Registered Number: 19300

ARCHANT REGIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2010

ARCHANT REGIONAL LIMITED

DIRECTORS

A D Jeakings
J A E Hustler
B G McCarthy
N T Schiller
P W Swallow
E Testa
D A Willmott

SECRETARY

J O Ellison

AUDITORS

Ernst & Young LLP
Compass House
80 Newmarket Road
Cambridge
CB5 8DZ

BANKERS

Nat West Bank plc
Norwich City Office
45 London Street
Norwich
NR2 1HX

REGISTERED OFFICE

Prospect House
Rouen Road
Norwich
NR1 1RE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The Directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2010

RESULTS AND DIVIDENDS

The loss for the year, after impairment charges, taxation and preference dividends, amounted to £1,611,633 (2009 loss £18,696,690)

Preference dividends of £3,358,781 (2009 £4,091,367) were paid during the year

Interim ordinary dividends of £nil (2009 £nil) were paid in the year The directors do not recommend the payment of a final dividend (2009 £nil)

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is a wholly-owned subsidiary of Archant Limited, and operates as the publishing company in the group's newspapers division

The company's principal activity is to publish all newspaper titles (and their associated magazines), owned by the Archant group In June 2010, the company acquired KOS Media (Publishing) Limited (KOS) as a wholly-owned subsidiary Prior to that date, KOS was an associated company of the Archant group On 31 August 2010, the trade and assets (but excluding the newspaper titles published by KOS) were transferred to the company under a Sale and Purchase Agreement At the same date, KOS and the company entered into a trade mark licence agreement allowing the company to publish the newspaper titles owned by KOS Under the terms of the Sale and Purchase Agreement, there was a waiver of the inter company indebtedness between the company and KOS Media (Publishing) Limited immediately following the transfer of the trade and net assets In consequence, the company has written off the amount of £1,415,309 which is no longer receivable from KOS Media (Publishing) Limited

There have not been any other significant changes in the company's principal activity in the year under review The directors are not aware, at the date of this report, of any likely major changes in the company's activity in the next year

Impairment reviews of the carrying values of the Group's newspaper titles indicated that an impairment charge of £0 5m was required to reduce the carrying values of the Group's newspaper titles owned by KOS Media (Publishing) Limited (KOS) In consequence, the company has impaired the carrying values of its investment in KOS by £0 5m

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW (continued)

The company's key financial and other performance indicators during the year were

	2010 £	2009 £	Change %
Turnover			
Ongoing operations	91,113,682	96,531,633	-5 61%
Acquisitions	1,180,120	-	
Total turnover	92,293,802	96,531,633	-4 39%
Operating costs excluding amortisation of intangible assets and restructuring costs			
Printing and production	23,360,582	24,968,219	-6 44%
Employment costs	33,976,707	35,037,261	-3 03%
Other operating costs less other operating income	26,860,702	26,058,533	3 08%
Total operating costs excl amortisation of intangibles, impairment and restructuring costs	84,197,991	86,064,013	-2 17%
Operating profit before amortisation of intangibles, impairment and restructuring costs	8,095,811	10,467,620	-22 66%
Restructuring costs	(797,609)	(2,032,752)	-60 76%
Interest payable	(2,439,176)	(3,767,613)	-35 26%
Profit before amortisation, impairment, dividends received and preference dividends paid	4,859,026	4,667,255	4 11%
Amortisation of intangibles	(9,479,773)	(10,360,245)	-8 50%
Impairment	(500,000)	(18,002,815)	97 22%
Impairment of amounts due from subsidiary undertakings	(1,415,309)	-	
Dividends received less preference dividends paid	6,276,219	5,763,633	8 89%
Loss before taxation	(259,837)	(17,932,172)	98 55%
Loss after tax	(1,611,633)	(18,696,690)	91 38%
Shareholders' funds	65,886,615	67,498,248	-2 39%
Average number of employees	1,336	1,449	-7 80%

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 and Government spending cuts The company has accelerated its business development activities to take advantage of new opportunities, and has also sought to reduce its cost base through efficiency savings, standardisation of procedures and restructuring to mitigate the decline in revenues

Like-for-like advertising revenues fell by 8 3% compared to 2009 Property revenues increased by 4 0% but advertising revenues in all other major categories declined Advertising revenues in the first quarter of the year were down 2 2% but fell steadily each quarter to 15 9% in the last quarter, as a result of public sector cutbacks and falling economic confidence Public sector advertising now represents 9 6% of total advertising revenues (2009 12 4%) and the decline in public sector advertising accounted for more than half of the fall in the company's advertising revenues Recruitment revenue continued its downward trend, and fell by 22 2%, although our digital recruitment revenue grew by 11 8%

