for Archant because it equips students with traditional skills and the ability to thrive in modern multimedia, multi-platform newsrooms," says *EDP* editor Peter Waters

However, Archant provides more than advice "Our journalists meet students regularly to discuss industry issues and graduates gain real work experience with us," adds Peter "Most importantly, we will repay the fees of the two best students and offer them editorial jobs "

As CCN's vice-principal Robin Ghurbhurun observes "This innovative partnership supports our development of work-based qualifications with leading employers who offer the best placements "

Making the grade
Archant continues to provide graduates with first-hand experience of the media industry through internships "Internships are a good way to evaluate potential employees, and graduates gain valuable experience," says Tim Youngman, head of digital marketing at Archant Regional

Tim was impressed by the interns he found through Evolve, the University of East Anglia's graduate placement scheme "Ruth Barton joined in January and proved so good that we made her an online analyst in March Sadie Jennings joined in the summer and shone – she became a digital marketing executive in November "

Being an Archant intern is a great opportunity, says Ruth "You're in at the deep end but you learn a lot in a short space of time Even without the job it would have been worth it "

Life opportunities
Ian Fish, Archant Lifestyle's finance director, also used Evolve to find intern business analyst Joel Murphy "He was very good, worked hard and learned new software skills These, we understand, helped him win an analyst's job in Lowestoft "

Interns Ross Taylor and Elizabeth Kirk got plenty of valuable experience during their three months working on *GBL*'s websites Mary Brooks, editor and publisher, says "They uploaded content, tested functionality, used social marketing and produced ads "

Learning on the job
left to right Emma Lily-Chubb, Abi Burroughes Sadie Jennings, Kerry Armstrong and Ruth Barton

Meanwhile Julian Rees, editorial and publishing manager, Archant Life (South West), says that Alex Richards, a three-month intern, earned herself a six-month trainee editorial assistant's contract "Alex started working on our local weddings business website where she showed a flair for fashion and beauty writing, so we were pleased to give her this opportunity "

Alex adds "The graduate jobs market is really tough, so I am delighted to be working with Archant "

London calling
The government's new graduate recruitment website, *graduatetalentpool direct gov uk*, proved a useful resource in 2010 for Steve Fenton, head of communication at Archant London "I used this site to target interns for research and marketing projects A concise brief and simple online screening process enabled me to find eight interns

"They came with plenty of theoretical knowledge and a huge enthusiasm to put all this study to practical use in a commercial environment The results were excellent, and we have now recruited three of them full-time Providing internships gives graduates valuable experience, particularly in this tough market, and helps us identify talented individuals who will be a real asset to the team "

Challenge Norfolk
Archant's support for apprentices will continue in 2011 with the National Apprenticeship Service (NAS) The Group is one of a number of leading local business organisations working in partnership with NAS on an ambitious campaign to create 100 apprenticeships in Norfolk in just 100 days

The 'Challenge Norfolk 100 in 100' campaign, which launched at City College Norwich in 2010, also aims to raise awareness of the benefits in apprenticeships with businesses and young people As Teresa Logan, employer services director for NAS, says "There has never been a more crucial time for employers in Norfolk to engage with apprenticeships They are vital to the future success of the region's businesses and to the local economy"

"Training apprentices is an important demonstration of our belief in corporate social responsibility," says Archant's chief executive, Adrian Jeakings "Even if we don't go on to employ all our apprentices, we know that they will have benefited from valuable work experience and on-the-job training that will give their careers a real boost Apprenticeships also make an important contribution to the health of society because they support hard-working, motivated young people and strengthen our country's skills base "

Greener driving
Group head of procurement and sustainability, Greg Parton

Archant continues to investigate and implement initiatives to reduce the Group's carbon footprint

Archant's green champions

WHEN ARCHANT STAFF were given the option to downgrade to greener company cars, three times more people took up the offer than was expected Greg Parton (above), Group head of procurement and sustainability, had expected around one in 10 to choose the green option, in fact, around one in three have done so General approval for the scheme has prompted Archant to move to lower emission versions of all company vehicles The car scheme reduced Archant's CO_2 emissions by eight per cent in 2010 on a like-for-like basis compared to 2009

Archant's operations director, Nick Schiller, welcomed the success of the car scheme as evidence of the support Archant's sustainability initiatives are receiving from Group staff "There are some schemes we need to initiate from the top – such as the company car scheme," he says, "but there are many things everyone can do on a daily basis, such as thinking about paper usage and whether they choose to walk or drive to places nearby This is a culture change that we can all support"

"The response to a call for 'Green Champions' is further evidence of the enthusiasm for this initiative," says Tara Greaves, sustainability correspondent, an internal appointment by Archant to promote the sustainability initiative Tara put out a call for volunteer champions and quickly recruited around 50 people She says "They have been sharing ideas via Facebook and passing them on to Archant's team of sustainability management representatives"

One Green Champion proposed that a message be sent to users as their PC shuts down asking them to switch off their monitors This idea has been taken further Archant is investing in software that will switch off PCs and their accessories if they are untouched →

NEW TALENT

MARK GARRARD,
HEAD OF FINANCE

What attracted you to become part of Archant?
I was attracted by Archant's reputation in the sector, its adaptability to change and its proven ability to innovate More specifically to my role, the opportunities to get involved in a variety of different and challenging projects Finance roles come in many guises however, critical to me is variety, being challenged daily and interacting with people not spreadsheets The Head of Finance role at Archant ticked all of these boxes

What skills and experience do you bring?
Prior to joining Archant I worked in a senior finance role for a listed company operating in the health and social care market The company grew significantly as it adapted to changes in the sector, providing me with the opportunity to develop further skills and experience in acquisitions and refinancing I also bring expertise gained across a broad range of industries during nine years with PricewaterhouseCoopers I worked with businesses experiencing significant change, ranging from those on the acquisition trail to those looking to refocus on their core activities

What excites you about your new role?
I am excited by working for a business and in an industry undergoing challenges and change

“It is about balance and future proofing ... reducing waste must be a good thing”

for a certain length of time and at the end of shifts. The software is expected to generate five-figure savings through reductions in energy consumption and to pay for itself within 18 months.

Tara presented at the Archant editorial conference and was greeted with an enthusiastic response. Using the new CMS, her copy, promoting ideas such as how to have a greener Christmas, has been run in the majority of Archant's newspapers. "This type of editorial content, properly presented and in a structured package, can generate revenue," says Greg Parton. The *FDP* ran a 12-page supplement on renewable energy options for the home during the year. They approached renewable energy suppliers and installers for advertising and sold out.

Green schemes

Data is being collected and distributed to managers on four sustainability key performance indicators: water usage, paper (print and office), mileage and energy consumption. Energy management is now a part of business plans and Archant is implementing an energy management standard – ISO 16001. However, one initiative by Archant London has already delivered eight per cent energy savings by shutting down systems when the building was unoccupied at weekends.

"Any new initiatives will have to be sustainable for the business as well as good for the environment," concludes Greg Parton. "It is about balance and future proofing. Regardless of the science on climate change, reducing waste must be a good thing."

Making a difference: Tara Greaves, sustainability correspondent

Left to right: Glen Mackay, Duncan Macdonald, James Franklin, Alan Day, Tony Davison, Kevin Shelcott and Lisa Donovan

All under one roof

The centralisation of advertising design and production into Norwich and the introduction of workflow software improve quality while reducing costs. The new system is simple: sales people scan a rough sketch into the system attached to an order barcode. Within 48 hours a completed advert is emailed to the customer for approval. It is simple, time-saving and convenient for customers.

"The project began in November 2009 and will be completed in the second quarter of 2011, by which time all of Archant's publications, newspapers and magazines will be using the new facility," says Group information systems director, Tony Davison. Implementation in Norfolk, Suffolk, Cambridgeshire and Hertfordshire is complete.

Half the Archant Life businesses are also using the system. "The workflow's capabilities with daily and weekly newspapers have been proven," says Tony, "so we were confident in rolling it out across magazines too."

Training on the workflow system for more than 400 Archant staff is being managed by Tony Davison and Kevin Shelcott, Archant's head of production and design. "Most of those trained found it straightforward and intuitive and could see a lot of benefit," says Kevin.

"Concentrating advertising production staff at one location provides inherent efficiencies," according to operations director, Nick Schiller. "Because of the consolidated volume of work, staff can specialise. As staff become more skilful, they become quicker and the quality of their output goes up. It also adds flexibility as staff can share workloads and cross-cover for each other. Consolidation makes more efficient use of staff and space."

Because of the move, a new group of designers, who are familiar with the latest techniques from their time in college, has joined the central team. In fact, implementation of the centralised system has allowed Archant to increase the number of designers working on advertising design.

"There are people who know that at the end of the project they will leave the business," says Nick. "We haven't dropped any pages or ads and we haven't had any problems. That is a huge credit to them."

The next phase of the project will be to set up a set of metrics that will provide the commercial teams with an overview of advertising production. "We want to see measurement day by day and month by month to prove the benefits," adds Tony.

Nick Schiller paid tribute to production director John Ford, and others involved in the redesign of the workflow. "The art of good process flow design," says Nick, "is to come up with a system that is so simple that people do not try to find ways around it. It is so simple and common-sense, why would you do it any other way? That is very easy to say, but very difficult to do."

Report and financial statements
for the year ended 31 December 2010

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 2010

Results

The results for the year ended 31 December 2010 are set out in the Group profit and loss account on page 46 The profit after taxation of the Group for the year was £4,455,000 (2009 loss £3,174,000)

Dividends

The directors recommend a final dividend of 13 7p per share in respect of 2010

With the first interim dividend of 13 7p per share paid on 18 March 2010 and the second interim dividend of 6 4p paid on 1 October 2010, this will make a total dividend of 33 8p per share for the year

Assuming approval of the recommended final dividend, the cost of dividends for 2010 is

	£000
First Interim	1,886
Second Interim	880
Proposed final	1,891
Total	4,657

The proposed final dividend will, if approved, be paid on 19 April 2011 to shareholders appearing on the register of members as at 28 March 2011

Principal activities

The principal activity of the Company throughout the year has been to act as the holding company of the Archant group of companies

The principal activities of the Group throughout the year were, and continue to be, publishing newspapers and magazines in print, online and through mobile technologies, contract printing of magazines and printing newspapers

Business review and future developments

A review of the year and of the Group's prospects is set out in the Chairman's statement on page 4, the Chief Executive's report on page 6 and the Financial review on page 8, each of which are deemed to be incorporated herein The key performance indicators for the Group are primarily financial, and are included in the Financial review

Events since balance sheet date

In February 2011, following a review of our print activities and an expected 20% increase in the price of newsprint, we announced a consultation with our employees at the Thorpe Print Centre over a proposal to outsource the printing of our weekly newspaper titles outside Norfolk and Suffolk to a third-party printer

Principal risks and uncertainties

There is an ongoing process for the identification, evaluation and management of the significant risks faced by the Group This is described in the Internal Control section on page 34

The principal risks and uncertainties are operational and financing risks The financing risks faced by the Group are described in the Treasury management, associated risks and uncertainties section of the Financial review The key operational risks are the organisational structure and retention of key people, structural changes in advertising markets resulting in loss of advertising revenues, circulation decline, loss of key suppliers, pension fund volatility and business continuity Each such risk is being managed to mitigate any adverse impact on the Group as described below

Organisation structure and retention of key people

Our ability to execute and implement the Group's strategic and business plans relies on the appropriate Group structure, culture and key people We promote a culture of continuous improvement and will endeavour to retain our key people

Advertising

We are not overly reliant on any single customer or sector but we are impacted by the economic downturn being experienced in the UK and the structural changes within the industry Following the government funding cuts announced in 2010, we expect recruitment advertising placed by public sector bodies to continue to fall We are investing in the quality and structure of our sales teams, and ensuring they are properly incentivised We have strengthened our online presence through the launch and refresh of our digital brands and continuously seek new online and mobile technology revenue sources

