

YORKSHIRE POST NEWSPAPERS LIMITED

Company Registration No. 2899

Report and Financial Statements

31 December 2008

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YORKSHIRE POST NEWSPAPERS LIMITED

Report and financial statements 2008

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YORKSHIRE POST NEWSPAPERS LIMITED

Report and financial statements 2008 Officers and professional advisers

Directors

T J Bowdler CBE (resigned 31 December 2008)
J A Fry (appointed 5 January 2009)
S R Paterson
P R Cooper
C G Green

Secretary

P R Cooper

Registered Office

PO Box 168
Wellington Street
Leeds
West Yorkshire
LS1 1RF

Bankers

Lloyds TSB Bank Plc
City Office
PO Box 72
Bailey Drive
Gillingham Business Park
Kent ME8 0LS

Solicitors

MacRoberts
152 Bath Street
Glasgow
G2 4TB

Independent Auditors

Deloitte LLP
Edinburgh
United Kingdom

YORKSHIRE POST NEWSPAPERS LIMITED

Directors' report

For the year ended 31 December 2008

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

The directors' report has been prepared under the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

ACTIVITIES, RESULTS AND FUTURE PROSPECTS

The company acts as an agent for Johnston Publishing Limited, publishing and distributing newspapers in the Yorkshire area of England. The result for the year is shown in the profit and loss account on page 6. The directors do not expect any change in the activities of the business in the foreseeable future.

The financial position of the company is set out in the balance sheet on page 7.

Johnston Press plc provides the company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the directors believe that performance indicators and principal risks or uncertainties specific to the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual report of Johnston Press plc reviews these matters on a group basis.

GOING CONCERN

The directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Johnston Press plc Group has recently renegotiated its financing facilities of which the company is a guarantor to. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current committed facilities.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

DIVIDENDS

No dividends have been paid or proposed by the directors (2007: £ nil).

POST BALANCE SHEET DATE EVENTS

Security

As discussed further in note 8, on 28 August 2009, the company entered into a security agreement with the Johnston Press Plc Group's lenders, to provide fixed and floating charges over the assets of the company.

There are no other significant post balance sheet events which affect the financial statements of the company.

DIRECTORS

The directors who served during the year and to the date of this report are shown on page 1.

DIRECTORS' LIABILITY

As permitted by the Companies Act 2006, the company has insurance cover for the directors against liabilities in relation to the Company.

YORKSHIRE POST NEWSPAPERS LIMITED

Directors' report (continued)

For the year ended 31 December 2008

INDEPENDENT AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP have indicated their willingness to continue in office and a resolution to reappoint Deloitte LLP as the auditors of the company will be proposed at the next Annual General Meeting.

Approved by the Board of Directors and signed by order of the Board



S R Paterson

Director

21 September 2009

YORKSHIRE POST NEWSPAPERS LIMITED

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YORKSHIRE POST NEWSPAPERS LIMITED

We have audited the financial statements of Yorkshire Post Newspapers Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 8. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Edinburgh, United Kingdom
22 September 2009

YORKSHIRE POST NEWSPAPERS LIMITED

Profit and loss account

For the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Turnover	1	19,475	20,147
Cost of sales		(19,475)	(20,147)
RESULT FOR THE FINANCIAL YEAR	2	-	-

The current and prior year results have been derived wholly from continuing operations.

There have been no recognised gains or losses other than the result for the current and preceding financial years and, accordingly, no statement of total recognised gains and losses or reconciliation of movements in shareholders' funds are shown.

These financial statements should be read in conjunction with the notes on pages 8 to 11.

YORKSHIRE POST NEWSPAPERS LIMITED

Balance sheet

As at 31 December 2008

	Note	2008 £'000	2007 £'000
Current assets			
Debtors – amounts owed by group undertakings	4	88,532	88,532
NET ASSETS		<u>88,532</u>	<u>88,532</u>
Capital and reserves			
Called up share capital	5	690	690
Share premium account		425	425
Profit and loss account		87,417	87,417
SHAREHOLDERS' FUNDS		<u>88,532</u>	<u>88,532</u>

These financial statements should be read in conjunction with the notes on pages 8 to 11.

These financial statements were approved by the Board of Directors on 21 September 2009.

Signed on behalf of the Board of Directors



S R Paterson

Director

YORKSHIRE POST NEWSPAPERS LIMITED

Notes to the financial statements Year ended 31 December 2008

1. ACCOUNTING POLICIES

The particular accounting policies adopted are described below. They have all been applied consistently throughout the current and preceding year.

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The financial statements are prepared on the going concern basis as disclosed in the directors' statement of going concern set out in the directors' report.

Related parties

As the company is a wholly owned subsidiary of Johnston Press plc, the company has taken advantage of the exemption contained in FRS 8 and therefore not disclosed transactions and balances with entities which form part of the group.

Cash flow statement

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of Johnston Press plc whose consolidated financial statements include a cash flow statement and are publicly available.

Turnover and revenue recognition

Turnover represents charges to Johnston Publishing Limited in respect of the company's services as an agent and is net of value added tax. All of the company's turnover was generated in the United Kingdom. Turnover is recognised when services are rendered.

Pension costs

The company participates in the Johnston Press Pension Plan (JPPP), a multi-employer scheme with defined benefit and defined contribution sections.