Like-for-like newspaper circulation revenues fell by 2 5%, but circulation volume performed strongly in the second half of the year with ABC circulations down 0 7% compared to 4 2% in the first half All four of our daily titles were in the top 8 regional dailies in England, and our two Norfolk dailies were the two best performing titles

Revenue from on-line activities increased by 15 2% to £4 75m, mainly driven by growth in directories and E-editions offsetting a small reduction in display revenue The key non-financial measures of on-line activity - unique visitors and page impressions - increased by 9 5% and fell by 5 0% respectively with over 2 4 million people visiting the company's websites every month

ARCHANT REGIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW (continued)

Overall operating costs excluding amortisation of intangibles, impairment and restructuring costs were down £1,866,022 (2 17%)

Operating profit before restructuring costs, amortisation of intangibles and impairment fell by £2,371,809 (22 66%)

The charge for amortisation of intangible fixed assets fell by £880,472, due to the impact of prior year impairment charges on the amortisation charge for 2010 As disclosed above, the company has impaired the carrying values of its investments in subsidiaries by £0 5m (2009 trade mark licences and investments in subsidiaries £18 0m in aggregate) The company has also impaired the inter company receivable from KOS Media (Publishing) Limited from £1,415,309 to £nil, as detailed in Note 3

Restructuring costs were lower by £1,235,143 (60 76%) at £797,609 as the company continued to seek to reduce costs to mitigate the impact of the decline in revenues During the year the company centralised advertising production in Norwich, improving customer service and design quality whilst generating substantial cost savings

The Company's tax charge of £1,351,796 is £587,278 (76 82%) higher than last year, principally reflecting the prior year deferred taxation release in 2009 of £583,136

The net assets of the company at 1 January 2010 were £67,498,248 The loss for the year of £1,611,633 has been transferred to reserves, giving net assets at 31 December 2010 of £65,886,615 Subject to the impairment charge against the carrying value of fixed asset investments, the balance sheet on page 11 of the financial statements shows that the company's financial position at the year end is, in both net assets and cash terms, consistent with the preceding year Details of amounts owed to the ultimate parent company are shown in Note 16

The company acquired KOS Media (Publishing) Limited from KOS Media (Holdings) Limited on 21 June 2010 On 31 August 2010, the trade and assets of KOS Media (Publishing) Limited, but excluding the newspaper titles published by that company, were transferred to the company at market value The company also acquired Explorer magazine in Cambridge on 23 April 2010

We remain resolutely customer focused in all our activities serving our local communities 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 arenas In so doing we seek to protect and develop our existing business and grow shareholder value

We expect no early relief to the difficult trading conditions 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 2011 Meanwhile newsprint prices have increased by over 20% in 2011, energy prices continue to increase, and we face the full impact of the cuts in government expenditure

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW (continued)

Principal risks and uncertainties

The bank facilities of the Archant group are managed centrally The main risks that the Group faces from its treasury activities are liquidity risk and interest rate risk The Group's treasury objective is to minimise borrowing costs and maximise returns on funds subject to short-term liquidity requirements

Liquidity risk results from having insufficient financial resources to meet day-to-day fluctuations in working capital and cash flow Ultimate responsibility for the Group's liquidity risk management rests with the Board of the parent company 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 The Group has facilities available totalling £50m comprising a term facility in the amount of £45m and an overdraft facility of £5m The Group's overdraft facility is repayable on demand, and the term facility expires in April 2013 The amount available under the term facility was reduced to £42m on 10 January 2011 £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

The company is funded in part by two loans from its ultimate parent company carrying interest at margins above the bank base rate and LIBOR respectively The company is also funded by preference shares issued to the ultimate parent company which pay dividends at a margin over LIBOR As a result, the company is exposed to interest rate risk on the interest and dividends that it pays

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

The group negotiates prices for newsprint at least 12 months in advance to minimise the impact of price risk on the company's principal cost after employment costs

Group risks are discussed in the group's Annual Report which does not form part of this Report

Environment

The company recognises the importance of its environmental responsibilities The company monitors, and aims to reduce, its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the company's activities In particular the company aims to improve our energy and fuel use efficiency, reduce the usage of paper, minimise the consumption of water and the production of waste, and to recycle newsprint, print cartridges and other waste where possible

Employees

The average number of employees of the company fell by 7 8% from 1,449 to 1,336 as a result of various process and efficiency improvements and other cost savings

ARCHANT REGIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

DIRECTORS

The names of the Directors who served during the year are set out below

	Resigned
A D Jeakings	
B G McCarthy	
J A E Hustler	
S A McCreery	6 April 2011
S J Phillips	5 April 2011
P W Swallow	
E Testa	

N T Schiller and D A Willmott were appointed to the Board on 5 April 2011 and 6 April 2011 respectively

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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 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 company and of the profit or loss of the company 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 company will continue in business