Circulation

We may be impacted by further market declines in newspaper circulation due to changing lifestyles, changes in the paid-for/free distribution models and the proliferation of news distribution channels Our approach for newspapers is to focus on relevant content and efficient distribution mechanisms Revenue lost through declining circulations has been partially offset by cover price increases Our magazine circulations are principally driven by our subscription strategy

Key suppliers

We have a number of key suppliers which if they were unable to meet their obligations to the Group could result in disruption We have an agreement to source all newsprint from a single major supplier In the event of disruption at one plant, the supplier has guaranteed continuous supply from their other plants If our telecoms provider was unable to meet their obligations, the Group would experience disruption The Group have put contingency plans in place to minimise any such disruption

Report of the directors

Pensions

The pension deficit is carefully monitored and there are regular reviews with the pension trustee company ("Trustee Company") The Trustee Company was established as the corporate Trustee to the pension scheme in 2010 and is independent of the Archant Group The Board of the Trustee Company comprises of the former Trustees to the pension scheme The Group and Trustee Company take all appropriate actions to mitigate the growth in pension liabilities However, there are a number of factors which are outside our control, including interest rates, inflation rates, life expectancy and regulatory change

Business continuity

We are dependent on our technology, networks and printing capability and we have invested in our network and printing infrastructure During 2010 there was a full review of business continuity plans which are updated on an ongoing basis to reflect changes in operations and systems

Share capital

The issued share capital of the Company, together with the details of shares issued during the year are shown in Note 22 of the financial statements

Directors

Those who are currently directors, and who served as a director throughout the year, were

RW Jewson
SC Copeman
JF de Moller
JAE Hustler
AD Jeakings
BG McCarthy
PJC Troughton
REJ Wyatt

Mr MJ Walsh was appointed as a non-executive director of the Company with effect from 16 February 2010

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 42

Corporate governance

The Company is not bound by the provisions of "The Combined Code Principles of Good Governance and Code of Best Practice", 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 Company 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, within the confines of the Company's Articles of Association, 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

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

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 standing committees of the Board in 2010 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

Report of the directors

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

(c) Board committees

The composition of the standing committees of the Board is set out on pages 12 and 13, together with directors' biographical details

The Board has sought to appoint to the standing committees those of their number who, together, it considers to have the most appropriate skills to enable each committee to carry out those functions allotted to it 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 2008, 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 2008, 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

(iii) Remuneration

The terms of reference of the remuneration committee, which were last reviewed in 2008, 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 is responsible for approving the terms of any agreement relating to the termination of the employment of such executives 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

New terms of reference were adopted by the Board in 2010 The pensions committee comprises the Chairman, Chief Executive, Finance Director, Company Secretary and Pensions Manager The Committee monitors the performance of the Group's pension scheme and makes recommendations to the Board in respect of the Group's pension arrangements in light of current circumstances and anticipated developments

(d) Board's relations with shareholders

Communication with shareholders is undertaken principally through the Annual Report, the Interim Statement and at the Annual General Meeting

There is also a programme of meetings between directors and major shareholders

The Chairman and Vice-Chairman remain 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

(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

Report of the directors

The key elements of internal control that have been established, and that were in operation throughout 2010 (and up to, and including, the date of this report), are

- Authority to manage the Company's operating subsidiaries is delegated, subject to certain constraints determined by the Board, to the board of the company concerned Each of the principal operating subsidiaries holds regular board and 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 operational subsidiaries 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

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 2010 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 Group Finance Director Thereafter, senior management reviews 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 2010

The committee reviewed the 2009 Financial Statements and the 2010 Interim Statement prior to their publication

The committee met with the auditors in 2010 to discuss the audit in respect of the year ended 31 December 2009, matters of relevance to the 2009 Financial Statements and the proposals for the conduct of the audit in respect of 2010 Other matters considered by the committee during 2010 included the Group's 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 paid to external auditors and auditor independence

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

In the light of the substantial knowledge that the Company's auditors, Ernst & Young LLP ("Ernst & Young"), have built up of the Company and its affairs, the considerable level of technical expertise that they can make available to the Company and the cost-effectiveness and efficiency of obtaining that expertise from a party who already has a detailed knowledge of the Group, the Board has not placed any restriction on the use by the Group of Ernst & Young in respect of non-audit matters

Accordingly, during 2010, Ernst & Young advised the Group in relation to tax compliance, general tax advice and the provision of circulation certification to industry audit bodies

In accordance with auditing standards, Ernst & Young has 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 2010

Sums payable to Ernst & Young in relation to the 2010 audit were £130,000 and in relation to non-audit services provided in the year were £110,000

(i) Operation of the nominations committee

The nominations committee met on one occasion in 2010 to consider the renewal of the non-executive directors' contracts for Richard Wyatt and June de Moller and agree the directors to stand for election and re-election at the 2011 Annual General Meeting

Report of the directors

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing 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 33 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, its financial position, financial risk management objectives, its exposures to liquidity, interest rate, foreign exchange, credit and price risk, and details of its financial instruments, are described in the Financial review on page 8 and Notes 24 and 25 to the financial statements

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

Employees

The Group continued to provide employees with information about the Group throughout 2010 and to encourage staff involvement In addition to local initiatives, methods of communication have included an online news service, which is updated at least weekly via the Archant intranet and email

Adrian Jeakings undertook a series of presentations during 2010, to which all employees were invited Those attending were briefed on the Group's performance, new developments, the Group's plans and other matters of relevance to employees

In compliance with the relevant legislation, the Group recognises Unite the Union at its Thorpe Print Centre and the National Union of Journalists in respect of relevant staff of Archant Norfolk, Suffolk and at Archant London's *Hackney Gazette*, *East London Advertiser* and *Hampstead & Highgate Express* series Such recognition provides for an annual joint review by management and the relevant union of pay, hours and holidays of staff in the relevant bargaining unit

The Group's Information and Consultation Framework Constitution aims to provide a means of informing and consulting with employees, through their elected representatives, on a regular basis so that their views can be taken into account in making decisions that may affect their interests A training programme is offered to staff-elected representatives

Consultation also takes place on matters such as health and safety and pensions Certain directors of Archant Pension & Life Assurance Scheme Trustee Limited (Trustee Company) are employees of the Group nominated and elected by members of the scheme

A forum comprising human resources managers and other staff with related responsibilities meets regularly and has the promotion of best human resources practice around the Group as one of its goals

Report of the directors

Although it is recognised that such a policy can only be implemented within the constraints imposed by relevant legislation, it is the Group's policy that discrimination on such grounds as gender, race, ethnic origin, sexual orientation, disability, nationality, age, marital status or religious belief of applicants for employment and employees is not acceptable 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, disabled people are dealt with in such respects on the same basis as able-bodied applicants and employees If a person becomes disabled while an employee every practical effort is made to make such reasonable adjustments as may be necessary to enable the individual concerned to continue in employment with the Group

Supplier payment policy

The Group negotiates appropriate terms and conditions for its transactions with suppliers and it is the Group's policy that payments are made in accordance with those terms and conditions

At 31 December 2010 the Group held 20 days' purchases outstanding in trade creditors (2009 17 days)

At 31 December 2010 the Company held nil days' purchases outstanding in trade creditors (2009 nil days)

Donations

The Group has three principal means of offering financial support to charitable causes

- Through its Archant Gold programme it matches sums raised by the efforts of employees for their chosen causes,
- By matching at a given percentage sums donated to charity by employees using the Charities Aid Foundation payroll giving facility (also known as "Give As You Earn") – the Company also pays all administration costs associated with this means of charitable giving, and
- By direct donations

Donations made by the Group for charitable purposes during 2010 totalled £73,000 (2009 £81,000)

In addition, the Group, through its publications, encourages readers to support a number of worthy causes, resulting in substantial sums being raised

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 which 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 The Company has agreed under such indemnities to indemnify 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 13 April 2011 is set out on page 86

By order of the Board

JO Ellison
Secretary
4 March 2011

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

June de Moller, Peter Troughton and Richard Wyatt, who are all non-executive directors, also served as members of the committee throughout the year The committee met on four occasions in 2010

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 committee did not use the services of any consultants with regards to the benchmarking of the directors' pay and benefits during the year

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 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, or exceeded, in relation to the particular year Payment of the balance depends on the extent to which the director achieves, or exceeds, 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 plan
The Company operates a shareholder-approved long-term incentive plan (the "2006 LTIP"), which is 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

Under the 2006 LTIP, the Archant 2002 Employee Share Trust acting in consultation with the remuneration committee may grant awards over shares in the Company to senior managers, including executive directors The shares are subject to certain restrictions and the rules of the 2006 LTIP stipulate the conditions that must be met and/or the circumstances that must arise in order for those restrictions to be lifted and the shares to vest Any restricted shares that do not meet the conditions within the specified timeframe are forfeited The maximum number of shares that may be awarded in any one year cannot exceed 100% of a participant's base annual salary

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

The rules of the 2006 LTIP set out the limited circumstances in which restrictions may be lifted prior to the expiry of the performance period

(d) Employee share schemes
During 2003 the Company introduced an HM Revenue & Customs ("HMRC") approved share incentive plan ("the SIP") Executive directors, if eligible, are entitled to participate in the SIP on the same basis as other eligible employees More information concerning their participation in the SIP is set out on page 43 At the 2008 Annual General Meeting shareholder approval was given to extend the life of the SIP until January 2012

(e) HMRC approved pension
Each of the executive directors is a member of the Archant Pension & Life Assurance Scheme ("the Scheme") and, subject to the eligibility at the time of joining, is either a member of the Defined Benefit Section or the Defined Contribution Section of the Scheme (further information is given in Note 34 to the financial statements)

For the Defined Benefit Section, 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 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 Defined Benefit Section provides a pension of up to one-thirtieth of the participant's final pensionable salary (subject to the 2009 Cap) 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 normal retirement age of 65 Benefits may not exceed the maximum lifetime allowance laid down by HMRC Where a director with an accrued pension entitlement in excess of the lifetime allowance participates in the Defined Benefit Section, the Company may make alternative arrangements in respect of that excess, although such circumstances have not yet arisen

The Defined Contribution Section 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 that time

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

Adrian Jeakings is a member of the Senior Management Defined Benefit Section of the Scheme and was subject to the statutory pensionable earnings cap up to 5 April 2006, the scheme-specific earnings cap up to 1 December 2009, and the 2009 Cap since that date The Company has agreed to pay Adrian Jeakings a non-pensionable supplement of 25 per cent of pensionable earnings above each such cap

Johnny Hustler is a member of the Senior Management Defined Benefit Section of the Scheme and has not been subject to the statutory earnings cap or the scheme-specific earnings cap but is subject to the lifetime limit Since 1 December 2009, his pensionable earnings have been restricted by the 2009 Cap Member pension contributions on any pensionable earnings above the 2009 Cap are paid by the Company under salary sacrifice into the Defined Contribution top-up arrangement at a rate in the range 2-7 per cent and the Company also matches those contributions at a rate of 1 5 times

Brian McCarthy is a member of the Senior Management Defined Contribution Section of the Scheme and until 1 May 2009 contributed a percentage of his pensionable salary within the range of 2-7 per cent Since the introduction of the salary sacrifice arrangement on that date, the Company pays the member's contribution in return for an equivalent reduction in the member's pay In addition 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 dependents' pensions are also payable for death in service

The Company may provide an immediate pension to, or other benefits to acquire a pension for, executive directors retiring on the grounds of either permanent total or permanent partial incapacity

(f) Other benefits

In common with those other senior executives of the Group, the executive directors are offered a company car Those who have elected not to have the use of a car provided to them by the Group are paid an annual cash sum as determined by the committee in lieu of such provision

