Registered Number: 19300

ARCHANT COMMUNITY MEDIA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2014

ARCHANT COMMUNITY MEDIA LIMITED

Registered Number: 19300

DIRECTORS

W H Hattam
J L Henry
A D Jeakings
B G McCarthy
G Miller
N T Schiller
R P Wilks
D A Willmott

AUDITOR

Ernst & Young LLP
One Cambridge Business Park
Cambridge
CB4 0WZ

BANKERS

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

REGISTERED OFFICE

Prospect House
Rouen Road
Norwich
NR1 1RE

ARCHANT COMMUNITY MEDIA LIMITED

STRATEGIC REPORT

The directors present their Strategic Report for the year ended 31 December 2014.

Principal Activities
The principal activity of the Company during the year continued to be predominantly UK based and comprise a single trade of publishing newspapers and magazines in print, online and through mobile technologies, and printing newspapers.

Review of the business
The business continues to operate in an increasingly fragmented media landscape; its localness and understanding of its audiences and customers, together with its trusted relationship with these groups, remains one of its key strengths.

Key Performance Indicators
The key financial and non-financial performance indicators for the Company are:

	2014	2013
	£000	£000
Total revenue	120,845	125,563
Advertising and other revenue (inc digital)	92,888	96,767
Circulation revenue	27,957	28,796
Digital revenue	7,939	7,257
Subscriptions (% of magazine copy sales revenue)	47.3%	46.4%
Operating costs*	113,060	116,047
Operating profit*	8,264	10,015
Net funds	5,846	5,547
Web and mobile traffic (MUVs - million)	7.1	6.1

**excluding amortisation, impairment and exceptional items*

Revenue
Total revenue decreased from £125.6m in 2013 to £120.8m in 2014, a decrease of 3.8%. Further details are below:

Advertising and other revenue
Advertising and other revenue decreased by 4.0% to £92.9m. This decrease was caused by a 6.6% fall in newspaper and magazine advertising revenues. This reduction included 29.1% in advertising by national advertisers in newspapers and falls in local display revenue of 6.6% and 7.3% in newspapers and magazines respectively. These were partially offset by growth in recruitment revenue of 5.1% and an increase in digital revenues of 9.4%.

Circulation and subscriptions
Newspaper circulation revenue fell 1.0% year-on-year, as price rises reduced the impact of circulation volume declines. Magazine circulation revenue fell 4.4% on a like-for-like basis. Magazine subscription copy sales as a percentage of copy sales increased from 46.4% to 47.3%, which is good for long term visibility of circulation and cash flow.

Digital activity
Revenue from online activities has increased by 9.4% to £7.9m, mainly driven by revenue from content display. Monthly unique visitors to our fixed and mobile sites increased by 16.4% and page impressions by 4.8% with 7.1 million people on average visiting fixed and mobile sites each month. In addition there were 300,000 paid and free downloads of our published apps.

Operating Costs
The directors continue to balance investment with good cost management. Costs fell by 2.6% to £113.1m. Employment costs fell by 3.0% and printing and production costs fell by 3.8% compared to the prior year.

STRATEGIC REPORT (continued)

Operating Profit
Operating profit before amortisation and exceptional items reduced 17.5% to £8.3m.

Net Exceptional costs
Exceptional items increased from £12.6m to £12.7m. This includes amortisation and impairment of intangible fixed assets of £10.9m (2013: £11.6m). Other exceptional items comprise the Company's commitment to fund the Newspaper Society pension deficit £0.3m (2013: £nil), restructuring costs £1.5m (2013: £1.3m) and a release of amounts due from subsidiary undertakings £0.1m (2013: £nil).

Impairment of newspaper and magazine intangible assets
The Company is required to review the carrying value of its intangible assets annually, to determine whether events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying value is assessed using forecast cash flows, discounted in line with the Company's cost of capital. A total charge of £1.4m (2013: £2.0m) has been recorded against income generating units where the value in use or recoverable amount was lower than their carrying value.

Pensions
The Company operates both defined benefit and defined contribution schemes. The assets and liabilities of the defined benefit schemes are valued by an independent actuary at the end of each financial year for accounting purposes. The overall deficit in the pension fund (net of deferred tax) has increased from £9.3m to £26.4m during 2014, largely due a 1% change in the assumption of the discount rate applied to the liabilities, following changes in gilt yields. The Company continues to look at options to mitigate our exposures in this area. Further details are provided in the risk and uncertainties section of this strategic report.

Taxation
The Company has retained a provision of £14.8m in respect of disputed tax matters dating back to 2003. The Company has continued to actively provide information to support its position, has consulted with legal counsel, and continued to engage with HMRC throughout the year. Despite this, there has been little tangible reportable progress on these matters; our assumption is that some movement by HMRC will be seen within the 2015 calendar year.