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and 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 2006 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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the board at the time of approving this report are listed on page 2 Having made enquiries of fellow directors and of the company's auditors, each of these directors confirm 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 Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposure to price, credit, liquidity and cash flow risk are described in the Principal Activities and Business Review on pages 3 to 6

The Archant Group has considerable financial resources available, together with long-term contracts with principal suppliers As a consequence, the directors believe that the Company 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 has 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

ARCHANT REGIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the company made charitable contributions totalling £6,123 (2009 £9,813)

EMPLOYEE INVOLVEMENT

The Company 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 on-line news service, which is updated at least weekly via Archant's 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

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 which may affect their interests A training programme is offered to the staff-elected representatives

Consultation also takes place on matters such as health and safety and pensions Certain trustees of the Archant Group's pension schemes are employees of the Group nominated and elected by members of the relevant schemes

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

Although it is recognised that such a policy can only be implemented within the constraints imposed by relevant legislation, it is the Company's policy that discrimination on such grounds as the gender, race, ethnic origin, sexual orientation, disability, nationality, age, marital status, or religious belief of employees and applicants for employment is not acceptable As a result, the Company 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 Company

AUDITORS

Ernst & Young LLP are deemed re-appointed as the company's auditor in accordance with section 487(2) Companies Act 2006

By order of the Board,

J D Ellison
Secretary
21 September 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCHANT REGIONAL LIMITED

We have audited the financial statements of Archant Regional Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 28 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 auditors

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements set out on page 7, 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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of the loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

Ernst & Young LLP

Ian C Strachan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
23 *September 2011*

ARCHANT REGIONAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £ Ongoing operations	2010 £ Acquisitions	2010 £ Total	2009 £
TURNOVER	2, 3	91,113,682	1,180,120	92,293,802	96,531,633
Other operating income	3	3,324,312	-	3,324,312	3,737,688
Operating costs	3	(86,021,688)	(1,500,615)	(87,522,303)	(89,801,701)
OPERATING PROFIT before amortisation, impairment and restructuring costs		8,416,306	(320,495)	8,095,811	10,467,620
Amortisation of intangible assets	10	(9,479,773)	-	(9,479,773)	(10,360,245)
Impairment of intangible assets	10	-	-	-	(14,257,815)
Impairment of fixed asset investments	12	-	(500,000)	(500,000)	(3,745,000)
Impairment of amounts due from subsidiary undertakings		-	(1,415,309)	(1,415,309)	0
Restructuring costs	3	(777,609)	(20,000)	(797,609)	(2,032,752)
Operating loss	3, 4	(1,841,076)	(2,255,804)	(4,096,880)	(19,928,192)
Other income	7			9,635,000	9,855,000
Interest payable and similar charges	8			(5,797,957)	(7,858,980)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION				(259,837)	(17,932,172)
Tax on loss on ordinary activities	9			(1,351,796)	(764,518)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	20			(1,611,633)	(18,696,690)

The loss for the financial year and for the corresponding period include all recognised gains and losses

There is no difference between the losses calculated on an historical cost basis and those presented above

The notes on pages 12 to 32 form part of these financial statements

ARCHANT REGIONAL LIMITED

BALANCE SHEET - 31 DECEMBER 2010

	Note	2010	2009
		£	£
FIXED ASSETS			
Intangible fixed assets	10	119,284,620	128,596,572
Tangible assets	11	6,343,255	5,929,704
Investments	12	103,655,332	100,492,612
		229,283,207	235,018,888
CURRENT ASSETS			
Stocks	13	291,476	219,367
Debtors			
Amounts falling due in less than one year	14	12,768,112	11,164,610
Cash at bank and in hand		1,793,829	3,154,700
		14,853,417	14,538,677
CREDITORS:			
Amounts falling due within one year	15	17,149,369	16,533,350
NET CURRENT LIABILITIES		(2,295,952)	(1,994,673)
TOTAL ASSETS LESS CURRENT LIABILITIES		226,987,255	233,024,215
CREDITORS :			
Amounts falling due in more than one year	16	159,527,275	163,862,275
Provisions for liabilities	17	1,573,365	1,663,692
NET ASSETS		65,886,615	67,498,248
CAPITAL AND RESERVES			
Called up share capital	19	53,320,126	53,320,126
Share premium account	20	5,368,804	5,368,804
Special reserve	20	2,349,800	2,349,800
Profit and loss account	20	4,847,885	6,459,518
SHAREHOLDERS' FUNDS	20	65,886,615	67,498,248

Approved by the Board on 21 September 2011

B G McCarthy

The notes on pages 12 to 32 form part of these financial statements

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention and are drawn up in accordance with United Kingdom Generally Accepted Accounting Practice

The financial statements have been prepared on the going concern concept as the ultimate parent undertaking has agreed to continuing financial support for the foreseeable future to enable the company to meet its obligations