Each of the executive directors may elect to have the Company make the benefits of private health insurance available for themselves and, if they so choose, their spouse and/or 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 Board (including the Chairman, but excluding the other non-executive directors) in the light of such external advice as the Board considers it appropriate to take and recommendations made to it 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 age 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	Performance-related bonus	Other benefits	Total	
	2010	2010	2010	2010	2009
	£000	£000	£000	£000	£000
RW Jewson	109	-		109	109
SC Copeman	25	-	-	25	25
JAE Hustler[1]	110	35	16	161	218
AD Jeakings[2]	282	149	14	445	518
BG McCarthy	161	67	12	240	269
JF de Moller	25	-	-	25	25
PJC Troughton	29	-	-	29	29
MJ Walsh[3]	22	-	-	22	-
REJ Wyatt	25	-	-	25	25
CP Graf[4]	-	-	-	-	13
Total	788	251	42	1,081	1,231

[1] JAE Hustler's contractual working days per week changed in January 2010 from five days to three days and from February 2010 onwards to four days

[2] Highest-paid serving director as at 31 December 2010

[3] MJ Walsh was appointed to the Board on 16 February 2010 Remuneration is only disclosed for the period of his appointment

[4] CP Graf resigned from the Board with effect from 30 June 2009 Remuneration is only disclosed for the period of his appointment

Adrian Jeakings has been permitted to retain those fees payable to him in respect of his directorship of PA Group Limited and receives no remuneration in relation to acting as a governor of Norwich School, a director of Norwich School Limited, as a member of the Audit Committee of the University of East Anglia or as a member of the Board of the Newspaper Society

Directors' remuneration report

Directors' accrued pension entitlements

Adrian Jeakings and Johnny Hustler were both members of the Group's Senior Management Defined Benefit Section of the Scheme during 2010

In accordance with the Regulations, the following table shows the members' contributions, the increase in accrued entitlement during the period and the accrued entitlement at the end of the period

	Age at 31 December 2010	Accrued pension at 31 December 2009 £000	Real increase in accrued pension £000	Inflation £000	Increase in accrued pension in the year £000	Accrued pension 31 December 2010 £000
AD Jeakings	52	29 4	3 2	1 4	4 6	34 0
JAE Hustler	55	84 5	4 9	3 9	8 8	93 3

The transfer value of the directors' accrued benefits, calculated in a manner determined by the Trustees of the Scheme having taken advice from the Scheme Actuary, were

	Transfer value 31 December 2009 £000	Transfer value of real increase in accrued pension net of contributions £000	Other changes to transfer value £000	Increase in transfer value in the period net of contributions £000	Contributions* £000	Transfer value 31 December 2010 £000
AD Jeakings	534 4	58 9	105 8	164 7	8 5	707 6
JAE Hustler	1,221 9	71 2	212 8	284 0	7 4	1,513 3

* These include notional contributions paid under the salary sacrifice arrangement introduced with effect from 1 May 2009

The transfer values disclosed above do not represent a sum paid or payable to the individual director, but they represent a liability of the pension scheme The above figures exclude AVCs

Until 30 April 2009 Adrian Jeakings contributed seven per cent of his pensionable earnings up to the Scheme's earnings cap Johnny Hustler also contributed seven per cent of his pensionable earnings, and was not subject to the Scheme's earnings cap From 1 May 2009 member contributions were replaced by SMART contributions Since 1 December 2009, such contributions have been paid on pensionable earnings restricted by the 2009 Cap

Other pension provisions

The Company contributed £28,210 (2009 £28,000) to Brian McCarthy's Defined Contribution pension fund during the year This figure excludes contributions paid by the Company on behalf of the member under the salary sacrifice arrangement introduced with effect from 1 May 2009

Contributions made (or accrued for) by the Company during the year in respect of pension arrangements other than the Scheme for Adrian Jeakings were £40,125 (2009 £39,517), which were paid into a SIPP

A cash sum of £44 (2009 nil) equating to 10 5% of pensionable earnings above the 2009 Cap was paid to Johnny Hustler in lieu of Defined Contribution top-up contributions for the year

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 2010 or on appointment	20p ordinary shares at 31 December 2010
RW Jewson	35,194	35,194
SC Copeman	57,222 24,500[1,2]	57,222 24,500[1,2]
JAE Hustler[4]	8,826 26,800[3]	8,826 36,800[3]
AD Jeakings[4]	21,602 66,750[3]	21,602 98,400[3]
BG McCarthy[4]	4,728 29,900[3]	4,728 49,050[3]
JF de Moller	10,000	10,000
PJC Troughton	91,755 509,930[1]	91,755 509 930[1]
MJ Walsh	0	5,000
REJ Wyatt	10,000	10,000

[1] Non-beneficial

[2] Joint with others

[3] Restricted shares awarded under 2006 LTIP (see page 44) and subject to risk of forfeiture

[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 2010 retained, the following awards of shares under the SIP, as shown on page 43 No awards were made under the SIP during 2009 or 2010

Directors' remuneration report

Share incentive plan

Date of award	6 October 2003	17 June 2004	28 June 2005	31 May 2006	30 May 2007	30 May 2008
Price paid for Partnership shares (pence per share)	1000	1250	1500	1325	1150	800
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
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
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 and, save in the case of the Partnership shares, are subject to forfeiture in certain circumstances

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 2010 had any interests in any shares in the Company or any of its subsidiaries at 1 January 2010, 31 December 2010 or 4 March 2011 save as disclosed above and in the section on page 44 headed 'Long-term incentive plan'

Options and invitations to subscribe held by directors

As far as the Company is aware no director had options outstanding over any share in the Company at any time during 2010 and none has been granted any option over any such share since the end of that year

Directors' remuneration report

Long-term incentive plan

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 which remained outstanding at any time during the year were as follows

	Cycle ending 31 Dec	Date of award	Market price at time of award	Awards held at 1 Jan 2010	Awarded during the year	Forfeited during the year	Awards outstanding at 31 Dec 2010
			Pence per share	Number of 20p ordinary shares	Number of 20p ordinary shares	Number of 20p ordinary shares	Number of 20p ordinary shares
AD Jeakings	2009	10 01 07	1150	10 350	-	10 350	-
	2010	17 01 08	875	14 400		-	14,400
	2011	06 05 09	350	42,000		-	42,000
	2012	14 05 10	525	-	42,000	-	42,000
JAE Hustler	2009	10 01 07	1150	4,000		4,000	
	2010	17 01 08	875	6,000		-	6,000
	2011	06 05 09	350	16,800		-	16 800
	2012	14 05 10	525	-	14,000	-	14 000
BG McCarthy	2009	10 01 07[1]	1150	3,250		3,250	-
	2010	17 01 08[1]	875	4,250			4,250
	2011	06 05 09	350	22 400	-		22,400
	2012	14 05 10	525	-	22,400	-	22,400

[1] Award granted prior to being appointed as an executive director

Where reference is made in this document to market price at a date prior to 8 June 2004 this is the price which, at the relevant time, the Board had indicated it was willing to offer for sale shares which 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
4 March 2011

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 2010 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 Parent Company Balance sheets, the Group statement of cash flows, and the related notes 1 to 34 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 parent 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

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 parent company's affairs as at 31 December 2010 and of the Group's profit for the year then ended,
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- Have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in 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 parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- The parent 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

Tony McCartney
Senior statutory auditor
for and on behalf of
Ernst & Young LLP
Statutory Auditor
Cambridge
4 March 2011

Group profit and loss account
for the year ended 31 December 2010

	Notes	2010 £000	2009 £000
Group turnover			
Continuing operations			
Ongoing operations		137,434	141,973
Acquisitions		1,819	-
	2	139,253	141,973
Operating profit before amortisation and exceptional items			
Continuing operations			
Ongoing operations		15,205	15,116
Acquisitions		(453)	
		14,752	15,116
Amortisation of goodwill and other intangible assets		(4,617)	(5,009)
Impairment of intangible assets	4	(500)	(12,363)
Restructuring costs	4	(1,484)	(3 991)
Other exceptional income/(costs)	4	21	(573)
Reduction in defined benefit pension liabilities	4	-	10 000
Group operating profit	2,3	8,172	3,180
Share of operating results in associate		(202)	(196)
Total operating profit Group and share of associate		7,970	2 984
Income from investments	6	4	227
Interest payable	7	(1,813)	(663)
Other finance expense	34	(435)	(1 874)
Profit from ordinary activities before taxation		5,726	674
Tax on profit from ordinary activities	8	(1,271)	(3,848)
Profit/(loss) from ordinary activities after taxation		4,455	(3,174)
Earnings/(loss) per share – Basic	11	32 0p	(22 8p)
Continuing operations	11	32 0p	(22 8p)
Diluted	11	31 1p	(22 8p)
Adjusted	11	64 0p	64 7p

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 2010

	Notes	2010 £000	2009 £000
Profit/(loss) for the year excluding share of results of associate		4,657	(2,978)
Share of operating results in associate		(202)	(196)
Profit/(loss) for the financial year attributable to members of the parent company		4,455	(3 174)
Actuarial gains recognised on defined benefit pension schemes	34	3,806	5,822
Movement on deferred tax asset associated with pension scheme deficits		(1,066)	(1,630)
Change in deferred tax asset on pension scheme deficit arising from a change in the rate of corporation tax		(158)	-
Total recognised gains and losses relating to the year		7,037	1,018

Group reconciliation of movements in shareholders' funds

for the year ended 31 December 2010

	Notes	2010 £000	2009 £000
Opening shareholders' funds		53,127	55 043
Total recognised gains and losses		7,037	1,018
Dividends	10	(2,766)	(2,802)
Issue of new shares		327	1
Purchases of own shares		(665)	(133)
Total movements in the year		3,933	(1,916)
Closing shareholders' funds		57,060	53 127

Balance sheets

as at 31 December 2010

	Notes	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Fixed assets					
Intangible assets	12	59,059	60,535	-	-
Tangible assets	13	35,202	37,499	-	1
Investments	14	43	2,019	138,764	138,764
		94,304	100,053	138,764	138,765
Current assets					
Stocks	15	1,391	1,347	-	-
Debtors	16	25,486	25,692	213,056	214,581
Cash at bank and in hand	17	1,779	4,286	12	9
		28,656	31,325	213,068	214,590
Creditors – amounts falling due within one year	18	27,077	27,928	4,294	2,750
Net current assets		1,579	3,397	208,774	211 840
Total assets less current liabilities		95,883	103,450	347,538	350,605
Creditors – amounts falling due after more than one year	19	24,863	32,515	307,240	308,077
Provisions for liabilities	21	2,443	3,066	500	742
Net assets excluding pension scheme liability		68,577	67,869	39,798	41,786
Defined benefit pension liability	34	11,517	14,742	-	-
Net assets including pension scheme liability		57,060	53,127	39,798	41 786
Capital and reserves					
Called-up share capital	22	2,872	2,860	2,872	2,860
Share premium account	23	2,616	2,301	2,616	2,301
Revaluation reserve	23	293	301	-	-
Other reserves	23	3,172	3,837	(4,547)	(3,882)
Profit and loss account	23	48,107	43,828	38,857	40,507
Shareholders' funds		57,060	53,127	39,798	41,786

RW Jewson
Chairman

BG McCarthy
Finance Director

4 March 2011

Group statement of cash flows

for the year ended 31 December 2010

	Notes	2010 £000	2009 £000
Cash flow from operating activities	26	13,725	14,261
Returns on investments and servicing of finance	27	(1,229)	(401)
Taxation		(1,750)	(875)
Capital expenditure and financial investment	27	(2,429)	(2 611)
Acquisitions and disposals	27	(536)	(300)
Equity dividends paid	10	(2,766)	(2,802)
Cash inflow before use of liquid resources and financing		5,015	7 272
Financing	27	(8,407)	(3 266)
(Decrease)/increase in cash	28	(3,392)	4,006