Net debt and cash flow
The Company continues to be strongly cash generative and at 31 December 2014 had net funds of £5.8m (2013: net funds of £5.5m), having transferred in excess of £9.0m to its ultimate parent company during the year. The bank facilities for the Archant group are managed centrally by the ultimate parent company. The Group maintains sufficient debt headroom to ensure it can meet its cash liabilities, including those in respect of tax. The Group is operating well within its existing banking covenants.

Net assets
Net assets on 1 January 2014 were £122.3m. The loss for the year was £4.2m, which was transferred to reserves. Other movements included a decrease to reserves of £19.4m arising from an increase in the FRS 17 pension deficit (net of deferred tax), primarily as a result of a 1% movement in the discount rate applied to the liabilities, following changes in gilt yields. Net assets at the end of the year therefore fell to £98.7m.

Future developments
There have not been any significant changes in the Company's principal activity in the year under review. On 2 April 2015, the Company sold three magazines from the Specialist business unit for consideration of £2,245,000, with potential deferred consideration of up to an additional £200,000. The directors are not aware, at the date of this report, of any other likely major changes in the Company's activity in the next year.

The Company intends to convert its basis of accounting to International Financial Reporting Standards for the year ended 31 December 2015, following impending changes to UK reporting standards. Reconciliation between the different bases of accounting will be provided in the 2015 annual report.

STRATEGIC REPORT (continued)

Principal Risks and Uncertainties
There is an ongoing process for the identification, evaluation and management of the significant risks faced by the Company.

The management and mitigation of any adverse impact of the key risks identified are:

Risk	Potential Impact	Mitigating actions
Finance Risk		
The bank facilities for the Archant Group are managed centrally by the ultimate parent company. The Group manages its liquidity risk through committed short-term and long-term finance facilities at a level to meet the Group's anticipated funding requirements. These finance facilities require certain financial covenants to be met including profit and cash covenants.	If covenants are not met, the Group may be forced to renegotiate its finance facilities with its lenders.	The Group's banking facilities were renewed in June 2102 and expire in March 2016. The Group's forecasts and expectations demonstrate that it can operate within the terms of these facilities, including its financial covenants. Further, any cash outflows that may arise as a result of outstanding tax matters can be accommodated within the current finance facilities. Compliance with facilities is monitored on a monthly basis and reported quarterly to banks.
Lifestyle changes affecting audiences		
Circulation volumes for print titles are under pressure due to changes to lifestyles and in the multimedia landscape.	Circulations for print titles do not achieve target, resulting in loss of circulation revenues. The reduced audience could also lead to a loss of advertising revenue.	The Company aims to provide high quality editorial content in all its products to provide appropriate quality and value for its audience to encourage repeat purchases. It promotes loyalty schemes and subscriptions to encourage increased frequency of purchase. The Company has continued to develop and improve news websites, including tailoring to mobile devices, increasing frequency of updates and implementing apps. Cover price increases may be an opportunity to mitigate circulation volume losses.
Changes in marketing expenditure		
The changing media needs of our advertisers are putting pressure on print advertising revenues.	Advertising revenues do not achieve target.	The Company is continuing to invest in the quality, structure and training of its sales teams and to create a more customer-centric organisation, to ensure that customer revenue opportunities are optimised. Investment is continuing in digital brands, and in strengthening the Company's fixed web and mobile presence. It also continuously seeks to find and develop new online and mobile technology revenue sources. The Company reviews economic, industry and other relevant data to evaluate future revenue trends and to put appropriate plans in place.

Defined Benefit Pension Scheme Deficit		
Regulatory changes, stock market fluctuations or changes in other core assumptions including interest rates, inflation and longevity may significantly impact the funding level of the defined benefit pension scheme.	An adverse movement in any of the key assumptions may increase the deficit in the defined benefit pension scheme, resulting in a requirement for higher cash contributions.	The pension deficit is carefully monitored and there are regular reviews with the trustees of the scheme. The Company and trustees take appropriate actions to mitigate the growth in pension liabilities including a regular review of funding level, investment strategy, benefits provided and the cost of those benefits. There are a number of factors which are outside the Company's control, including interest rates, inflation rates, life expectancy and regulatory change.
Organisational structure and retention of key people		
The ability to execute and implement the Company's strategic and business plans relies on the appropriate Company structure, culture and key people. Salary and bonus levels for senior managers could fall below market levels and key staff leave. The ability to recruit quality staff may also be impaired.	Key staff leaving could lead to a loss of leadership, industry knowledge and experience and customer and supplier relationships.	The Company has a succession plan in place and reviews it regularly together with market rates for salaries. The Company promotes a culture of continuous improvement. The Company has a rigorous recruitment process, including recruitment from outside traditional publishing areas, and is actively engaged in staff development & training.
Taxation		
The Company may not prevail in its current dispute with HMRC, dating back to 2003.	Tax, and associated interest costs may mean that a cash payment of up to £15.2m may be required by the end of 2015.	The Company is working closely with its legal and tax advisors to resolve these matters with HMRC. The Company can accommodate any cash outflows that may arise as a result of these tax matters within its current bank facilities. The Company continues to generate cash which reduces the impact to the Company of any eventual tax payment on the Company's ability to fund growth and make dividend payments.
Business continuity		
The Company is dependent on technology in particular computer networks and software.	Lack of robust systems or slow implementation of any recovery plan might impact the Company's ability to deliver products which could significantly impact earnings.	Business continuity plans are reviewed annually. The Company has full mirroring of core systems across two sites and uses cloud based services where appropriate. The Company also maintains adequate Business Interruption insurance cover in the event of financial loss as a result of failures in key systems.