The Archant Group meets its day to day working capital requirements through an overdraft facility repayable on demand, and a term revolving advances facility, which expires in April 2013

The Group has considerable financial resources available, together with long-term contracts with principal suppliers The Group's forecasts and projections show that the Group should be able to operate within the level of its current facilities, and 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 has 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

Group accounts

The company is exempt under section 408 of the Companies Act 2006 from the requirement to prepare group financial statements as it is itself a wholly owned subsidiary of a company registered in England

These financial statements present information about the company as an individual undertaking and not about its group

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 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 values of newspaper and magazine titles 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

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 Goodwill previously eliminated against reserves has not been re-instated on implementation of FRS 10

1 ACCOUNTING POLICIES

Intangible fixed assets (continued)

(b) Trademark licences

The intellectual property in certain of the newspaper and magazine titles published by the company is owned by subsidiaries of the company Those subsidiaries have granted trademark licences to the company, enabling the company to continue publishing the titles The trademark licences are being amortised over the terms of the licences on a straight line basis

The carrying values of trademark licences 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 that the carrying values may not be recoverable

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the costs or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows

Motor vehicles, equipment, furniture and fittings	-	3 to 6 years
Leasehold improvements	-	term of lease

Website development costs

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

Fixed aset investments

The carrying value of investments in subsidiary undertakings 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 the carrying value may not be recoverable

Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items 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

Pensions

The company participates in the defined-benefit pension scheme operated by the parent undertaking The scheme requires contributions to be made to separately administered funds Contributions to these funds are charged to the profit and loss account so as to spread the cost of pensions over the participants' working lives The pension cost is assessed in accordance with the advice of qualified actuaries

The Group operates a defined-contribution scheme, which is open to eligible employees of the company The cost represents contributions payable by the company, with the company matching members' contributions within certain bands Contributions to the defined contribution pension scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

Additionally, the company contributes to two small personal pension plans for certain employees who are not participants in one of the Group's pension schemes

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

ARCHANT REGIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES

Leasing and hire purchase commitments

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 The capital elements of future obligations under the leases and hire purchases contracts are included as liabilities in the balance sheet

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding

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

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 tangible fixed assets, and gains on disposal of tangible 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

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 Company's activities Revenue is shown net of value added tax, trade discounts and anticipated returns

The Company 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 Company'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

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

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company 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

1 ACCOUNTING POLICIES

Variable rate non-redeemable cumulative preference shares

The component of the non-redeemable cumulative preference shares that exhibits characteristics of a liability is recognised as a liability in the balance sheet The corresponding dividends on those shares are charged as interest expense in the income statement On the issue of the non-redeemable cumulative preference shares, the fair value of the liability component is determined as the net present value of the right to receive dividends in perpetuity, and this amount is carried as a long-term liability

As the preference shares have no right (after the payment of the preference dividends) to participate in the profits of the company and have no conversion rights to equity, no element of the issue proceeds falls to be classified as equity

Group share-based payment transactions

The Group operates the Archant Long Term Incentive Plan and the Archant Share Incentive Plan Under both schemes, eligible employees of the company may receive part of their remuneration in the form of shares in the parent company ('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 parent 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 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

2 TURNOVER

Turnover represents amounts invoiced to third parties, and is attributable to the continuing activity of the publishing of newspapers and their associated magazines All sales arose within the United Kingdom

ARCHANT REGIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

3 OPERATING LOSS

	2010 £ Ongoing operations	2010 £ Acquisitions	2010 £ Total	2009 £ Total
Turnover				
Newspaper publishing	91,113,682	1,180,120	92,293,802	96,531,633
Other operating income	3,324,312	-	3,324,312	3,737,688
Operating costs				
Other external charges	23,067,836	292,746	23,360,582	24,968,219
Staff costs (Note 5)	33,266,675	710,032	33,976,707	35,037,261
Depreciation of owned assets	1,950,387	2,717	1,953,104	2,272,296
Other operating charges	27,736,790	495,120	28,231,910	27,523,925
	86,021,688	1,500,615	87,522,303	89,801,701
Operaing profit before restructuring costs, amortisation of intangible assets and impairment	8,416,306	(320,495)	8,095,811	10 467,620
Amortisation of intangible assets	9,479,773	-	9,479,773	10,360,245
Impairment of intangible assets	-	-	-	14,257,815
Impairment of fixed asset investments	-	500,000	500,000	3,745,000
Impairment of amounts due from subsidiary undertakings	-	1,415,309	1,415,309	-
Restructuring costs	777,609	20,000	797,609	2,032,752
	10,257,382	1,935,309	12,192,691	30,395,812
Operating loss	(1,841,076)	(2,255,804)	(4,096,880)	(19,928,192)