Reconciliation of net cash flow to movement in net debt (Note 28)

	2010 £000	2009 £000
(Decrease)/increase in cash	(3,392)	4,006
Cash flow from decrease in loans	8,000	2,000
Loan issue costs	61	1,133
Cash outflow from lease financing	8	
Change in net debt resulting from cash flows	4,677	7,139
Finance leases acquired with subsidiary undertakings	(8)	
Amortisation of loan issue costs	(409)	(35)
Change in net debt	4,260	7,104
Net debt at 1 January	(27,517)	(34,621)
Net debt at 31 December	(23,257)	(27,517)

Notes to the financial statements

for the year ended 31 December 2010

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

The Group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, its exposures to liquidity, interest rate, foreign exchange, credit and price risk, and details of its financial instruments, are described in the Financial review on pages 8 to 11 and Notes 24 and 25 to the financial statements

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 financial statements

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, other than subsidiary undertakings, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence are treated as associates In the Group financial statements associates are accounted for using the 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 2010

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 when that cost is incurred, 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, consumables and goods for resale 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 disposal 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

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

Notes to the financial statements

for the year ended 31 December 2010

1. Accounting policies (continued)

Pensions

The defined benefit pension scheme operated by the Group requires contributions to be made to separately administered funds The scheme was closed to new members in February 1998 from which time membership of a defined contribution plan is available

The cost of providing benefits under the defined benefit scheme is determined using the projected unit 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 the profit and loss account 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 which 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 pension benefit 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 two small Group 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

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

1. Accounting policies (continued)

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

Derivative instruments
The Group uses interest rate swaps to limit the Group's exposure to fluctuations in interest rates The Group's criteria for interest rate swaps are

- The instrument must be related to an asset or a liability,
- It must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa

Interest differentials are recognised by accruing with net interest payable Interest rate swaps are not revalued to fair value or shown on the Group balance sheet at the year end If they are terminated early, the gain or loss is spread over the remaining maturity of the original instrument

Notes to the financial statements

for the year ended 31 December 2010

2. Segmental analysis

Turnover	2010 £000	2009 £000
Continuing operations		
Newspapers and printing – ongoing operations	92,555	98 375
Newspapers and printing – acquisitions	1,802	
Magazines and contract publishing – ongoing operations	44,879	43,598
Magazines and contract publishing – acquisitions	17	
	139,253	141,973

Group operating profit	Notes	2010 £000	2009 £000
Continuing operations			
Newspapers and printing – ongoing operations		9,713	10,671
Newspapers and printing – acquisitions		(464)	
Magazines and contract publishing – ongoing operations		5,630	5,218
Magazines and contract publishing – acquisitions		12	
		14,891	15,889
Common costs		(139)	(773)
Operating profit before amortisation, impairment and exceptional items		14,752	15,116
Amortisation of intangible assets	12	(4,617)	(5,009)
Impairment of intangible assets	4, 12	(500)	(12,363)
Exceptional items	4	(1,463)	5,436
		8,172	3,180

The British Connection, Inc had magazine sales in the United States of America equivalent to £1,591,000 (2009 £1,438,000) and generated an operating profit equivalent to £113,000 (2009 profit £34,000) All other operations are carried out in the United Kingdom

The Group's magazines had combined export sales of

Turnover by destination	2010 £000	2009 £000
Europe	505	491
USA	1,988	1,839
Rest of the world	255	258
	2,748	2,588

All other sales were made in the United Kingdom

The Group acquired *Explorer* magazine on 23 April 2010, the *Retirement Lifestyle Show* on 28 May 2010, KOS Media (Publishing) Limited on 21 June 2010, *Wye Valley Life* on 25 October 2010 and 50% of the ordinary share capital of Local Vouchers Limited on 21 December 2010

All other segments of the business have continued throughout 2010

Notes to the financial statements

for the year ended 31 December 2010

2. Segmental analysis (continued)

Net assets	2010 £000	2009 £000
Newspapers and printing	48,912	47,857
Magazines and contract publishing	32,529	34 886
	81,441	82,743
Central net liabilities	(24,381)	(29,616)
	57,060	53,127

Central net liabilities comprise certain bank loans and overdrafts, taxation and certain unallocated current liabilities less bank and cash balances and certain unallocated fixed and current assets

3. Group operating profit

	Notes	2010 £000 Ongoing operations	2010 £000 Acquisitions	2010 £000 Total	2009 £000 Total
Turnover from continuing operations		137,434	1,819	139,253	141,973
Operating costs					
Change in stocks of finished goods and goods for resale		5	-	5	
Raw materials and consumables		9,596	-	9,596	10,843
Staff costs	5	54,410	1,043	55,453	56,935
Depreciation of tangible fixed assets	13	4,715	5	4,720	4,974
Amortisation of intangible assets	12	4,245	372	4,617	5,009
Losses less profits on disposal of tangible fixed assets		29	(1)	28	230
Rental of property		1,349	49	1,398	1,726
Rental of plant and equipment		1,963	28	1,991	2,070
Auditors' remuneration					
Group audit		130	-	130	130
Tax compliance		70	-	70	29
Other services		40	-	40	96
Other operating charges		49,937	1,133	51,070	49,824
		126,489	2,629	129,118	131,866
Operating profit before impairment and exceptional items		10,945	(810)	10,135	10,107
Impairment of intangible assets	4, 12	-	(500)	(500)	(12,363)
Exceptional items	4	(1,443)	(20)	(1,463)	5,436
Operating profit/(loss)		9,502	(1,330)	8,172	3,180

Notes to the financial statements
for the year ended 31 December 2010

4. Exceptional items

	Note	Cash flow impact 2010 £000	Cash flow impact 2009 £000	Profit and loss account 2010 £000	Profit and loss account 2009 £000
Recognised in arriving at operating profit					
Impairment of intangible assets	12	-	-	(500)	(12,363)
Restructuring costs		(1,704)	(3,662)	(1,484)	(3,991)
Reduction in defined benefit pension liabilities		-	-	-	10,000
Costs incurred to reduce defined benefit pension liabilities		(18)	(288)	21	(330)
Refinancing costs		(278)	(153)	-	(243)
Total exceptional items		(2,000)	(4,103)	(1,963)	(6,927)

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

Reduction in defined benefit pension liabilities
Following a review of its Final Salary pension provision in 2009, changes were made to 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 These changes resulted in a curtailment gain of £10,000,000 in 2009, being the release of the provision for future salary increases on accrued pension benefits

Costs incurred to reduce defined benefit pension liabilities
The costs were incurred in 2009 in relation to the reduction in defined benefit pension liabilities above The credit in 2010 is the release of amounts over-accrued at 31 December 2009

Refinancing costs
During 2009, the Company negotiated new banking facilities to replace a five-year revolving advances facility and two overdraft facilities

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

In addition, the tax charge in Note 8(a) includes an exceptional credit of £1,883,000 for prior year corporation tax, following agreement of the technical aspects for a number of prior years' liabilities with HM Revenue & Customs

Notes to the financial statements
for the year ended 31 December 2010

5. Staff costs

Average monthly number of staff	Group 2010	Group 2009	Company 2010	Company 2009
Newspapers and printing	1,488	1,542	-	-
Magazines	462	496	-	-
Group head office	32	29	32	29
	1,982	2,067	32	29
Full-time equivalents	1,846	1,895	29	26

Pay and benefits	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Wages and salaries	47,188	48,425	1,891	1,819
Social security costs	4,541	4,636	228	212
Other pension costs	3,966	3 995	270	261
	55,695	57 056	2,389	2,292
Credit for share-based payments	(242)	(121)	(95)	(48)
	55,453	56,935	2,294	2,244

The average monthly number of staff shown above for the Group head office includes six (2009 six) non-executive directors of the Company

From 1 May 2009 the Group introduced a salary sacrifice arrangement which had the effect of converting the Pension & Life Assurance Scheme into a non-contributory scheme with the employee pension contributions being replaced by additional employer contributions, known as SMART Pension contributions, and there is an equivalent reduction in the member's contractual pay

Members of the Scheme at 1 May 2009 were automatically enrolled into the SMART Pension arrangement, unless they chose to opt out

Directors' emoluments and other benefits are disclosed in the Directors' remuneration report on page 40

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")

2006 long-term incentive plan (LTIP)
The LTIP was originally approved by shareholders at the AGM on 20 April 2006 In any financial year, an employee may be granted an award over shares, the final vesting of which is subject to satisfaction of the performance conditions

For the awards made in 2010, the vesting of shares 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

Share incentive plan
During 2003 the Group introduced an HMRC-approved Share Incentive Plan ("SIP") 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

Notes to the financial statements

for the year ended 31 December 2010

6. Income from investments

	2010 £000	2009 £000
Interest and dividends received		
Listed investments	1	1
Other interest	3	226
	4	227

7. Interest payable

	2010 £000	2009 £000
Bank overdrafts and loans	1,404	626
Amortisation of loan issue costs	409	35
Other interest	-	2
	1,813	663

8. Tax on profit from ordinary activities

(a) Tax on profit from ordinary activities:

The taxation charge is made up as follows

	Note	2010 £000	2009 £000
Current tax			
UK corporation tax		2,094	1,980
Tax overprovided in prior years		(454)	(137)
Exceptional tax overprovided in prior years		(1,883)	-
Current tax on profit from ordinary activities	8(b)	(243)	1,843
Deferred tax			
Origination and reversal of timing differences		407	318
Origination and reversal of pension scheme timing differences		250	2,693
Exceptional deferred tax credit arising from impairment of intangible assets		-	(1,190)
Adjustments in respect of prior years		638	184
Adjustment arising from change in rate of corporation tax		219	-
Total deferred tax		1,514	2,005
Tax on profit from ordinary activities		1,271	3,848

Notes to the financial statements

for the year ended 31 December 2010

8. Tax on profit from ordinary activities (continued)

(a) Tax on profit from ordinary activities (continued)

The effective tax rate is as follows

	2010 £000	2010 %	2009 £000	2009 %
Tax charge and effective tax rate before impairment of intangible assets, exceptional tax overprovided in prior years and the effect of the change in the rate of corporation tax	2,935	51 3	5,038	38 6
Impact of impairment of intangible assets on tax charge and effective tax rate	-	-	(1,190)	532 3
Exceptional tax overprovided in prior years	(1,883)	(32 9)	-	-
Adjustment arising from change in rate of corporation tax	219	3 8	-	-
Tax charge and effective tax rate after impairment of intangible assets, exceptional tax overprovided in prior years and the effect of the change in the rate of corporation tax	1,271	22 2	3,848	570 9

(b) Factors affecting tax charge

The tax assessed on the profit from ordinary activities for the year is lower (2009 higher) than the standard rate of corporation tax in the UK of 28 0% (2009 28 0%) The differences are reconciled below

	2010 £000	2009 £000
Profit from ordinary activities before tax	5,726	674
Profit from ordinary activities multiplied by standard rate of corporation tax in the UK	1,603	189
Expenses not deductible for tax purposes	407	447
Ineligible amortisation of goodwill and intangible assets	1,003	1,068
Ineligible impairment of intangible assets	140	2,272
Decelerated capital allowances – eligible impairment of intangible assets		1,190
Accelerated capital allowances	(730)	(399)
Reduction in defined benefit pension liabilities	-	(2,800)
Other timing differences	(329)	13
Tax overprovided in previous years	(454)	(137)
Exceptional tax overprovided in previous years	(1,883)	-
Total current tax (Note 8(a))	(243)	1 843