By order of the Board

J L Henry
Director
23 April 2015

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2014.

RESULTS AND DIVIDENDS

The loss for the year after impairment charges and taxation amounted to £4,180,000 (2013: £3,960,000).

No interim ordinary dividends were paid in the year (2013: £nil). The directors do not recommend the payment of a final dividend (2013: £nil).

DIRECTORS

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

	Appointed	Resigned
W H Hattam		
J L Henry	24 November 2014	
M Hogg		30 November 2014
J A E Hustler		31 March 2015
A D Jeakings		
B G McCarthy		
G Miller	17 June 2014	
N T Schiller		
R P Wilks	17 June 2014	
D A Willmott		

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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 AUDITOR

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 auditor, 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 auditor is 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 auditor is aware of that information.

EMPLOYEE INVOLVEMENT

Increased staff engagement is a priority. Whether it is face-to-face, via email or through briefings, the Company is committed to improving communications to keep our people informed about our progress.

The Company recognises the vital importance of good communication with its staff. The Company's internal communication strategies include face-to-face updates with employees from managing directors and the Chief Executive. In 2014, formal briefings by the Group Chief Executive were supplemented by video presentations and round table meetings.

The Archant Connect intranet provides a twice-weekly e-bulletin news update for staff and the Company has a comprehensive programme of briefings, conferences and workshops. The Company will gauge our people's opinions more often through micro-surveys and has a full staff survey planned for 2015.

The Company's employees will receive formal performance appraisals and will agree clear objectives and development plans with their manager or team leader. More than 200 managers from across the Company took part in a conference and workshops in December 2014 at which the Group Chief Executive outlined the Group's strategy to make sure each individual, team and division's objectives were aligned to the Group's overall goals.

DISABLED EMPLOYEES

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development are described in the Strategic Report on pages 3 to 6.

The Archant Group has considerable financial resources and facilities available, together with secure long term contracts with principal suppliers. The Archant Group's budgeting and forecasting processes include the preparation of forecast cash flows, based on expected trading results, the Archant Group's overall working capital requirements and other non trading cash items, including capital expenditure, interest, debt and taxation. These forecasts indicate that the Archant Group has an adequate level of facilities to meet its forecast cash requirements, and 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.

QUALIFYING THIRD-PARTY INDEMNITY PROVISIONS

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

AUDITOR

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 L Henry
Director
23 April 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCHANT COMMUNITY MEDIA LIMITED

We have audited the financial statements of Archant Community Media Limited for the year ended 31 December 2014 which comprise the profit and loss account, the statement of total recognised gains and losses, balance sheet, and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Statement of directors' responsibilities set out on page 8, 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 Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:
- give a true and fair view of the state of the Company's affairs as at 31 December 2014 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 Strategic Report and 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

Robert Forsyth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
22 April 2015

ARCHANT COMMUNITY MEDIA LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £'000	2013 £'000
TURNOVER	2, 3	120,845	125,563
Other operating income	3	479	499
Operating costs	3	(113,060)	(116,047)
OPERATING PROFIT before amortisation, impairment, restructuring costs and other exceptional items		8,264	10,015
Royalty income on films	3	-	1,930
Amortisation of film copyright	3	-	(1,613)
Amortisation and impairment of intangible assets	3, 10	(10,866)	(11,641)
Restructuring costs	3	(1,527)	(1,271)
Contribution to Newspaper Society pension scheme deficit	3	(254)	-
Release of amounts due from subsidiary undertakings	3	(69)	-
Operating loss	3, 4	(4,452)	(2,580)
Other income	7	1,217	1,362
Interest payable and similar charges	8	(314)	(712)
Other finance income/(expense)	21	750	(148)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,799)	(2,078)
Tax on loss on ordinary activities	9	(1,381)	(1,882)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	19	(4,180)	(3,960)

All amounts relate to continuing activities.

The loss for the financial year and for the corresponding year 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 14 to 33 form part of these financial statements.