Other operating income comprises recharges of accounting, information systems and facilities costs borne by the company to other group companies

Following a restructuring of KOS Media (Holdings) Limited, on 21 June 2010 the company acquired the entire issued share capital of KOS Media (Publishing) Limited, the newspaper publishing company of the KOS Media group, from KOS Media (Holdings) Limited

On 31 August 2010, the trade and net assets (but excluding the titles) of KOS Media (Publishing) Limited were transferred to the company Under the terms of the Sale and Purchase Agreement, there was a waiver of the inter company indebtedness between the company and KOS Media (Publishing) Limited immediately following the transfer of the trade and net assets In consequence, the company has written off the amount of £1,415,309 which is no longer receivable from KOS Media (Publishing) Limited

ARCHANT REGIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

4 OPERATING LOSS

	2010 £	2009 £
Operating loss is stated after charging		
Auditors' remuneration in respect of audit services	54,850	53,650
non-audit services	31,917	44,501
Operating lease rentals		
plant and machinery	1,128,267	1,225,041
land and buildings	1,778,465	1,779,787

5 EMPLOYEES

	2010 £	2009 £
Staff costs during the year		
Wages and salaries	29,053,217	29,806,449
Social security costs	2,676,517	2,750,970
Other pension costs	2,345,801	2,529,282
Credit for share-based payments	(98,828)	(49,440)
	33,976,707	35,037,261

	Number	Number
The average number of employees during the year was		
Production and distribution	146	167
Sales and editorial	960	1,035
Management and administration	230	247
	1,336	1,449

6 DIRECTORS' REMUNERATION

	2010	2009
	£	£
Directors' remuneration paid by the company		
Salaries	474,476	465,500
Fees	8,380	7,500
Performance related bonuses	109,061	119,110
Other benefits	37,284	51,157
Pension contributions to parent company		
defined benefit scheme	106,137	131,131
defined contribution scheme	13,647	13,482
	748,985	787,880
Number of directors in		
defined benefit pension scheme	3	3
defined contribution pension scheme	1	1
	4	4
The emoluments of the highest paid director were		
aggregate emoluments	192,514	218,386
contributions to parent company defined benefit scheme	43,952	52,870

Remuneration of directors paid by other group companies

Each of Mr A D Jeakings, Mr B G McCarthy and Mr J A E Hustler are also directors of the holding company and/or fellow subsidiaries These three directors received total remuneration, including defined contribution pension contributions but excluding accrued defined benefit pension entitlements, for the year of £874,633 (2009 £1,033,340), all of which was paid by the holding company or fellow subsidiaries The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies Mr A D Jeakings and Mr J A E Hustler are members of the Archant defined benefit pension scheme, and Mr B G McCarthy is a member of the Archant defined contribution pension scheme The accrued pension entitlements of Mr A D Jeakings and Mr J A E Hustler are disclosed in the directors' remuneration report in the 2010 annual report of Archant Limited

7 OTHER INCOME

	2010	2009
	£	£
Intra group dividends	9,635,000	9,855,000

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£	£
Interest paid to group undertakings	2,439,176	3,767,613
Preference dividends paid	3,358,781	4,091,367
	5,797,957	7,858,980

9 TAX ON LOSS ON ORDINARY ACTIVITIES

	2010 £	2009 £
UK corporation tax		
Current	1,485,329	1,456,002
Prior year	91,286	(7,073)
	1,576,615	1,448,929
Deferred taxation		
Origination and reversal of timing differences	(11,170)	(101,275)
Adjustments in respect of prior years	(235,349)	(583,136)
Adjustment for change in rate of corporation tax	21,700	-
	(224,819)	(684,411)
Tax on loss on ordinary activities	1,351,796	764,518

Factors affecting current tax charge

The differences between the total current tax shown above and the amount calculated by applying the effective standard rate of UK corporation tax of 28% (2009 28%) to the loss before tax are as follows

	2010 £	2009 £
Loss on ordinary activities before tax	(259,837)	(17,932,172)
Loss on ordinary activities multiplied by effective standard rate of corporation tax in the UK	(72,754)	(5,021,008)
Expenses not deductible for tax purposes	183,503	149,290
Losses on disposal not allowable for tax purposes	4,173	19,879
Dividends on preference shares not deductible for tax purposes	940,459	1,145,583
Non qualifying amortisation and impairment of intangible assets	2,654,336	6,893,057
Impairment of fixed asset investments	140,000	1,048,600
Impairment of amounts due from subsidiary undertakings	396,286	-
Non taxable income	(2,697,800)	(2,759,400)
(Accelerated)/decelerated capital allowances	(42,335)	39,193
Other short term timing differences	(20,539)	(59,192)
Tax under/(over)provided in prior years	91,286	(7,073)
Total current tax above	1,576,615	1,448,929

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 deferred tax liability has been restated accordingly

