

**YORKSHIRE POST NEWSPAPERS  
LIMITED**

**Report and Financial Statements**

**31 December 2007**

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# **YORKSHIRE POST NEWSPAPERS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2007**

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# **YORKSHIRE POST NEWSPAPERS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2007**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

T J Bowdler CBE  
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  
72 Lombard Street  
London  
EC3P 3BT

#### **SOLICITORS**

Addleshaw Booth & Co  
Sovereign House  
South Parade  
Leeds  
LS1 2RP

Hammond Suddards  
2 Park Lane  
Leeds  
LS3 1ES

#### **INDEPENDENT AUDITORS**

Deloitte & Touche LLP  
Edinburgh, United Kingdom

# **YORKSHIRE POST NEWSPAPERS LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

### **REVIEW OF BUSINESS AND FUTURE PROSPECTS**

The company trades as an agent for Johnston Publishing Limited, publishing and distributing newspapers in Leeds, including the Yorkshire Post and the Yorkshire Evening Post

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.

The results for the year are set out in the profit and loss account on page 6. The financial position of the company is set out in the balance sheet on page 7.

### **FINANCIAL RISK MANAGEMENT**

The company's principal financial assets are limited to intercompany debtors. The directors do not consider there to be significant risk associated with this balance, as intercompany balances are managed for the group as a whole by Johnston Press plc.

### **DIVIDENDS**

No dividends have been paid or proposed by the directors (2006 £nil)

### **DIRECTORS**

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

### **EMPLOYEE INVOLVEMENT**

It is the policy of the company to encourage and develop all members of staff to realise their maximum potential. Wherever possible, vacancies are filled from within the company and adequate opportunities for internal promotion are created. The company is committed to a systematic training policy.

The company supports the principle of equal opportunities in employment and opposes all forms of unlawful or unfair discrimination on the grounds of race, nationality, ethnic or national origin, sexual orientation, gender or gender reassignment, marital status or disability.

It is also the policy of the company, where possible, to give sympathetic consideration to disabled persons in their application for employment within the company, and to protect the interests of existing members of the staff who are disabled.

The company is committed to a comprehensive training and development programme creating the opportunity for employees to maintain and improve their performance and to develop their potential to a maximum level of attainment. In this way, staff will make their best possible contribution to the organisation's success.

### **DIRECTORS' LIABILITY**

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

# **YORKSHIRE POST NEWSPAPERS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **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/she ought to have taken as a director in order to make himself/herself 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 & Touche LLP have indicated their willingness to continue in office and a resolution to reappoint Deloitte & Touche 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  
8 July 2008

**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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 7. 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 2007 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 & Touche LLP**  
Chartered Accountants and Registered Auditors  
Edinburgh, United Kingdom  
18 July 2008

## YORKSHIRE POST NEWSPAPERS LIMITED

### PROFIT AND LOSS ACCOUNT

Year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Turnover	1	20,147	19,912
Administrative expenses		(20,147)	(19,912)
<b>RESULT FOR THE FINANCIAL YEAR</b>	2	<u>-</u>	<u>-</u>

All of the trading during the current and preceding years related to 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



# YORKSHIRE POST NEWSPAPERS LIMITED

## BALANCE SHEET As at 31 December 2007

	Note	2007 £'000	2006 £'000
<b>CURRENT ASSETS</b>			
Debtors	4	88,532	88,532
<b>NET ASSETS</b>		<u>88,532</u>	<u>88,532</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	5	690	690
Share premium account		425	425
Profit and loss account		87,417	87,417
<b>SHAREHOLDERS' FUNDS</b>		<u>88,532</u>	<u>88,532</u>

These financial statements were approved by the Board of Directors on the 8<sup>th</sup> of July 2008

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 2007

### 1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below

#### (a) Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Johnston Press plc group

#### (b) 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

#### (c) 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

#### (d) Financial liabilities and equity

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

#### (e) 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

### 2. RESULT FOR THE FINANCIAL YEAR

Retained profit for the year is stated after charging

	2007 £'000	2006 £'000
Staff costs (note 3)	20,147	19,912

The auditors' remuneration in the current year was borne by another group undertaking. The directors estimate that the amount relating to the company's statutory audit was £8,000 (2006 £8,000) and the amount relating to the audit of the company's circulation and distribution figures was £11,700 (2006 £12,600)

# YORKSHIRE POST NEWSPAPERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2007

### 3. EMPLOYEES AND DIRECTORS

#### a) Employee information

The average monthly number of people (including executive directors) employed by the company during the year was

	2007 Number	2006 Number
By activity		
Production	188	230
Selling and distribution	344	342
Administration	257	252
	<u>789</u>	<u>824</u>

Employment costs for the above people were

	2007 £'000	2006 £'000
Wages and salaries	17,162	16,947
Social security costs	1,597	1,569
Pension costs (note 3b)	1,388	1,396
	<u>20,147</u>	<u>19,912</u>

#### b) Pensions

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 £1,388,000 (2006 - £1,396,000).

An updated valuation of the scheme at 31 December 2007 indicated that the scheme was 97% funded under FRS 17 (2006 89% funded). It was decided that, from April 2005, the contributions to the JPPP would be maintained at a fixed sum of £6,900,000 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 20(e) in the financial statements of Johnston Publishing Limited.

# YORKSHIRE POST NEWSPAPERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2007

### 3. EMPLOYEES AND DIRECTORS (CONTINUED)

#### c) Directors' emoluments

	2007 £'000	2006 £'000
Emoluments	297	178
Pension contributions	30	30
	<u>327</u>	<u>208</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 £33,800 (2006 £29,000) under the scheme at the end of the year.

For director who received remuneration from the company

- Retirement benefits are accruing to one director (2006 one) under a defined benefit pension scheme.

Any gains made on the exercise of share options or the value of any shares or share options received under 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 by the parent company, Johnston Press plc.

The interests of the two directors who are 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 director (2006 one directors) exercised share options in the year.
- Two directors received an award under the group Performance Share Plan (2006 two).

### 4. DEBTORS

	2007 £'000	2006 £'000
Amounts owed by group undertakings	<u>88,532</u>	<u>88,532</u>

# YORKSHIRE POST NEWSPAPERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2007

### 5. CALLED-UP SHARE CAPITAL

	2007 £'000	2006 £'000
<b>Authorised:</b>		
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>
<b>Allotted, called-up and fully paid:</b>		
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>

The holder of the 5 25% cumulative preference shares has agreed to waive the payment of any past and future dividends

### 6. FINANCIAL COMMITMENTS

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 2007 the total liability of the group amounted to £7,285,759 (2006 £5,080,070). 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 company's immediate parent company is Johnston Publishing Limited, a company registered in England and Wales.

The company's ultimate parent company is Johnston Press plc, a company 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, 53 Manor Place, Edinburgh, EH3 7EG.