ARCHANT COMMUNITY MEDIA LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £'000	2013 £'000
Loss on ordinary activities after taxation		(4,180)	(3,960)
Actuarial gains and losses recognised on defined benefit pension scheme	21	(24,118)	16,116
Movement on deferred tax asset associated with actuarial gains and losses recognised on defined benefit pension scheme		5,174	(3,720)
Change in deferred tax asset on pension scheme deficit arising from a change in the rate of corporation tax		(436)	(236)
Total recognised gains and losses relating to the year		(23,560)	8,200

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £'000	2013 £'000
Total recognised gains and losses	(23,560)	8,200
Opening shareholders' funds	122,309	114,109
Closing shareholders' funds	98,749	122,309

ARCHANT COMMUNITY MEDIA LIMITED

BALANCE SHEET - 31 DECEMBER 2014

	Note	2014	2013
		£'000	£'000
FIXED ASSETS			
Intangible fixed assets	10	101,465	112,331
Tangible assets	11	10,219	13,339
Investments	12	597	597
		112,281	126,267
CURRENT ASSETS			
Stocks	13	1,161	1,253
Debtors			
Amounts falling due in less than one year	14	36,196	29,730
Cash at bank and in hand		5,846	5,547
		43,203	36,530
CREDITORS:			
Amounts falling due within one year	15	29,768	30,743
NET CURRENT ASSETS		13,435	5,787
TOTAL ASSETS LESS CURRENT LIABILITIES		125,716	132,054
Provisions for liabilities	16	600	446
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY		125,116	131,608
Defined benefit pension liability	21	26,367	9,299
NET ASSETS		98,749	122,309
CAPITAL AND RESERVES			
Called up share capital	18	112,044	112,044
Share premium account	19	5,369	5,369
Profit and loss account	19	(18,664)	4,896
SHAREHOLDERS' FUNDS	19	98,749	122,309

Approved by the Board on 23 April 2015.

J-L Henry

The notes on pages 14 to 33 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.

For the year ended 31 December 2015, the Company has elected to prepare its financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements for the year ended 31 December 2015 will include an opening IFRS statement of financial position at 1 January 2015 and disclosures that explain how the transition from UK GAAP to IFRS's has affected the Company's reported financial position, financial performance and cash flows.

Group accounts

The Company is exempt under section 400 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 or magazine titles on a fair value basis. The fair value of newspaper and magazine titles is assessed by the directors at the date of acquisition, with acquisitions of newspaper titles supported by a comparative view of similar transactions within the newspaper industry.

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) Goodwill

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

Goodwill arising on acquisitions since 1 January 1998 is capitalised, classified as an asset on the balance sheet, and amortised on a straight line basis over its useful economic life, subject to a maximum of 20 years.

Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

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

Tangible fixed assets

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

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

Plant and machinery	-	3 to 15 years
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 and consumables are stated at purchase cost on a first-in, first-out basis.

1 ACCOUNTING POLICIES

Pensions

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

The Company has adopted FRS 17 and incorporated the pension scheme deficit in full on the grounds that the share of the assets and liabilities for Archant Limited, the only other participating company, would not be material in relation to the overall deficit.

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

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

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

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

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

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

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

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 disposals 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.

Printing and contract publishing revenues are recognised on delivery of the publication.

Other revenues are recognised when the goods or services have been supplied or provided to the customer, and there is a contractual obligation for the customer to pay for those goods or services.

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.

1 ACCOUNTING POLICIES

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.

Group share-based payment transactions

The Archant 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 activities of the publishing of newspapers and magazines, and the printing of newspapers.

The Company's activities are predominantly UK-based and comprise a single trade of publishing newspapers and magazines in print, online and through mobile technologies, and printing newspapers.

3 OPERATING LOSS

	Note	2014 £'000	2013 £'000
Turnover			
Publishing of newspapers and magazines, and printing of newspapers		120,845	125,563
Other operating income			
Shared services recharges		479	499
Operating costs			
Other external charges		21,588	22,619
Staff costs	5	49,174	50,713
Depreciation of owned assets	11	4,308	4,451
Other operating charges		37,990	38,264
		113,060	116,047
Operating profit before amortisation, impairment, restructuring costs and other exceptional items		8,264	10,015
Royalty income on films		-	1,930
Amortisation of film copyright		-	(1,613)
Amortisation and impairment of intangible assets	10	(10,866)	(11,641)
Restructuring costs		(1,527)	(1,271)
Contribution to Newspaper Society pension scheme deficit		(254)	-
Release of amounts due from subsidiary undertakings		(69)	-
		(12,716)	(12,595)
Operating loss		(4,452)	(2,580)

In 2013, the Company sold the copyright and physical material of two films.

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

The Company was a member of the Newspaper Society ("NS"), the regional press trade association. In April 2014, NS incorporated as The Newspaper Organisation Limited ("NOL") a private company limited by guarantee. All of the members of NS committed to fund the NS Pension and Life Assurance Scheme ("NS PLAS") deficit and recovery plan prior to the transfer of all NS's assets and liabilities to NOL.

The Company has a commitment to make payments of £26,000 per annum until the earlier of when NOL has, throughout a six month period, net unencumbered assets equal to or greater than the estimated debt payable on a winding up of NS PLAS and 2038. The Company's commitment has been discounted using the Group's weighted average cost of capital.