In his budget on 23 March 2011, the Chancellor of the Exchequer announced legislation will be introduced in the Finance Bill 2011 to reduce the main rate of UK corporation tax from 28% to 26% from 1 April 2011 There will be further reductions in the main rate of corporation tax enacted annually in the following three years to bring the rate down to 23% from 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 liability by £86,803

Further UK 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

The above changes to tax rates will impact the amount of future tax payments

In accordance with the accounting policy disclosed in Note 1, the company has not recognised deferred tax assets in respect of tax losses which have arisen in newspaper and magazine portfolios that continue to incur losses

The provision for deferred taxation, the amounts unprovided, and the movements in the provision are detailed in Note 18

ARCHANT REGIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

10 INTANGIBLE FIXED ASSETS

	Film copyright £	Magazine titles	Trademark licences £	Total £
Cost				
At 1 January 2010 and at 31 December 2010	4,099,897	-	236,077,000	240,176,897
Acquisitions in the year	-	167,821	-	167,821
	4,099,897	167,821	236,077,000	240,344,718
Amortisation				
At 1 January 2010	2,487,022	-	109,093,303	111,580,325
Amortisation in the year	-	167,821	9,311,952	9,479,773
At 31 December 2010	2,487,022	167,821	118,405,255	121,060,098
Net book value				
At 31 December 2010	1,612,875	-	117,671 745	119,284,620
At 31 December 2009	1,612,875	-	126,983,697	128,596,572

Film copyright

The company 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

Impairment of trademark licences

An impairment review of the carrying values of the company's newspaper trade mark licences was undertaken in accordance with FRS 10 The review indicated that no impairment charge was required The review carried out in 2009 indicated that an impairment charge of £14,257,815 was required, reducing the carrying value of the company's titles to the then net present value of future cash flows to be derived from these assets discounted at 12 0%

11 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Motor vehicles £	Plant, machinery and equipment £	Total £
Cost				
At 1 January 2010	3,396,527	41,735	11,127,257	14,565,519
Additions	-	13,768	2,350,540	2,364,308
Acquisitions	12,792	9,324	2,040	24,156
Disposals	(9,517)	(3,533)	(289,964)	(303,014)
At 31 December 2010	3,399,802	61,294	13,189,873	16,650,969
Depreciation				
At 1 January 2010	1,080,638	41,735	7,513,442	8,635,815
Charge for year	353,491	3,225	1,596,388	1,953,104
Disposals	(6,790)	(3,533)	(270,882)	(281,205)
At 31 December 2010	1,427,339	41,427	8,838,948	10,307,714
Net book amount				
At 31 December 2010	1,972,463	19,867	4,350,925	6,343,255
At 31 December 2009	2,315,889	-	3,613,815	5,929,704

ARCHANT REGIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

12 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £	Total £
Cost		
At 31 December 2009	134,287,612	134,287,612
Acquisition from fellow subsidiary	3,336,475	3,336,475
Costs of acquisition	326,245	326,245
At 31 at 31 December 2010	137,950,332	137,950,332
Amounts provided		
At 31 December 2009	33,795,000	33,795,000
Amounts provided during the year	500,000	500,000
At 31 December 2010	34,295,000	34,295,000
Net book value		
At 31 December 2010	103,655,332	103,655,332
At 31 December 2009	100,492,612	100,492,612

Following a restructuring of KOS Media (Holdings) Limited, on 21 June 2010 the company acquired the entire issued share capital of KOS Media (Publishing) Limited, the newspaper publishing company of the KOS Media group, from KOS Media (Holdings) Limited

As a result of this transaction, Archant Holdings Limited transferred its investment in KOS Media (Holdings) Limited to the company at book value

The company's principal subsidiary undertakings, all of which are wholly owned and incorporated in England are

Company	*Holding*
Subsidiary undertakings	
Archant Norfolk Limited	100% ord shares
Archant Suffolk Limited	100% ord shares
Archant Anglia (East) Limited	100% ord shares
Archant Anglia (West) Limited	100% ord shares
Archant Hertfordshire Limited	100% ord shares
Archant East London and Essex Limited	100% ord shares
Archant North London Limited	100% ord shares
Archant Devon Limited	100% ord shares
Archant Somerset Limited	100% ord shares
Archant Central Scotland Limited	100% ord shares
Archant North East Scotland Limited	100% ord shares
Archant Kent Limited	100% ord shares
Life Publishing Limited	100% ord shares
KOS Media (Publishing) Limited	100% ord shares

Impairment of investments in subsidiary undertakings

The company's subsidiary undertakings carried out impairment reviews of the carrying values of their respective newspaper titles in accordance with FRS 10 In consequence, the company has reviewed the carrying values of its investments in those subsidiaries The review indicated that an impairment charge of £500,000 was required The review carried out at 31 December 2009 indicated that an impairment charge of £3 745m was required, reducing the carrying values of the investments to the net asset value of each company