8. Tax on profit from ordinary activities (continued)

(c) Factors that may affect future tax charges

The Finance (No 2) Act 2010 reduced the main rate of UK Corporation Tax from 28% to 27% from 1 April 2011 The effect of the new rate is to reduce the deferred tax assets by £377,000, comprising a charge of £219,000 to the Group profit and loss account and a charge of £158,000 to the Group statement of total recognised gains and losses

Additional changes to the main rate of UK Corporation Tax are proposed, to reduce the rate by 1% per annum to 24% by 1 April 2014 These changes had not been substantively enacted at the balance sheet date and consequently are not included in these financial statements The effect of these proposed reductions would be to reduce the deferred tax assets by £1,129,000

Further tax changes, subject to enactment, are a reduction from 1 April 2012 in the rate of capital allowances applicable to plant and machinery and to integral features from 20% to 18% and from 10% to 8% respectively

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 £390,000 (2009 £404,000) 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 £7,900,000 (2009 £1,800,000) that are available indefinitely for offset against future taxable profits of those companies and newspaper and magazine portfolios in which the losses arose Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, and they have arisen in subsidiaries and newspaper and magazine portfolios that continue to incur losses

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 14 If they were sold at those values there would be a liability to tax of a maximum of £260,000 (2009 £276,000) 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	
		2010	2009	2010	2009
	Notes	£000	£000	£000	£000
Included in debtors	16	5,900	7,164	3	47
Included in defined benefit pension liability	34	4,259	5,733	-	
		10,159	12,897	3	47

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

	Group £000	Company £000
At 31 December 2009 including deferred tax on defined benefit pension liability	12,897	47
Deferred tax charge in group/company profit and loss account	(1,514)	(44)
Amounts debited to statement of total recognised gains and losses	(1,224)	-
At 31 December 2010 including deferred tax on defined benefit pension liability	10,159	3

Notes to the financial statements

for the year ended 31 December 2010

8. Tax on profit from ordinary activities (continued)

(d) Deferred taxation asset (continued)

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

	Group				Company			
	Recognised		Not provided		Recognised		Not provided	
	2010 £000	2009 £000	2010 £000	2009 £000	2010 £000	2009 £000	2010 £000	2009 £000
Depreciation in advance of capital allowances	5,675	6,717	-		2	3	-	-
Capital gains rolled over, less capital losses carried forward	-		(308)	(322)	-	-	-	-
Share-based payment	-	68	-		-	16	-	-
Pension costs	4,259	5 733	-		-	-	-	-
Other timing differences	225	379	-		1	28	-	-
	10,159	12 897	(308)	(322)	3	47	-	

9. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £1,116,000 (2009 profit £3,023,000)

10. Dividends

	2010 £000	2009 £000
Declared and paid during the year		
Equity dividends on ordinary shares		
First interim for 2010 13 7p (2008 final dividend 13 7p)	1,886	1,910
Second Interim dividend for 2010 6 4p (2009 interim dividend 6 4p)	880	892
	2,766	2,802
Proposed for approval at the Annual General Meeting and not recognised as a liability at 31 December		
Equity dividends on ordinary shares		
Final dividend for 2010 13 7p (2009 0 0p)	1,891	-

A first interim dividend for 2010 of 13 7p per share was paid on 18 March 2010 in place of a final dividend for 2009

There are no dividends accrued as liabilities at either year end

The rules of the 2006 LTIP provide that whilst shares are held by participants in the 2006 LTIP subject to restrictions no dividend shall be payable on such shares and the trustees of the Archant Employee Benefit Trust have waived the dividends payable on shares that they hold in the Company and have agreed to waive such dividends in the future

Notes to the financial statements
for the year ended 31 December 2010

11. Earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per ordinary share is based on profits of £4,455,000 (2009 losses £3,174,000) and on 13,916,000 (2009 13,938,000) 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

The diluted earnings/(loss) per share is based on profits for the year of £4,455,000 (2009 losses £3,174,000) as above, and on 14,306,000 (2009 14,223,000) ordinary shares, calculated as follows

	2010 '000	2009 '000
Basic weighted average number of shares	13,916	13 938
Dilutive potential ordinary shares		
Restricted shares issued under the 2006 LTIP	390	285
	14,306	14 223

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 have been calculated by using the profits/(losses) attributable to shareholders, adjusted as follows

	2010 £000	2010 Pence per share	2009 £000	2009 Pence per share
Profit/(loss) attributable to shareholders/earnings/(loss) per share	4,455	32 0	(3,174)	(22 8)
Exceptional items	1,463	10 5	(5 436)	(39 0)
Amortisation of goodwill and other intangible assets	4,617	33 2	5,009	35 9
Impairment of intangible assets	500	3 6	12,363	88 7
Tax impact of exceptional items	(466)	(3 4)	1,451	10 4
Exceptional corporation tax credit for prior years	(1,883)	(13 5)	-	
Exceptional deferred tax on impairment of intangible assets	-	-	(1,190)	(8 5)
Deferred tax adjustment arising on change in rate of corporation tax	219	1 6	-	
Adjusted earnings per share	8,905	64 0	9,023	64 7

12. Intangible fixed assets

Group	Films £000	Newspaper titles £000	Magazine titles £000	Goodwill £000	Total £000
Cost					
At 31 December 2009	4,100	109,103	59,228	6,629	179,060
Acquisition of businesses	-	3,386	250	5	3,641
At 31 December 2010	4,100	112,489	59,478	6,634	182,701
Amortisation					
At 31 December 2009	2,487	87,095	25,139	3,804	118 525
Provided during the year	-	1,498	2,850	269	4,617
Impairment	-	500	-	-	500
At 31 December 2010	2,487	89,093	27,989	4,073	123,642
Net book value					
At 31 December 2010	1,613	23,396	31,489	2,561	59,059
At 31 December 2009	1,613	22,008	34,089	2,825	60,535

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

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

The Group owns the copyright and physical material of two films Films are carried at estimated net realisable value, calculated as the minimum value of future royalties receivable The carrying value is matched by interest-free loans, secured on the films and repayable out of film receipts up to 14 December 2013

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 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 2011 The growth rates for cash flows beyond 2011 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 and the risks specific to the IGUs The cost of capital and therefore the discount rate applied to future cash flows has remained unchanged at 12 0%

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 titles have been impaired The carrying value for the newspaper titles acquired during the year and published by the Regional Kent business unit before any impairment charge was £3,269,000 The value in use has been calculated as £2,769,000 resulting in an impairment charge of £500,000 (2009 Regional London and Regional Hertfordshire £10,100,000, Life Midlands, East and South East divisions £2,263,000)

The Group has conducted a sensitivity analysis on the impairment test of each IGU's carrying value A decrease in the long-term growth rate of 0 5% would result in a further impairment for the Group of £1,002,000, and an increase in the discount rate of 0 25% would result in a further impairment of £495,000 A terminal value of five times the final year's cash flow would result in a lower impairment charge by £208,000

Notes to the financial statements
for the year ended 31 December 2010

13. 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 2009	16 426	1,087	50,818	68,331
Additions		10	2,429	2,439
Acquisition of business		12	10	22
Disposals		(72)	(493)	(565)
At 31 December 2010	16,426	1,037	52,764	70,227
Depreciation				
At 31 December 2009	3,334	574	26,924	30,832
Charge for year	309	146	4,265	4,720
Disposals	-	(63)	(464)	(527)
At 31 December 2010	3,643	657	30,725	35,025
Net book value				
At 31 December 2010	12,783	380	22,039	35,202
At 31 December 2009	13 092	513	23,894	37,499

Included in freehold land and buildings is land valued at £3,408,000 (2009 £3,408,000), which is not depreciated

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 Outline development planning is expected to be completed during 2011

Company	Plant, equipment and vehicles £000	Total £000
Cost		
At 31 December 2009 and 2010	10	10
Depreciation		
At 31 December 2009	9	9
Charge for the year	1	1
At 31 December 2010	10	10
Net book value		
At 31 December 2010	-	-
At 31 December 2009	1	1

Notes to the financial statements

for the year ended 31 December 2010

13. Tangible fixed assets (continued)

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

Group	Freehold £000	Leasehold Long £000	Leasehold Short £000
At valuation – 1996	12,388	126	
At cost	4,038	-	961
	16,426	126	961

After taking appropriate professional advice from Ernest Webster FRICS, chartered surveyor, 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

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

	Freehold		Leasehold	
Group	2010 £000	2009 £000	2010 £000	2009 £000
Cost	15,761	15,761	1,044	1,095
Aggregate depreciation	4,581	4,330	659	577

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 (2009 £8,000)

Notes to the financial statements

for the year ended 31 December 2010

14. Investments

Group	2010 £000	2009 £000
Associates (a)	-	1,976
Other fixed asset investments (b)	43	43
	43	2,019

(a) Associates

	Share of net tangible liabilities £000	Goodwill £000	Total £000
At 31 December 2009	(3,320)	5,296	1,976
Share of results retained by associate	(202)	-	(202)
Acquired as subsidiary undertaking	3,522	(5,296)	(1,774)
At 31 December 2010	-	-	

The Group acquired KOS Media (Publishing) Limited from KOS Media (Holdings) Limited on 21 June 2010 Prior to that date, the Group had an investment of 42 7%, on a fully diluted basis, in KOS Media (Holdings) Limited Prior to the acquisition of KOS Media (Publishing) Limited by the Group, KOS Media (Holdings) Limited and KOS Media (Publishing) Limited were both engaged in newspaper publishing within the UK

(b) Other fixed asset investments

Group	Listed £000	Unlisted £000	Total £000
Cost At 31 December 2009 and 2010	8	60	68
Provisions At 31 December 2009 and 2010	-	25	25
Net book value At 31 December 2010	8	35	43
At 31 December 2009	8	35	43

14. Investments (continued)

Company	Subsidiary undertakings £000	Listed £000	Unlisted £000	Total £000
Cost				
At 31 December 2009 and 2010	138,721	8	60	138,789
Provisions				
At 31 December 2009 and 2010	-	-	25	25
Net book value				
At 31 December 2010	138,721	8	35	138,764
At 31 December 2009	138,721	8	35	138,764

The market value of the listed investments at 31 December 2010 was £53,000 (2009 £43,000) for both the Group and the Company Unlisted investments, which consist entirely of equity share capital, are valued by the Directors at £952,000 (2009 £986,000) for the Group and the Company

In arriving at market or Directors' valuations, no provision has been made for taxation which would be chargeable, amounting to a maximum of £260,000 (2009 £276,000), 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 The Group owns 50% of the ordinary share capital of Local Vouchers Limited, but exercises dominant influence over the management of the company, and accordingly accounts for this investment as a subsidiary undertaking All other subsidiary undertakings are wholly owned With the exception of The British Connection, Inc , which is incorporated in the United States of America, all subsidiary undertakings are incorporated in England

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

Subsidiary undertakings	Activity
Archant Regional Limited*	Newspaper publishing
KOS Media (Publishing) Limited*	Dormant
Archant Print Limited*	Printing
Archant Life Limited*	Magazine publishing
Archant Specialist Limited*	Magazine publishing
Archant Dialogue Limited*	Contract publishing
The British Connection, Inc*	Magazine distribution
East Anglian Daily Times Company Limited*	Plant and machinery leasing
Archant Properties Limited*	Property
Archant Holdings Limited	Holding company
Archant Lifestyle Plc*	Holding company
Local Vouchers Limited*	Discount vouchers

Notes to the financial statements

for the year ended 31 December 2010

14. Investments (continued)

The Group's acquisitions during the year were

Date of acquisition	Company or asset acquired
23 April 2010	*Explorer* magazine
28 May 2010	*Retirement Lifestyle Show*
21 June 2010	KOS Media (Publishing) Limited
25 October 2010	*Wye Valley Life* magazine
21 December 2010	Local Vouchers Limited

The aggregate consideration for these acquisitions was £582,000, which was satisfied in cash