4 OPERATING LOSS

	2014 £'000	2013 £'000
Operating loss is stated after charging:		
Auditors' remuneration in respect of audit services	66	68
non-audit services	-	-
Operating lease rentals:		
plant and machinery	2,020	2,027
land and buildings	2,208	2,352
Net loss/(profit) on disposals of intangible and tangible fixed assets	13	(194)
Net gain on conversion of foreign currency transactions and balances	-	(18)

5 EMPLOYEES

	2014 £'000	2013 £'000
Staff costs during the year:		
Wages and salaries	41,571	42,760
Social security costs	3,986	4,128
Other pension costs	3,617	3,825
	49,174	50,713

	Number	Number
The average number of employees during the year was:		
Production and distribution	270	280
Sales and editorial	1,105	1,181
Management and administration	273	286
	1,649	1,747

6 DIRECTORS' REMUNERATION

	2014 £'000	2013 £'000
Directors' remuneration paid by the Company:		
Salaries	662	683
Performance related bonuses	132	28
Other benefits	92	53
Termination payment	122	70
Pension contributions:		
defined contribution scheme	42	45
self invested personal pension	22	22
	1,072	901

	2014	2013
Number of directors in:		
defined benefit pension scheme	-	2
defined contribution pension scheme	6	5
	6	7

6 DIRECTORS' REMUNERATION (continued)

	2014 £'000	2013 £'000
The emoluments of the highest paid director were:		
aggregate emoluments, including termination payment	340	200

Remuneration of directors paid by other group companies:

Each of Mr J L Henry, Mr A D Jeakings, Mr B G McCarthy and Ms D A Willmott are also directors or senior executives of the holding company and/or fellow subsidiaries.

The total remuneration for the year paid by the holding company or fellow subsidiaries for Mr J L Henry, Mr A D Jeakings, Mr B G McCarthy and Ms D A Willmott, including defined contribution pension contributions but excluding accrued defined benefit pension entitlements was £1,090,000 (2013: Mr A D Jeakings, Mr B G McCarthy and Ms D A Willmott £710,000). 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 or executives of the holding and fellow subsidiary companies. Mr A D Jeakings is a member of the Archant defined benefit pension scheme, and Mr B G McCarthy and Ms D A Willmott are members of the Archant defined contribution pension scheme. The values of all pension related benefits accruing in 2012 and 2013 for Mr A D Jeakings and Mr J A E Hustler are disclosed in the directors' remuneration report in the 2014 annual report of Archant Limited.

None of the remuneration for directors of the Company paid by the holding company or fellow subsidiaries is included in the tables above.

7 OTHER INCOME

	2014 £'000	2013 £'000
Intra group dividends	1,000	1,250
Intra group interest	217	112
	1,217	1,362

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £'000	2013 £'000
Interest paid to group undertakings	10	410
Accrued interest on potential corporation tax liabilities	304	302
	314	712

9 TAX ON LOSS ON ORDINARY ACTIVITIES

	2014 £'000	2013 £'000
Current tax		
UK corporation tax	9	-
Tax (over)/underprovided in prior years	(31)	487
	(22)	487
Deferred taxation		
Origination and reversal of timing differences	751	1,409
Origination and reversal of pension schemetiming differences	618	400
Adjustment in respect of prior years	(1)	(556)
Adjustment for change in rate of corporation tax	35	142
Total deferred tax	1,403	1,395
Tax on loss on ordinary activities	1,381	1,882

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 21.49% (2013: 23.25%) to the loss before tax are as follows:

	2014	2013
Loss on ordinary activities before tax	(2,799)	(2,078)
Loss on ordinary activities multiplied by effective standard rate of corporation tax in the UK	(602)	(483)
Expenses not deductible for tax purposes	91	102
Adjustment to accounting profits for capital gains	-	(44)
Non qualifying amortisation and impairment of intangible assets	2,185	2,543
Impairment of amounts due from subsidiary undertakings	15	-
Non taxable income	(215)	(291)
Accelerated capital allowances	238	654
Other short term timing differences	(645)	(404)
Losses utilised	(1,088)	(2,216)
Payment for losses transferred by subsidiary undertaking	9	-
Loan relationship deficits not recognised	21	139
Tax (over)/underprovided in prior years	(31)	487
Total current tax above	(22)	487

Factors that may affect future tax charges

The Finance Act 2013 enacted on 17 July 2013 reduced the main rate of UK Corporation Tax to 21% from 1 April 2014 and to 20% from 1 April 2015. Accordingly, deferred tax has been calculated at 20% in these financial statements.

The above changs to the rate of corporation tax will impact the amount of future cash tax payments to be made by the company.

The Company has trading losses arising in the UK of approximately £3,000,000 (2013: £7,800,000) that are available indefinitely for offset against future taxable profits. A deferred tax asset has been recognised in respect of these losses as on the basis of all available evidence it is regarded as more likely than not that there will be suitable taxable profits against which these losses can be utilised.

In addition, the Company has further tax losses arising in the UK of approximately £9,700,000 (2013: £9,500,000) that may be available for offset against future taxable profits.

The Company also has non-trade loan relationship deficits carried forward of approximately £3,300,000 (2013: £3,200,000).