In the opinion of the directors, following the impairment provision, the value of the investments is not less than their book value

ARCHANT REGIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

13 STOCKS	2010 £	2009 £
Paper stock	287,288	212,002
Raw matenals and consumables	4,188	7,365
	291,476	219,367

14 DEBTORS	2010 £	2009 £
Trade debtors	9,860,469	9,002,958
Other debtors	1,175,104	770,697
Prepayments and accrued income	1,153,788	1,037,023
Deferred taxation (Note 18)	578,751	353,932
	12,768,112	11,164,610

15 CREDITORS Amounts falling due within one year	2010 £	2009 £
Trade creditors	3,757,266	3,194,443
Corporation tax	6,904 465	6,581,395
Other taxation and social security payable	1,291 783	1,218,666
Other creditors	1,146,710	1,224,363
Accruals and deferred income	3,351,797	3,160,678
Amounts due to group companies	474,623	913,580
Subscriptions in advance	222,725	240,225
	17,149,369	16,533,350

16 CREDITORS Amounts falling due in more than one year	2010 £	2009 £
Loans due to group companies	99,189,940	103,524,940
Vanable rate non-redeemable cumulative preference shares	58,724,460	58,724,460
Loans for film finance	1,612,875	1,612,875
	159,527,275	163,862,275

Loans due to group companies

The loans due to group companies comprise two unsecured loans, the first of which, in the amount of £92,665,000 (2009 £97,000,000), carries interest at 1 5% above the bank base rate, and is repayable at three months' notice The second loan, in the sum of £6,524,940 (2009 £6,524,940), carnes interest at LIBOR plus a margin of 2 94%, and is repayable at one month's notice The parent undertaking has given assurance to the company that they will not request repayment of these loans within 12 months

Variable rate non-redeemable cumulative preference shares

At both 31 December 2009 and 2010, there were 5,872,446 vanable rate non-redeemable cumulative preference shares in issue Each share has a nominal value of £10 The preference shares carry a dividend of LIBOR plus 4 79% per annum, payable half-yearly in arrears on 30 June and 31 December

Loans for film finance

The loans for 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 matenal relating to two films owned by the company and shown under that heading in intangible fixed assets

17 PROVISIONS FOR LIABILITIES

	Unfunded pensions £	Dilapidations and onerous leases £	Total £
Balance at 1 January 2010	909,375	754,317	1,663,692
Acquisitions	-	40,629	40,629
Payments against provisions	(123,562)	-	(123,562)
Provided during the year	37,187	287,254	324,441
Released during the year	-	(80,772)	(80,772)
Utilised during the year	-	(251,063)	(251,063)
Balance at 31 December 2010	823,000	750,365	1,573 365

The timing of the settlement of the unfunded pension liabilities is uncertain

The timing of the settlement of the obligations for dilapidations and onerous leases is dependent on the termination of the various leases If the leases run to expiry, and are not renewed, these obligations will be settled up to 2016

18 DEFERRED TAXATION

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

	Provided		*Not provided*	
	2010 £	2009 £	2010 £	2009 £
Decelerated capital allowances	(113,873)	(91,897)	-	-
Short term timing differences	(464,878)	(545,558)	-	-
Chargeable gains	-	283,523	-	-
Losses carried forward	-	-	(1,937,305)	(26,243)
	(578,751)	(353,932)	(1,937,305)	(26,243)

The movements in the provision for deferred taxation are as follows

	2010 £	2009 £
At 1 January	(353,932)	330,479
Arising during the year	(11,170)	(101,275)
Adjustment in respect of prior years	(235,349)	(583,136)
Adjustment for change in rate of corporation tax	21,700	-
At 31 December	(578,751)	(353,932)

ARCHANT REGIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

19 CALLED UP SHARE CAPITAL

	2010 £	2009 £
Allotted, called up and fully paid		
266,600,630 (2009 266,600,630) ordinary shares of 20p each	53,320,126	53,320,126

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Share premium £	Special reserve £	Profit & loss account £	Shareholders' funds £
At 1 January 2009	3,320,126	5,368,804	2,349,800	25,156,208	36,194,938
Shares issued	50,000,000	-	-	-	50,000,000
Loss for the year	-	-	-	(18,696,690)	(18,696,690)
At 1 January 2010	53,320,126	5,368,804	2,349,800	6,459,518	67,498,248
Loss for the year	-	-	-	(1,611,633)	(1,611,633)
At 31 December 2010	53,320,126	5,368,804	2,349,800	4,847,885	65,886,615

The special reserve was created on the cancellation of preference shares in 2001, to protect the creditors of the company at the date of cancellation The reserve can be released to distributable reserves when all of the creditors of the company at the date of cancellation have been satisfied