15. Stocks

	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Raw materials	1,368	1,319	-	-
Finished goods and goods for resale	23	28	-	-
	1,391	1,347	-	-

16. Debtors

	Note	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Due within one year					
Trade debtors		15,786	15,145	-	-
Amounts owed by subsidiary undertakings		-	-	942	651
Other debtors		1,342	802		-
Prepayments and accrued income		2,458	2,581	7	27
Corporation tax recoverable		-		1,042	630
		19,586	18,528	1,991	1,308
Due after more than one year					
Amounts owed by subsidiary undertakings		-	-	211,062	213,226
Deferred tax asset	8(d)	5,900	7,164	3	47
		5,900	7,164	211,065	213,273
Total debtors		25,486	25,692	213,056	214,581

17. Cash at bank and in hand

	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Cash at bank and in hand	1,779	4,286	12	9

18. Creditors: amounts falling due within one year

	Note	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Bank loans and overdrafts	20	1,786	901	3,210	901
Trade creditors		3,872	3 297	-	
Amounts owed to subsidiary undertakings		-	-	-	111
Corporation tax		6,431	8,424	-	-
Tax and social security		2,656	2,296	-	-
Other creditors		1,454	1,414	5	-
Accruals and deferred income		7,021	7,849	1,079	1,738
Subscriptions in advance		3,857	3,747		-
		27,077	27,928	4,294	2,750

19. Creditors: amounts falling due after more than one year

	Note	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Bank loans and facilities	20	23,250	30,902	23,250	30 902
Loans – film finance		1,613	1,613	-	-
Amounts owed to subsidiary undertakings		-	-	283,990	277,175
		24,863	32,515	307,240	308,077

The loans relating to film finance are interest free and repayable out of film receipts prior to 14 December 2013 They are 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

All other liabilities mature between two and five years

Notes to the financial statements

for the year ended 31 December 2010

20. Bank loans, overdrafts and facilities

The bank loans, overdrafts and facilities comprise

Amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Bank overdrafts	-	901	1,424	901
Employee Benefit Trust overdraft	1,786	-	1,786	-
	1,786	901	3,210	901

Amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Term revolving advances facility	24,000	32,000	24,000	32,000
Arrangement fees	(750)	(1,098)	(750)	(1,098)
	23,250	30,902	23,250	30,902

The Employee Benefit Trust has a bank overdraft facility of £2,000,000 and any overdraft under this facility is guaranteed by the Company The Group has a bank overdraft facility of £5,000,000 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 Company has a term revolving advances facility expiring in April 2013 for a maximum amount of £45,000,000 The maximum amount on this facility was reduced to £42,000,000 on 10 January 2011, and will be further reduced to £36,000,000 by equal annual reductions on 1 January in each of years 2012 and 2013 The undrawn committed facilities available at 31 December, in respect of which all conditions precedent had been met at that date, were £26,000,000 (2009 £17,000,000) Provided that the Company continues to comply with the conditions of the facility, the Company 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

The bank loans and overdrafts are shown net of bank facility arrangement fees of £750,000 (2009 £1,098,000)

Notes to the financial statements

for the year ended 31 December 2010

21. Provisions for liabilities

The movements in provisions are as follows

Group	Dilapidations and onerous leases £000	Long-term incentive plan £000	Other provisions £000	Total £000
At 31 December 2009	2,152	242	672	3,066
Arising during the year	192	-	653	845
Acquisitions	40	-	-	40
Released	(169)	(242)	(56)	(467)
Utilised	(698)	-	(343)	(1,041)
At 31 December 2010	1,517	-	926	2,443

Company	Dilapidations and onerous leases £000	Long-term incentive plan £000	Other provisions £000	Total £000
At 31 December 2009		242	500	742
Released	-	(242)	-	(242)
At 31 December 2010	-	-	500	500

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 sublet at less than full rental, and are based on assumptions about the Group's ability to sublet 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

The Long-Term Incentive Plan (LTIP) provision is calculated to provide for the cost of share awards over each three-year LTIP plan cycle The provision is measured by reference to the number of years that have elapsed in each plan cycle and the most recent view of performance against the growth targets set at the commencement of each plan cycle It is expected that any liabilities arising under the LTIP would be settled within three years of the balance sheet date

Other provisions at 31 December 2010 comprise the provision for amounts potentially payable under a claim against the Company from the liquidator of The Dublin Daily News Limited (DDN) of £500,000 (as disclosed in Note 31), and redundancy costs of £426,000 It is expected that the claim from the liquidator of DDN (which is being vigorously defended) will be settled within two years, and the provision for redundancy costs will be settled within one year

Notes to the financial statements

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22. Called-up share capital

	Authorised		Allotted, called-up and fully paid	
	2010	2009	2010	2009
	£000	£000	£000	£000
Ordinary shares of 20p each 14,361,822 issued (2009 – 14 298,494 issued)	3,650	3,650	2,872	2,860

Movement in ordinary shares

	Number
Shares in issue at 1 January 2010	14,298,494
Shares issued for cash on 21 April 2010 at £5 25 to the trustee of the Archant 2006 LTIP	56,308
Shares issued for cash on 29 June 2010 at £4 75 to a senior executive pursuant to the authority given by shareholders on 20 April 2006	1,000
Shares issued for cash on 31 August 2010 at £4 75 to a non-executive director pursuant to the authority given by shareholders on 20 April 2006	5,000
Shares issued for cash on 6 September 2010 at £4 75 to a senior executive pursuant to the authority given by shareholders on 20 April 2006	520
Shares issued for cash on 15 September 2010 at £4 75 to a senior executive pursuant to the authority given by shareholders on 20 April 2006	500
Shares in issue at 31 December 2010	14,361,822

23. Movements on reserves

	Group £000	Company £000
Share premium		
At 31 December 2009	2,301	2,301
Premium on shares issued during the year	315	315
At 31 December 2010	**2,616**	**2,616**
Revaluation reserve		
At 31 December 2009	301	-
Transfer to profit and loss account	(8)	
At 31 December 2010	**293**	**-**
Other reserves		
(a) Special reserve		
At 31 December 2009 and 2010	**2,350**	**-**
(b) Capital reserve		
At 31 December 2009 and 2010	**5,369**	**-**
(c) Own shares held		
At 31 December 2009	(3,882)	(3,882)
Purchase of own shares	(665)	(665)
At 31 December 2010	**(4,547)**	**(4,547)**
Total other reserves		
At 31 December 2010	**3,172**	**(4,547)**
At 31 December 2009	3,837	(3,882)
Profit and loss account		
At 31 December 2009	43,828	40,507
Profit from ordinary activities after taxation	4,455	1,116
Equity dividends paid	(2,766)	(2,766)
Other net recognised gains and losses in the year		
Net movement in pension scheme deficit	2,582	-
Transfer from revaluation reserve	8	-
At 31 December 2010	**48,107**	**38,857**
Total reserves		
At 31 December 2010	**54,188**	**36,926**
At 31 December 2009	50,267	38,926

Notes to the financial statements

for the year ended 31 December 2010

23. 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 Regional Limited) ("ECNG") to protect the creditors of ECNG at the date of cancellation The special reserve can be released to distributable reserves when all of the creditors of the Company 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 Employee Benefit Trust, the Long-Term Incentive Plan Trust and the Share Incentive Plan Trust other than shares being held as a bare trustee Own shares held comprised 540,692 shares with a nominal value of 20p each, acquired at an average cost of £8 41 each (2009 411,232 shares at £9 44) 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 and LTIP

The right to receive dividends on the shares held by participants subject to the rules of the 2006 LTIP is precluded by the rules of the 2006 LTIP and the right to receive dividends on other shares held by the trusts (other than the Share Incentive Plan Trust) has been waived by the trustee 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 2010 in the consolidated financial statements is £8,032,000 (2009 £8,032,000)

24. Financial risk management

The Group currently derives its funding from share capital, retained profits and bank borrowing

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern To maintain or adjust the capital structure, the Group may adjust the dividends paid to shareholders, return capital to shareholders or issue new shares

The Board retain responsibility for the agreement of the terms of any new or renewed borrowing facilities Cash is managed centrally, and the Group's treasury objective is to minimise borrowing costs and maximise returns on funds, subject to short-term liquidity requirements

Financial risk factors

The Group's principal financial risks are liquidity risk and interest rate risk The Group has limited exposure to foreign exchange risk, credit risk and price risk The Group's overall risk strategy seeks to minimise potential adverse effects on the Group's performance

Liquidity risk

Liquidity risk results from having insufficient financial resources to meet day-to-day fluctuations in working capital and cash flow Ultimate responsibility for liquidity risk management rests with the Board The Group manages liquidity risk by maintaining adequate reserves, by regularly monitoring forecast and actual cash flows and by maintaining a mixture of long-term and short-term committed facilities that are designed to ensure the Group has sufficient available funds for operations and planned expansions At 31 December 2010, the Group had facilities available totalling £50m comprising the term facility in the amount of £45m and an overdraft facility of £5m In addition, the Employee Benefit Trust has an overdraft facility of £2m The amount available under the term facility was reduced to £42m on 10 January 2011 The overdraft facilities of the Group and the EBT are repayable on demand, and the term facility expires in April 2013 £26m of these facilities remained undrawn at the year end, and the Group considers that it should be able to operate within the level of its current facilities

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates, which debts are managed centrally

The Group has adopted a policy to manage its interest cost using a mix of fixed and variable rate debts, and plans to keep at least 50% of its borrowings at fixed rates of interest until December 2011 To manage this, in January 2010 the Group entered into interest rate swaps on £15m of the Group's debt obligations, expiring in December 2011, to limit the Group's exposure to fluctuations in interest rates The Group has agreed to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount

24. Financial risk management (continued)

The Group's bank borrowing facilities contain financial covenants based on cash flow cover, interest cover and the ratio of debt to adjusted EBITDA Throughout the year the Group maintained comfortable headroom against these covenants and is expected to do so in the foreseeable future

Foreign exchange risk
The Group has a subsidiary undertaking in the United States of America, which is limited in scale and largely self-financing Therefore the Group has no foreign currency borrowings to hedge the foreign currency investment The Group has limited exposure to foreign exchange risks with respect to transactions in US dollars and the euro Due to the low exposure to currency risk, the Group does not use forward exchange contracts

Credit risk
The Group has no significant concentrations of credit risk The Group has implemented policies that require, where appropriate, credit checks on potential customers before sales commence

Price risk
The Group has an agreement to source all newsprint from a single major supplier and negotiates prices for newsprint at least 12 months in advance

25. Financial instruments

In January 2010, the Group entered into interest rate swaps on £15m of the Group's debt obligations, expiring in December 2011, to limit the Group's exposure to fluctuations in interest rates

26. Reconciliation of operating profit to operating cash flows

	2010 £000	2009 £000
Operating profit	8,172	3,180
Depreciation of tangible fixed assets	4,720	4,974
Amortisation of intangible fixed assets	4,617	5,009
Impairment of intangible fixed assets	500	12,363
Loss on disposals of tangible fixed assets	28	230
Profit and loss credit for share-based payment	(242)	(121)
(Increase)/decrease in stocks	(44)	410
(Increase)/decrease in debtors	(490)	3 178
Decrease in creditors	(1,788)	(3,851)
Movements in provisions	620	1,777
Payment against provisions	(1,164)	(1,527)
Adjustment for FRS 17 pension funding	(1,204)	(1,361)
Adjustment for FRS 17 reduction in defined benefit pension liabilities	-	(10,000)
Cash flow from operating activities	13,725	14,261