Deferred tax assets have not been recognised in respect of these losses, non-trade loan relationship deficits and management expenses carried forward as they do not satisfy the recognition criteria for deferred tax assets under FRS 19.

The provision for deferred taxation, the amounts unprovided, and the movements in the provision are detailed in Note 17.

10 INTANGIBLE FIXED ASSETS	Goodwill	Newspaper titles	Magazine titles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2014 and at 31 December 2014	1,657	99,441	35,149	136,247
Amortisation				
At 1 January 2014 and at 31 Decer	281	15,197	8,438	23,916
Amortisation in the year	116	7,014	2,293	9,423
Impairment	-	-	1,443	1,443
At 31 December 2014	397	22,211	12,174	34,782
Net book value				
At 31 December 2014	1,260	77,230	22,975	101,465
At 31 December 2013	1,376	84,244	26,711	112,331

Impairment of intangible fixed assets

In accordance with FRS 11 "Impairment of Fixed Assets and Goodwill" the carrying values of newspaper titles, magazine titles and goodwill have been compared to their recoverable amounts, represented by their value in use to the Group.

The value in use has been derived from discounted cash flow projections using a discount rate of 10.2% (2013: 10.2%) on a post-tax basis. Cash flows for 2015 have been projected based upon management's most recent business forecast. Growth rates for cash flows beyond 2015 assume an annual RPI increase of 2.5% and no underlying growth.

11 TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Motor vehicles £'000	Plant, machinery and equipment £'000	Total £'000
Cost				
At 1 January 2014 and at 31 December 2014	3,309	39	30,461	33,809
Additions	-	10	1,195	1,205
Disposals	(90)	-	(2,711)	(2,801)
At 31 December 2014	3,219	49	28,945	32,213
Depreciation				
At 1 January 2014 and at 31 December 2014	2,354	39	18,077	20,470
Charge for year	332	-	3,976	4,308
Disposals	(90)	-	(2,694)	(2,784)
At 31 December 2014	2,596	39	19,359	21,994
Net book amount				
At 31 December 2014	623	10	9,586	10,219
At 31 December 2013	955	-	12,384	13,339

12 FIXED ASSET INVESTMENTS

	Subsidiary undertakings £'000	Other investments £'000	Total £'000
Cost:			
At 1 January 2014	146,578	132	146,710
Prior year correction	(146,113)	-	(146,113)
At 31 December 2014	465	132	597
Amounts provided:			
At 1 January 2014	146,113	-	146,113
Prior year correction	(146,113)	-	(146,113)
At 31 December 2014	-	-	-
Net book value:			
At 31 December 2014	465	132	597
At 31 December 2013	465	132	597

Prior year correction
As part of the Archant Group's restructuring in 2011, certain subsidiaries of the Company transferred all of their activities, assets and liabilities to the Company, and underwent capital reductions. In consequence, the Company made provision to reduce the carrying value of those subsidiary companies to their net asset values. The subsidiaries concerned were then transferred to a fellow subsidiary company at carrying value. This final transaction was omitted from the Company's statutory accounts for the year ended 31 December 2011, and has been corrected in the current year.

The Company's principal subsidiary undertakings are:

Company	*Country of incorporation*	*Holding ordinary shares*	*Activity*
Archant Properties Limited	England	100%	Property
Mustard TV Limited	England	100%	Local television broadcaster
PlanningFinder Limited	England	100%	Online planning searches
The British Connection, Inc	United States of America	100%	Magazine distribution

Impairment of investments in subsidiary undertakings
In the opinion of the directors the value of the investments is not less than their book value.

13 STOCKS

	2014 £'000	2013 £'000
Newsprint and paper stock	570	571
Raw materials and consumables	591	682
	1,161	1,253

14 DEBTORS

	Note	2014 £'000	2013 £'000
Trade debtors		11,312	12,266
Other debtors		1,298	2,468
Prepayments and accrued income		1,993	2,418
Amounts due from group companies		20,886	11,086
Deferred taxation asset	17	707	1,492
		36,196	29,730

15 CREDITORS: Amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	3,534	4,227
Corporation tax	9,774	9,810
Other taxation and social security payable	2,268	2,778
Other creditors	1,725	1,807
Accruals and deferred income	9,926	9,595
Amounts due to group companies	511	524
Subscriptions in advance	2,030	2,002
	29,768	30,743

16 PROVISIONS FOR LIABILITIES

	Dilapidations	Newspaper Society pension scheme deficit	Total
	£'000	£'000	£'000
Balance at 1 January 2014	446	-	446
Provided during the year	72	254	326
Utilised during the year	(146)	(26)	(172)
Balance at 31 December 2014	372	228	600

The timing of the settlement of the obligations for dilapidations is dependent on the termination of the various leases. If the leases run to expiry, without earlier break clauses being exercised, or without the leases being renewed for a further term, these obligations will mostly be settled within five years, with the remaining liabilities due in various years up to 2036.