The company is unable to identify its share of the underlying assets and liabilities of the scheme and therefore accounts for the scheme as if it were a defined contribution scheme.

The cost of contributions is charged to the profit and loss account when incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. The preference shares of the company qualify as equity.

Share based payments

The company does not reflect costs associated with equity-settled share-based payments on the grounds that the benefits from services provided by its employees in respect of these payments are received by other group companies as a result of the agency agreements in place.

YORKSHIRE POST NEWSPAPERS LIMITED

Notes to the financial statements (continued) Year ended 31 December 2008

2. RESULT FOR THE FINANCIAL YEAR

The result for the year is stated after charging:

	2008 £'000	2007 £'000
Staff costs (note 3)	19,475	20,147

The auditors' remuneration in the current and preceding year was borne by another group undertaking. The directors estimate that the amount relating to the company's statutory audit was £8,000 (2007: £8,000) and the amount relating to the audit of the company's circulation and distribution figures was £11,200 (2007: £11,700).

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2008 Number	2007 Number
Average number of employees by activity:		
Editorial and production	334	392
Advertising and sales	303	325
Management and administration	79	72
	716	789

	2008 £'000	2007 £'000
Staff costs during the year comprised:		
Wages and salaries	15,467	17,162
Termination payments	1,320	-
Social security costs	1,438	1,597
Other pension costs	1,250	1,388
	19,475	20,147

Pension Contributions

The company participates in the Johnston Press Pension Plan (JPPP). This is a mixed benefit multi-employer scheme, the assets and liabilities of which are held independently from the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

Contributions to the scheme for the year were £1,250,000 (2007: £1,388,000).

An updated valuation of the scheme at 31 December 2008 indicated that the scheme was 95% funded under FRS 17 (2007: 97%). The contribution for 2009 will be a fixed sum of £2,200,000 and 12.6% of pensionable salary for the Group. With the declining membership this will assist in managing the deficit over a number of years.

Full details of the JPPP scheme and associated FRS 17 disclosures are provided in note 21 in the financial statements of Johnston Publishing Limited.

YORKSHIRE POST NEWSPAPERS LIMITED

Notes to the financial statements (continued) Year ended 31 December 2008

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

Directors' Emoluments

Three of the directors did not receive or accrue emoluments in respect of their services to the company in either year. The remuneration of the remaining director was as follows:

	2008 £'000	2007 £'000
Emoluments	192	297
Pension contributions	30	30
	<u>222</u>	<u>327</u>

These amounts also represent amounts paid to the highest paid director. The highest paid director is a member of the company's defined benefit pension scheme and had accrued entitlements of £39,200 (2007: £33,800) under the scheme at the end of the year.

The interests of the directors who are also directors of the ultimate parent company, Johnston Press plc, in the shares of the ultimate parent company are disclosed in that company's financial statements.

For the remaining directors:

- No directors exercised share options in the year (2007: nil).
- One director received an award under the group Performance Share Plan (2007: two).

Share based payments

Any gains made on the exercise of share options or the value of any shares or share options received under the long-term incentive schemes are not shown. Full details of share option schemes are provided in the financial statements of the ultimate parent company, Johnston Press plc. The costs of associated share-based payments under FRS 20 are not accounted for by the company on the basis that the benefits from services provided by its employees in respect of these payments are received by other group companies as a result of the agency agreements in place. All such costs are accounted for in Johnston Publishing Limited and Johnston Press plc.

4. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Amounts owed by group undertakings	<u>88,532</u>	<u>88,532</u>

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Notes to the financial statements (continued) Year ended 31 December 2008

5. CALLED UP SHARE CAPITAL

	2008 £'000	2007 £'000
Authorised:		
60,000 5.25% cumulative preference shares of £1 each	60	60
690,000 ordinary shares of £1 each	690	690
	<u>750</u>	<u>750</u>
Allotted, called up and fully paid shares:		
60,000 5.25% cumulative preference shares of £1 each	60	60
630,000 ordinary shares of £1 each	630	630
	<u>690</u>	<u>690</u>

6. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Value added tax

The company is registered for VAT purposes in a group of undertakings, which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group, and failure by other members of the group to meet their VAT liabilities would give rise to additional liabilities for the company. At 31 December 2008 the total liability of the group amounted to £2,947,379 (2007: £7,285,759). The directors are of the opinion that no liability is likely to arise from the failure of these companies.

7. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The immediate parent company is Johnston Publishing Limited, a company registered in England and Wales. The ultimate parent company is Johnston Press plc, a company incorporated in the United Kingdom and registered in Scotland.

The only group in which the results of the company are consolidated is that headed by Johnston Press plc. The financial statements of Johnston Press plc are available to the public and may be obtained from Johnston Press plc, 108 Holyrood Road, Edinburgh, EH8 8AS.

8. POST BALANCE SHEET DATE EVENTS

On 28 August 2009, the company entered into a security agreement with the Johnston Press plc Group's lenders. The company has provided a fixed charge over the assets of the company, including investments, fixed assets, goodwill, intellectual property and a floating charge over its present and future undertakings. Further details of the new finance arrangements of Johnston Press plc and its subsidiaries are contained in the interim report of Johnston Press plc to 30 June 2009.