Notes to the financial statements

for the year ended 31 December 2010

27. Analysis of cash flows for headings netted in the cash flow statement

	2010 £000	2009 £000
Returns on investments and servicing of finance		
Interest received	3	226
Dividends received	1	1
Interest paid	(1,233)	(628)
	(1,229)	(401)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,439)	(2,622)
Sale of tangible fixed assets	10	11
	(2,429)	(2,611)
Acquisitions and disposals		
Investments in associate	-	(300)
Acquisitions of businesses	(582)	-
Bank and cash balances acquired with businesses	46	
	(536)	(300)
Financing		
Issue of ordinary share capital	327	-
Repayment of loan under bank revolving credit facility	(8,000)	(2,000)
Issue costs of new banking facilities	(61)	(1,133)
Capital element of finance lease rental payments	(8)	-
Purchase of own shares	(665)	(133)
	(8,407)	(3,266)

28. Analysis of net debt

	At 1 January 2010 £000	Cash flow £000	Other non-cash changes £000	At 31 December 2010 £000
Cash at bank and in hand	4,283	(2,504)	-	1,779
Bank overdrafts	(901)	901	-	-
EBT bank balances	3	(1,789)	-	(1,786)
Bank and cash balances	3,385	(3,392)		(7)
Bank loans	(32,000)	8,000		(24,000)
Finance leases	-	8	(8)	-
Loan issue costs	1,098	61	(409)	750
Total	(27 517)	4,677	(417)	(23,257)

29. Capital commitments

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

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Contracted for but not provided	9	231	-	

30. Commitments under operating leases

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

	Land and buildings		Plant, equipment and vehicles	
	2010	2009	2010	2009
Group	£000	£000	£000	£000
Operating leases which expire				
Within one year	383	155	391	305
Within two to five years	1,198	1,252	980	1,071
Over five years	102	398	-	-
	1,683	1,805	1,371	1,376

31. Contingent liabilities

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 euros plus costs in relation to non-cash consideration for the issue to the Company of shares in DDN The Company continues to vigorously defend the claim, but after taking legal advice has considered it prudent to make provision for what it believes to be a fair and reasonable settlement

32. Related party transactions

For the period up to 21 June 2010, Archant Print Limited provided newspaper printing services with a sales value of £270,000 (2009 full year £677,000), on an arm's length basis, for the Group's former associate disclosed at Note 14

33. Post balance sheet events

In February 2011, following a review of our print activities and an expected 20% increase in the price of newsprint, we announced a consultation with our employees at the Thorpe Print Centre over a proposal to outsource the printing of our weekly newspaper titles published outside Norfolk and Suffolk to a third-party printer

34. Pension schemes

The principal pension scheme operated by the Group is the Archant Pension & Life Assurance Scheme ("the PLAS"), a hybrid scheme with a defined benefit section ("the PLAS DBS") which includes a senior management section ("the PLAS SMS") and a defined contribution section ("the PLAS DCS")

The Group also pays ex gratia pensions on an unfunded basis to certain former employees and their dependents and, accordingly, provides for this liability in the financial statements The provisions for unfunded pension liabilities have been made in accordance with actuarial advice

From 1 May 2009 the Group introduced a salary sacrifice arrangement which had the effect of converting both the PLAS DBS and PLAS DCS into a non-contributory scheme with the employee pension contributions being replaced by additional employer contributions, known as SMART Pension contributions, and there is an equivalent reduction in the member's contractual pay

Members of the scheme at 1 May 2009 were automatically enrolled into the SMART Pension arrangement, unless they chose to opt out

Defined contribution section

The group provides retirement benefits to approximately 42% of current employees through the defined contribution scheme For the PLAS DCS the pension cost represents contributions payable by the Group to this section, the Group matching members' contributions (which are permitted in the range of 2% to 7% of pensionable earnings) on a 1 1 basis, except in the case of certain senior managers, where the employer's contribution is at enhanced multiples

Additionally, the Group made payments to the PLAS DCS equal to 1 4% (2009 1 4%) of pensionable earnings in respect of insured death benefits, expenses and benefit guarantees

Contributions paid in the year	2010 £000	2009 £000
Charged in the profit and loss account	2,462	2,168
December 2010 contributions paid in January 2011	(213)	-
December 2009 contributions paid in January 2010	207	(207)
December 2008 contributions paid in January 2009	-	256
Contributions paid in the year	2,456	2,217

These contributions include SMART Pension contributions from 1 May 2009

Defined benefit section

The pension 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 manner of appointment of the Trustee Directors to the Trustee Company is determined by the scheme's trust documentation The Group has a policy that at least one-third of all Trustee Directors should be nominated by members of the fund, including at least one member by current pensioners

The Group provides retirement benefits to some of its former and approximately 11% of current employees through a defined benefit scheme The level of retirement benefit is based principally on pensionable salary earned in the last three years of employment

The liabilities of the defined benefit scheme are measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit method This amount is reflected in the deficit in the balance sheet The projected unit method is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings The accumulated benefit obligation is an actuarial measure of the present value of benefits for service already rendered but differs from the projected unit method in that it includes no assumption for future salary increases At the balance sheet date the accumulated benefit obligation was £131 2m (2009 £125 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 £90m (2009 £100m)

34. Pension schemes (continued)

The most recently completed triennial actuarial valuation was carried out as at 1 January 2008 by an independent actuary for the then trustees of the scheme The financial assumptions adopted that have the most significant effect on the valuation were

	%
Annual rate of increase in	
Prices	3 1
Salaries	4 0
Pensions in payment	3 0
Investment return – Pre-retirement	6 5
– Post-retirement	5 3

At the time of the actuarial valuation the assets of the scheme, which are held separately from those of the Group, were

Market value of the scheme's assets	£140 6m
Present value of the scheme's liabilities	£148 6m
Actuarial deficit	£8 0m
Actuarial value as a proportion of accrued benefit	94 6%

Contributions to the defined benefit section are determined with the advice of independent actuaries, using the projected unit method

Reduction in defined benefit pension liabilities
During 2009 the Company undertook a review of its defined benefit pension provision As a result of this review, changes were made to the definition of Final Pensionable Salary such that Pensionable Earnings used to calculate Final Salary pension benefits become 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 defined benefit section continue to accrue additional pensionable years of service at their current accrual rate for the purpose of calculating pension benefit

The defined contribution element constitutes a "top-up fund" within the defined benefit section Members are able to pay contributions into the fund at a rate between 2% and 7% of their Pensionable Earnings in excess of the 1 December 2009 Cap and the Company contributes an equal amount, except in the case of certain senior managers where the employer's contribution is at enhanced multiples

As a result of the reduction in the defined benefit pension liabilities, an exceptional credit of £10,000,000 in respect of past service was recognised in the profit and loss account for 2009

Contribution rates for final salary pensions as a percentage of pensionable earnings, which are determined on the basis of the most recent actuarial valuation, were

	PLAS DBS		PLAS SMS	
	Member* %	Company %	Member* %	Company %
From 1 January 2006	7 0	16 6	7 0	34 1
From 1 January 2009	7 0	17 3	7 0	41 8
From 1 December 2009	7 0	9 1	7 0	32 6

*SMART Pensions from 1 May 2009 unless member opted out of salary sacrifice

Following the actuarial valuation as at 1 January 2008, the Company has agreed to pay a shortfall recovery payment of at least £1 45m per annum for the years 2009 to 2015 inclusive The Company paid an additional cash contribution of £1 45m into the PLAS in 2010 (2009 £1 45m)

Notes to the financial statements

for the year ended 31 December 2010

34. Pension schemes (continued)

In 2003 the Group decided that future increases to the discretionary element of pensions in payment (i e that for pre-April 1997 service other than, in respect of participants over state retirement age, the Guaranteed Minimum Pension element of any such pension) would be funded either by the Company or out of fund surpluses The Company made no such payments during the year (2009 £nil)

Following the actuarial valuation as at 1 January 2008 the Group agreed the following funding objectives with the then trustees

1 To return the on-going funding level of the scheme to 100% of the projected past service liabilities within a period of eight years from the valuation as at 1 January 2008

2 To maintain funding at least at this level once the funding level of the scheme is 100% of the projected past service liabilities

The Group and the Trustee Directors monitor the funding level on a quarterly basis The next triennial valuation is due to be completed as at 1 January 2011 The deficit and regular contributions will be recalculated as part of this valuation

The levels of contributions are based on the current service costs and the expected future cash flows of the defined benefit scheme The Group estimates the present value of the duration of scheme liabilities on average fall due over 17 years

On 16 January 2009 the Company entered into a Deed of Guarantee ("the Guarantee") with the then trustees of the Archant Pension & Life Assurance Scheme ("the Scheme") whereby the Company guaranteed the punctual performance of all obligations under the Scheme of the Scheme's participating employers Demands under the Guarantee are subject to a cap equal to the defaulting participating employer's share of the Scheme's deficit on the ongoing, scheme-specific funding basis, as calculated by the Scheme actuary The Guarantee also indemnifies the Scheme against any loss or liability suffered if any payment obligation under the Guarantee is, or becomes, unenforceable 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 then trustees undertook to take the Guarantee into consideration when setting the period of the Scheme's deficit recovery plan, following the 1 January 2008 actuarial valuation, and setting the Scheme's investment strategy

The benefits payable by the scheme are expected to increase steadily over the next 30 to 35 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 shows the results of the Group's hybrid defined benefit and defined contribution pension scheme in the UK

A full actuarial valuation was carried out for the PLAS as at 1 January 2008

The actuarial valuation has been updated to 31 December 2010 by an independent actuary The amounts shown at 31 December were measured in accordance with FRS 17

Assumptions

The major assumptions used by the actuary in updating the valuation were

	2010 %	2009 %	2008 %
Rate of increase in salaries	0 00	0 00	4 00
Rate of increase in deferred pensions	2 85	3 45	2 80
Rate of increase of pensions in payment	3 35	3 45	2 80
Discount rate	5 46	5 70	5 76
Inflation	3 35	3 45	2 80
Expected long-term rate of return			
Equities	6 82	6 90	6 40
Bonds and gilt securities	5 41	5 60	5 40
Other	0 50	0 50	2 00

34. Pension schemes (continued)

An investigation of the scheme's mortality experience over the previous three years was carried out as part of the actuarial valuation at 1 January 2008 The current assumed life expectations on retirement at age 65 are

	2010	2009
Retiring today		
Males	**22 4**	22 4
Females	**24 9**	24 8
Retiring in 20 years		
Males	**25 2**	25 1
Females	**26 8**	26 7

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below

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

Employee benefit obligations

The amounts recognised in the balance sheet are as follows

	2010 £000	2009 £000
Present value of funded obligations	**160,497**	150,506
Fair value of scheme assets	**(145,544)**	(130,933)
	14,953	19,573
Present value of unfunded obligations	**823**	902
Deficit	**15,776**	20,475
Related deferred tax asset at 27% (2009 28%)	**(4,259)**	(5 733)
Net liability	**11,517**	14,742

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 for the years ended 31 December 2007 through to 31 December 2010 Book value was used at 31 December 2006 and in earlier years as a reasonable approximation of present value at those dates

Notes to the financial statements

for the year ended 31 December 2010

34. Pension schemes (continued)

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

	2010 £000	2009 £000
Current service cost – DBS	1,368	1,738
Current service cost – DCS	2,462	2 168
Past service cost (reduction in defined benefit pension liabilities)	-	(10,000)
Recognised in arriving at operating profit	3,830	(6,094)
Interest on funded obligations	7,042	7,155
Interest on unfunded obligations	45	46
Expected return on scheme assets	(6,652)	(5,327)
Other finance expense	435	1,874
Total recognised in the profit and loss account	4,265	(4,220)
Actual return on scheme assets	14,045	17 970