The Company was a member of the Newspaper Society ("NS"), the regional press trade association. In April 2014, NS incorporated as The Newspaper Organisation Limited ("NOL") a private company limited by guarantee. All of the members of NS committed to fund the NS Pension and Life Assurance Scheme ("NS PLAS") deficit and recovery plan prior to the transfer of all NS's assets and liabilities to NOL.

17 DEFERRED TAXATION ASSET

Deferred tax recognised in the financial statements is as follows:	Note	2014 £'000	2013 £'000
Included in debtors	14	707	1,492
Included in defined benefit pension liability	21	6,592	2,472
		7,299	3,964

The movements in the deferred taxation asset are as follows:	2014 £'000	2013 £'000
At 1 January	3,964	9,315
Origination and reversal of timing differences	(751)	(1,409)
Origination and reversal of pension scheme timing differences	(618)	(400)
Adjustments in respect of prior years	1	556
Adjustment for change in rate of corporation tax	(35)	(142)
Amount charged to the statement of total recognised gains and losses	4,738	(3,956)
At 31 December	7,299	3,964

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

	Recognised		*Not recognised*	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Decelerated/(accelerated) capital allowances	20	(260)	-	-
Short term timing differences	75	119	-	-
Losses carried forward	612	1,633	1,937	1,991
Loan relationship deficits carried forward	-	-	663	675
Pension costs	6,592	2,472	-	-
	7,299	3,964	2,600	2,666

18 CALLED UP SHARE CAPITAL

	2014 £'000	2013 £'000
Allotted, called up and fully paid		
560,222,930 (2013: 560,222,930) ordinary shares of 20p each	112,044	112,044

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £'000	Share premium £'000	Special reserve £'000	Profit & loss account £'000	Shareholders' funds £'000
At 1 January 2013	112,044	5,369	2,350	(5,654)	114,109
Loss for the year	-	-	-	(3,960)	(3,960)
Transfer to profit & loss account			(2,350)	2,350	-
Other net recognised gains and losses in the year:					
Net movement in pension scheme deficit	-	-	-	12,160	12,160
At 1 January 2014	112,044	5,369	-	4,896	122,309
Loss for the year	-	-	-	(4,180)	(4,180)
Other net recognised gains and losses in the year:					
Net movement in pension scheme deficit	-	-	-	(19,380)	(19,380)
At 31 December 2014	112,044	5,369	-	(18,664)	98,749

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 was released to distributable reserves at 31 December 2013 as all of the creditors of the Company at the date of cancellation have been satisfied.

20 OPERATING LEASE RENTALS

The Company has annual commitments under operating leases as at 31 December 2014. These are analysed by the date of the termination of the lease as follows:

	Land and buildings		*Other*	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Within one year	89	62	491	449
Between one and two years	181	216	412	933
Between two and five years	472	701	902	419
After five years - external	129	40	-	-
After five years - intra group	1,234	1,234	-	-
	2,105	2,253	1,805	1,801

21 PENSION COMMITMENTS

Defined benefit provision

The Company provides defined benefit pensions through the Archant Pension and Life Assurance Scheme ("the Scheme"), which has a defined benefit section ("the DBS"), and a senior management section ("the SMS"). The DBS and SMS were closed to new entrants in February 1998.

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

In 2009 the Archant Group amended the definition of final pensionable salary such that pensionable earnings used to calculate final salary pension benefits became capped at the employees' pensionable earnings in the twelve months prior to 1 December 2009. Members of the DBS continue to accrue additional pensionable years of service at their current accrual rate for the purpose of calculating pension benefit. The level of retirement benefit is based principally on years nf pensionable service and final pensionable salary, subject to the 2009 Cap.

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

Defined contribution provision

Following the closure of the DBS to new entrants in February 1998, membership of a defined-contribution section of the Scheme ("the DCS") was available. The DCS was closed to new entrants on 31 December 2012 and from 1 January 2013 contributions for former members of the DCS and new entrants have been paid into a new defined-contribution scheme, the Archant Pension Plan ("the APP").

Other pension provision

The Company also pays ex gratia pensions on an unfunded basis to certain former employees and their dependents and, accordingly, provides for this liability, calculated in accordance with actuarial advice, in the financial statements.

21 PENSION COMMITMENTS (continued)

Pension disclosure under FRS 17
The Company has incorporated the pension scheme deficit in full on the grounds that the share of the assets and liabilities for Archant Limited, the only other participating company, would not be material in relation to the overall deficit.

The following information shows the results for the Scheme measured in accordance with FRS 17, based on the most recent actuarial valuation at 1 January 2014 ("the Valuation") updated to 31 December 2014 by an independent actuary.