21 OPERATING LEASE RENTALS

The Company has annual commitments under operating leases as at 31 December 2010 These are analysed by the date of the termination of the lease as follows

	Land and buildings 2010 £	2009 £	*Other* 2010 £	2009 £
Within one year	145,336	120,789	225,348	212,162
Between two and five years	709,819	482,739	649,392	606,142
After five years - external	102,080	398,455	-	-
After five years - intra group	894,596	981,746	-	-
	1,851,831	1,983,729	874,740	818,304

22 CAPITAL COMMITMENTS

	2010 £	2009 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	9,398	216,000

23 PENSION COMMITMENTS

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

The Company 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

The pension cost of the Company for the PLAS DCS were

	2010	2009
	£	£
Charged in the profit and loss account	1,528,000	1,330,000
December 2010 contributions paid in January 2011	(131,000)	-
December 2009 contributions paid in January 2010	127,000	(127,000)
December 2008 contributions paid in January 2009	-	130,000
Contributions paid in the year	1,524,000	1,333,000

These contributions include SMART pensions 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 of the fund are required to act in the best interest of the fund's beneficiaries The manner of appointment of 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)

23 PENSION COMMITMENTS (continued)

The most recently completed triennial actuarial valuation was carried out as at 1 January 2008 by an independent actuary for the 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

Scheme liabilities	£148,600,000
Market value of the scheme's assets	£140,600,000
Scheme defict	£8,000,000
Actuarial value as a proportion of accrued	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 became capped at the employees' Pensionable Earnings in the twelve 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 Group 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 July 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

23 PENSION COMMITMENTS (continued)

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

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 has agreed the following funding objectives with the 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 trustees 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 Trustees of the 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 Trustees 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 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

23 PENSION COMMITMENTS (continued)

Group pension disclosure under FRS 17

The Group is unable to identify the share of the underlying assets and liabilities for each participating subsidiary, and consequently each participating subsidiary accounts for their contributions to the defined benefit scheme as if it was a defined contribution scheme As the Company is the principal participant in the Group defined benefit scheme, it is considered appropriate to present the Group disclosures under FRS 17 The disclosures given below are for the Group rather than the Company

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 valuations 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 for	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 gilts	5 41	5 60	5 40
Other	0 50	0 50	2 00

An investigation of the scheme's mortality experience over the past 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 years	2009 years
Retiring today		
Males	22 4	22 2
Females	24 9	24 8
Retiring in 20 years		
Male	25 2	25 1
Female	26 8	26 7

23 PENSION COMMITMENTS (continued)

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/book value of unfunded obligations	823	902
Deficit	15,776	20,475
Related deferred tax asset at 28% (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

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)
	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)
	435	1,874
Total recognised in the profit and loss account	4,265	(4,220)
Actual return on scheme assets	14,045	17,970

23 PENSION COMMITMENTS (continued)

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 book value	902	955
Total opening scheme obligation	151,408	147,433
Service cost - DBS	1,368	1,738
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

The analysis of the actuarial losses and (gains) 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
Salary increases	-	-
Mortality	-	-
	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 and (losses)	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 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 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

23 PENSION COMMITMENTS (continued)

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	60	60
Absolute return funds	20	-	-
All stocks gilts	-	10	9
Corporate bonds	20	20	20
High yield bonds	10	10	11
	100	100	100

In conjunction with the trustees, the Group has periodically conducted asset-liability reviews for the scheme These studies are used to assist the trustees 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 trustees 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 pension schemes 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

Cumulative actuarial gains and losses recognised in the 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 gain 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 schemes at beginning of year	(20,475)	(35,914)
Movements		
Total expense 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 schemes at end of 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

24 CONTINGENT LIABILITY

The company, together with certain other companies in the Archant Group, has provided a floating charge over the undertaking, property, assets and rights of the company, and a cross guarantee to secure sums drawn by the Archant Group under the revolving credit facilities with The Royal Bank of Scotland plc Details of the RBS facility are contained in the Archant Limited Group financial statements

25 POST BALANCE SHEET EVENTS

On 1 April 2011, the company acquired a 66% holding in PlanningFinder Limited for a total consideration of £49,892

26 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions in FRS 8 from disclosing transactions with related parties that are part of the Archant Limited group

27 CASH FLOW STATEMENT

The Company has taken advantage of the dispensation under FRS 1 Section 8 (c) not to publish a cash flow statement The cash flow statement of the Group is published in the financial statements of Archant Limited

28 ULTIMATE PARENT UNDERTAKING

At 31 December 2010, the parent undertaking for which group accounts are drawn up and of which the company was a member was Archant Limited, registered in England and Wales Copies of that company's accounts can be obtained from The Registrar, Companies House, Crown Way, Maindy, Cardiff