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

	2010 £000	2009 £000
Opening scheme obligation – DBS and DCS	150,506	146 478
Opening scheme obligation – unfunded obligations at present value	902	955
Total opening scheme obligation	151,408	147,433
Current service cost – DBS	1,368	1,738
Current service cost – DCS	2,462	2,168
Reduction in defined benefit pension liabilities	-	(10,000)
Interest cost	7,086	7,201
Actuarial losses – DBS	3,587	6,790
Actuarial losses – unfunded obligations	-	31
Contributions by employees – DBS and DCS	76	619
Change in DC fund values	3,625	4,800
Benefits paid – DBS	(6,694)	(6,466)
Benefits paid – DCS	(1,475)	(2,776)
Benefits paid – unfunded obligations	(123)	(130)
Closing scheme obligation	161,320	151,408

34. Pension schemes (continued)

The analysis of the actuarial (gains) and losses in the DBS is as follows

	2010 £000	2009 £000
Experience (gains) and losses	-	-
Changes in assumptions		
Discount rate	4,466	1,300
Inflation	(879)	5,490
	3,587	6,790

Changes in the fair value of scheme assets are as follows

	2010 £000	2009 £000
Opening fair value of scheme assets	130,933	111,519
Expected return	6,652	5,327
Actuarial gains	7,393	12,643
Contributions by employer – DBS	2,572	3,099
Contributions by employer – DCS	2,462	2,168
Contributions by employer – unfunded obligations	123	130
Contributions by employees – DBS and DCS	76	619
Change in DCS fund values	3,625	4,800
Benefits paid – DBS	(6,694)	(6,466)
Benefits paid – DCS	(1,475)	(2,776)
Benefits paid – unfunded obligations	(123)	(130)
Closing fair value of scheme assets	145,544	130,933

The Group expects to contribute between £2,400,000 and £2,600,000 to its defined benefit pension scheme in 2011

At 31 December 2010 the scheme assets were invested in a diversified portfolio that consisted primarily of equity and debt securities The fair value of the scheme assets as a percentage of the total scheme assets and planned allocations are set out below

	Planned 2011 %	2010 %	2009 %
Global equities	50	51	60
Absolute return funds	20	20	
All stocks gilts		-	9
Corporate bonds	20	19	20
High-yield bonds	10	10	11
	100	100	100

In conjunction with the Trustee Directors, the Group has periodically conducted asset-liability reviews for the Scheme These studies are used to assist the Trustee Directors and the Group to determine the optimal long-term asset allocation with regard to the structure of liabilities within the Scheme The results of the study are used to assist the Trustee Directors in managing the volatility in the underlying investment performance and risk of a significant increase in the Scheme deficit by providing information used to determine the Scheme's investment strategy

The aim is to hold a globally diversified portfolio of equities, with a target of 60% of equities being held in UK companies and 40% in overseas equities

Notes to the financial statements

for the year ended 31 December 2010

34. Pension schemes (continued)

Cumulative actuarial gains and losses recognised in the Group statement of total recognised gains and losses (STRGL)	2010 £000	2009 £000
Actual return less expected return on assets	7,393	12 643
Changes in assumptions	(3,587)	(6,821)
Net actuarial gains recognised in STRGL	3,806	5,822
At the beginning of the year	(28,772)	(34,594)
At the end of the year	(24,966)	(28,772)

Analysis of the movement in the balance sheet liability	2010 £000	2009 £000
Shortfall in scheme at the beginning of the year	(20,475)	(35,914)
Movements		
Total recognised in the profit and loss account	(4,264)	4,220
Employer contributions – DBS and DCS	5,034	5,267
Employer contributions – unfunded obligations	123	130
Actuarial gains	3,806	5,822
Shortfall in scheme at the end of the year	(15,776)	(20,475)

Amounts for the current and previous four years are as follows

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Present value of funded obligations	160,497	150,506	146,478	146,344	148,703
Present/book value of unfunded obligations	823	902	955	969	1,128
Total scheme obligations	161,320	151,408	147,433	147,313	149,831
Scheme assets	145,544	130,933	111,519	138,714	132,324
Deficit	(15,776)	(20,475)	(35,914)	(8,599)	(17,507)
Experience adjustments on pension scheme liabilities	-	-	5,055	-	649
Experience adjustments on pension scheme assets	7,393	12,643	(27,097)	(1,100)	1,384

Five-year financial summary

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Turnover	139,253	141,973	175,115	193,783	191,040
Operating profit before amortisation and exceptional items	14,752	15,116	22,162	30,451	29,451
Return on sales	*10 6%*	*10 6%*	*12 7%*	*15 7%*	*15 4%*
Share of operating results of associates	(202)	(196)	(158)	(315)	(291)
Amortisation and impairment of intangible fixed assets	(4,617)	(5,009)	(7,067)	(8,560)	(8,609)
Exceptional income	-	10,000	-	3,757	548
Exceptional costs	(1,963)	(16,927)	(38,087)	(30,932)	(1 321)
Income from investments, interest payable and FRS 17 financing costs	(2,224)	(2,310)	(2 065)	(2,515)	(3,352)
Profit/(loss) before tax	5,726	674	(25,215)	(8,114)	16,426
Tax	(1,271)	(3,848)	(1 117)	2 055	8,720
Effective rate of taxation	*22 2%*	*570 9%*	*4 4%*	*(25 3%)*	*53 1%*
Profit/(loss) after tax	4,455	(3,174)	(24 098)	(10,169)	7,706
Dividends paid during the year	2,766	2 802	5 608	5,412	5,316
Profit/(loss) after tax and equity dividends paid	1,689	(5,976)	(29,706)	(15,581)	2,390
Basic earnings per share	32 0p	(22 8p)	(172 5p)	(72 4p)	54 5p
Diluted earnings per share	31 1p	(22 8p)	(172 5p)	(72 4p)	53 6p
Adjusted earnings per share	64 0p	64 7p	105 1p	140 0p	133 1p
Dividends declared per share[1]	20 1p	20 1p	26 4p	40 1p	38 1p
Dividend cover (based on dividends declared and adjusted EPS)	3 2	3 2	4 0	3 5	3 5
Net assets	57,060	53,127	55,043	105,174	110,202
Net debt	(23,257)	(27,517)	(34,621)	(36,946)	(54,827)
Exceptional items					
Reduction in defined benefit pension liabilities	-	10,000	-	-	-
Profits on disposal of Scottish newspaper operations	-	-	-	3,757	-
Profit on disposal of freehold property	-	-	-	-	548
Total exceptional income	-	10,000	-	3,757	548
Impairment of intangible fixed assets	(500)	(12,363)	(33 615)	(30,000)	-
Impairment of goodwill in associate	-	-	(500)	-	-
Impairment of tangible fixed assets	-	-	(477)	-	-
Reorganisation and restructuring costs	(1,484)	(3,991)	(3,495)	(932)	(1,321)
Costs incurred to reduce defined benefit pension liabilities	21	(330)	-	-	
Refinancing costs	-	(243)	-		
Total exceptional costs	(1,963)	(16,927)	(38,087)	(30,932)	(1,321)

[1]2009 includes the 2010 first interim dividend in place of the final dividend for 2009

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 13 April 2011 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 2010 be and are hereby received

2 THAT Mr B McCarthy retiring as a director at this meeting be re-elected as a director of the Company

3 THAT Mr P Troughton retiring as a director at this meeting be re-elected as a director of the Company

4 THAT Mr R Wyatt retiring as a director at this meeting be re-elected as a director of the Company

5 THAT Ernst & Young LLP be re-appointed as auditors for the Company at a fee to be fixed by the directors

6 THAT a final dividend of 13 7p per share be paid

Special resolutions

7 THAT the Archant 2011 Long-Term Incentive Plan (the "2011 LTIP"), whose principal terms are summarised in Appendix 1 to the Chairman's letter, be and is hereby approved and adopted AND THAT the Directors be and are hereby authorised to do all things necessary to put the 2011 LTIP into effect

8 THAT the rules of the Archant Share Incentive Plan be amended in the manner set out in Appendix 2 to the Chairman's letter, such amendments to be effective from the date on which the Board of Directors or a duly constituted committee thereof adopts such amendments

9 THAT, subject to the passing of resolution 10, the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot ordinary shares in the capital of the Company to any director and/or any senior employee of the Company or any of its subsidiary companies who does not hold any shares in the capital of the company upon such terms as the directors shall at their complete discretion determine provided that

(a) the maximum aggregate amount of such shares that may be allotted under this authority to any individual is shares having an aggregate nominal value of £2,000,

(b) the maximum amount of such shares that may be allotted under this authority is shares having an aggregate nominal value of £20,000,

(c) the price at which such shares shall be allotted shall be not less than their market value as determined by the directors taking into account all material factors of which they are aware at the time of allotment, and

(d) this authority shall, unless it is (prior to its expiry) duly revoked or varied or is renewed, expire on the date five years following the date of this resolution, save that the Company may, before such expiry, make an offer or agreement which will or may require such shares to be allotted after such expiry

10 THAT, subject to the passing of resolution 9, 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 9 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

11 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
4 March 2011

Archant Limited
Prospect House
Rouen Road
Norwich NR1 1RE

Telephone 01603 772772
Facsimile 01603 613276
Registered number 4126997

Notice of Annual General Meeting

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 6ZL no later than noon on Monday 11 April 2011

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 11 April 2011 (or, in the event of any adjournment, at 6pm on the date which 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

5 A copy of the draft form of the rules of the Archant 2011 Long-Term Incentive Plan, as they are proposed, will be available for inspection at the Company's registered office during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of dispatch of the notice convening the AGM until the close of the meeting This document will also be available for inspection at the venue of the AGM for at least 15 minutes before the start of the AGM until its close

6 A copy of the draft form of the rules of the Archant Share Incentive Plan, as they are proposed to be amended, will be available for inspection at the Company's registered office during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of dispatch of the notice convening the AGM until the close of the meeting This document will also be available for inspection at the venue of the AGM for at least 15 minutes before the start of the AGM until its close

Financial calendar

for year to 31 December 2011

28 March	"On record" date for 2010 final dividend
13 April	Annual General Meeting
19 April	Payment of 2010 final dividend
2 July	Half year end
5 August	Interim statement
16 September	"On record" date for 2011 interim dividend
30 September	Payment of 2011 interim dividend

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
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Photography by David Burton

NUJ Regional Press Awards 2010

Columnist of the Year
STACIA BRIGGS
Norwich Evening News

EDF Energy East of England Media Awards 2010

Daily Newspaper of the Year
EASTERN DAILY PRESS

Website of the Year
EDP24 CO UK

Front Page of the Year
NORWICH EVENING NEWS
For its "Defeated Clarke heads for exit" front page featuring photographer Bill Smith's brilliant picture of a defeated former Home Secretary and Norwich MP Charles Clarke leaving the General Election count

Designer of the Year
JOE RINGER
Creative designer

Archant Awards 2010

Employee of the Year
ALAN DOY
Archant Production Services

Team of the Year
AUDIENCE GROWTH TEAM
Archant Norfolk Distribution Team

Commercial Person of the Year
RHIANNON WRAGG
Ad director, south east Archant Life

Editorial Person of the Year
KATIE DAVIES
News editor *Ham&High*, Archant London

Support Person of the Year
PAUL BRENNAN
Service support manager, Archant Information Systems

Newcomer of the Year
MARK BLOOMFIELD
Ad director, free titles, Archant Life

Unsung Hero of the Year
NICHOLAS HITCHENS
Reporter – Gravesend, Archant London

Customer Service Person of the Year
ZOË FRANCIS-COX
Editorial director, Archant Dialogue

Innovation or New Launch of the Year – Internal
ADFLOW
Archant Information Systems

Innovation or New Launch of the Year – External
SUBSCRIPTIONSAVE CO UK
Archant Specialist

Product or Service of the Year
EAST ANGLIAN DAILY TIMES SATURDAY EDITION
Archant Suffolk

Green Champion of the Year
KARON WATTS
Covion, Archant Norfolk