The assets and liabilities of the Scheme at 31 December are:

	2014 £'000	2013 £'000
Fair value of the Scheme assets	157,453	153,069
Present value of funded obligations	189,911	164,284
Present value of unfunded obligations	501	556
	190,412	164,840
Deficit	32,959	11,771
Related deferred tax asset at 20% (2013: 21%)	(6,592)	(2,472)
Net liability	26,367	9,299

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

Analysis of the movement in the balance sheet liability

	2014 £'000	2013 £'000
Shortfall in Scheme at beginning of year	(11,771)	(29,685)
Movements:		
Total expense recognised in the profit and loss account	(161)	(1,485)
Employer contributions	3,091	3,283
Actuarial (losses)/gains	(24,118)	16,116
Shortfall in Scheme at end of year	(32,959)	(11,771)

21 PENSION COMMITMENTS (continued)

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

	2014 £'000	2013 £'000
Current service cost - DBS	911	1,128
Current service cost - DCS	-	209
Recognised in arriving at operating profit	911	1,337
Interest on funded obligations	6,536	6,306
Interest on unfunded obligations	26	30
Expected return on scheme assets	(7,312)	(6,188)
Other finance (income)/expense	(750)	148
Total recognised in the profit and loss account	161	1,485
Actual return on scheme assets	7,640	17,073

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

	2014 £'000	2013 £'000
Opening scheme obligation – funded obligations	164,284	182,803
Opening scheme obligation – unfunded obligations	556	650
Total opening scheme obligation	164,840	183,453
Service cost	911	1,337
Interest cost	6,562	6,336
Actuarial losses/(gains) - DBS and unfunded obligations	24,446	(5,231)
Contributions by employees	7	10
Change in DC fund values	1,136	3,648
Benefits paid	(7,490)	(8,911)
Bulk transfer to the APP	-	(15,802)
Closing scheme obligation	190,412	164,840

Changes in the fair value of scheme assets are as follows:

	2014 £'000	2013 £'000
Opening fair value of scheme assets	153,069	153,768
Expected return	7,312	6,188
Actuarial gains	328	10,885
Contributions by employer	3,091	3,283
Contributions by employees	7	10
Change in DC fund values	1,136	3,648
Benefits paid	(7,490)	(8,911)
Bulk transfer to the APP	-	(15,802)
Closing fair value of scheme assets	157,453	153,069

21 **PENSION COMMITMENTS (continued)**

Assumptions

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

	2014 %	2013 %	2012 %
Rate of increase in salaries	-	-	-
Rate of increase in deferred pensions	2.00	2.50	2.15
Rate of statutory increase to relevant pension elements	2.90	3.20	2.85
Discount rate	3.59	4.59	4.29
Inflation	2.95	3.20	2.85
Expected long term rate of return			
Equities	4.94	6.11	5.62
Bonds and gilts	2.44	3.61	4.78
Other	0.50	0.50	0.50

The current assumed life expectations on retirement at age 65 are:

	2014 years	2013 years
Retiring today		
Males	22.6	22.2
Females	24.7	24.1
Retiring in 20 years		
Male	24.2	23.9
Female	26.6	26.0

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 0.2%	Decrease by 3.1%
Rate of inflation	Increase by 0.2%	Increase by 1.8%
Life expectancy	Increase by 1 year	Increase by 2.2%

Following the Valuation the parent company has agreed with the Trustee Directors to return the on-going funding level of the scheme to 100% of the projected past service liabilities within a period of eleven years and four months from the date of the Valuation and to maintain funding at least at this level once the funding level of the scheme is 100% of the projected past service liabilities. The Company expects to contribute approximately £3,200,000 to the Scheme in 2015.

21 PENSION COMMITMENTS (continued)

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

	2014 £'000	2013 £'000
Actual return less expected return on assets	328	10,885
Changes in assumptions	(24,446)	5,231
Net actuarial losses/(gains) recognised in STRGL	(24,118)	16,116
At the beginning of the year	(14,411)	(30,527)
At the end of the year	(38,529)	(14,411)

Amounts for the current and previous four years are as follows:

	2014 £'000 *Group and Company*	2013 £'000 *Group and Company*	2012 £'000 *Group and Company*	2011 £'000 *Group*	2010 £'000 *Group*
Present value of funded obligations	189,911	164,284	182,803	169,359	160,497
Present value of unfunded obligations	501	556	650	728	823
Total scheme obligations	190,412	164,840	183,453	170,087	161,320
Scheme assets	157,453	153,069	153,768	139,810	145,544
Deficit	(32,959)	(11,771)	(29,685)	(30,277)	(15,776)
Experience adjustments on pension scheme liabilities	(3,240)	26	109	2,603	-
Experience adjustments on pension scheme assets	328	10,885	8,113	(6,761)	7,393
Changes in assumptions:					
Demographics	(2,170)	1,666	-	(667)	-
Discount rate	(24,340)	9,563	(9,687)	(17,221)	(4,466)
Inflation	5,304	(6,024)	1,431	6,256	879
Actuarial (losses)/gains recognised in equity	(24,118)	16,116	(34)	(15,790)	3,806

22 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.

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

23 POST BALANCE SHEET EVENT

On 2 April 2015, the Company sold three magazines from the Specialist business unit for consideration of £2,245,000, with potential deferred consideration of up to an additional £200,000.

24 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.

25 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.

26 ULTIMATE PARENT UNDERTAKING

At 31 December 2014, 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.