

**YORKSHIRE WEEKLY NEWSPAPER
GROUP LIMITED**

Report and Financial Statements

31 December 2007

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YORKSHIRE WEEKLY NEWSPAPER GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

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YORKSHIRE WEEKLY NEWSPAPER GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr T J Bowdler CBE
Ms H Oldham
Mr M J Harrison
Mr S R Paterson
Mr C G Green
Mrs S A Rahmani (resigned 9 February 2007)

SECRETARY

Mr M J Harrison

REGISTERED OFFICE

Express House
Southgate
Wakefield
West Yorkshire
WF1 1TE

BANKERS

The Royal Bank of Scotland
35-37 Northgate
Wakefield
WF1 3XA

SOLICITORS

MacRoberts
152 Bath Street
Glasgow

INDEPENDENT AUDITORS

Deloitte & Touche LLP
Edinburgh, United Kingdom

YORKSHIRE WEEKLY NEWSPAPER GROUP LIMITED

DIRECTORS' REPORT

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

ACTIVITIES

The company acts as an agent, publishing and distributing newspapers in the Yorkshire area on behalf of Johnston Publishing Limited

REVIEW OF BUSINESS AND FUTURE PROSPECTS

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

The directors consider the trading results and financial position to be satisfactory. The directors view the future with confidence. The financial position of the company is set out in the balance sheet on page 7.

FINANCIAL RISK MANAGEMENT

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

DIVIDENDS

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

DIRECTORS

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

EMPLOYEE INVOLVEMENT

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

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

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

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

DIRECTORS' LIABILITY

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

DIRECTORS' REPORT (CONTINUED)

INDEPENDENT AUDITORS

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

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

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

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

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

Approved by the Board of Directors
and signed on behalf of the Board



S R Paterson
Director
18 July 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YORKSHIRE WEEKLY NEWSPAPER GROUP LIMITED

We have audited the financial statements of Yorkshire Weekly Newspaper Group Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 6. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

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

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

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

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

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

Basis of audit opinion


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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Edinburgh, United Kingdom
24 July 2008

YORKSHIRE WEEKLY NEWSPAPER GROUP LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Turnover	1	3,706	4,210
Administrative expenses		(3,706)	(4,210)
RESULT FOR THE FINANCIAL YEAR	2	<u>-</u>	<u>-</u>

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

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

YORKSHIRE WEEKLY NEWSPAPER GROUP LIMITED

BALANCE SHEET

As at 31 December 2007

	Note	2007 £'000	2006 £'000
CURRENT ASSETS			
Debtors - amounts owed by other group undertakings		5,783	5,783
		<u>5,783</u>	<u>5,783</u>
CAPITAL AND RESERVES			
Called-up share capital	4	165	165
Profit and loss account		<u>5,618</u>	<u>5,618</u>
SHAREHOLDERS' FUNDS		<u>5,783</u>	<u>5,783</u>

These financial statements were approved by the Board of Directors on the 18th of July 2008

Signed on behalf of the Board of Directors



S R Paterson

Director

YORKSHIRE WEEKLY NEWSPAPER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

(a) Basis of accounting

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

The company is a wholly-owned subsidiary of Johnston Press plc and is included in the consolidated financial statements of Johnston Press plc. The company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Johnston Press plc group.

(b) Turnover and revenue recognition

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

(c) Pension costs

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

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

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

(d) Share-based payments

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

2. RESULT FOR THE FINANCIAL YEAR

The result for the financial year is stated after charging.

	2007 £'000	2006 £'000
Staff costs including directors' emoluments (note 3)	3,706	4,210

The auditors' remuneration in both years was borne by another group undertaking. The directors estimate that the amount relating to the company's statutory audit was £4,000 (2006: £4,000) and the amount relating to the audit of the company's circulation and distribution figures was £11,600 (2006: £11,200).

YORKSHIRE WEEKLY NEWSPAPER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2007

3 EMPLOYEES AND DIRECTORS

a) Employee information

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

	2007 Number	2006 Number
Editorial and photographic	77	74
Advertising and sales	84	86
Administrative	17	17
	<u>178</u>	<u>177</u>

Employment costs for the above people were

	2007 £'000	2006 £'000
Wages and salaries	3,168	3,581
Social security costs	281	318
Other pension costs (note 3b)	257	311
	<u>3,706</u>	<u>4,210</u>

b) Pension contributions

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

Contributions to the scheme for the year were £257,000 (2006 - £311,000).

An updated valuation of the scheme at 31 December 2007 indicated that the scheme was 97% funded under FRS 17 (2006 89% funded). It was decided that, from April 2005, the contributions to the JPPP would be maintained at a fixed sum of £6,900,000 for the Group. With the declining membership this will assist in managing the deficit over a number of years.

Full details of the JPPP scheme and associated FRS 17 disclosures are provided in note 20(e) in the financial statements of Johnston Publishing Limited.

YORKSHIRE WEEKLY NEWSPAPER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2007

3. EMPLOYEES AND DIRECTORS (CONTINUED)

c) Directors' emoluments

	2007 £'000	2006 £'000
Emoluments	146	188
Pension contributions	20	31
	<u>166</u>	<u>219</u>

The above amounts include the following in respect of the highest paid director

	2007 £'000	2006 £'000
Emoluments	93	78
Pension contributions	13	15
	<u>106</u>	<u>93</u>

The increase in accrued pension benefit in the year in respect of the highest paid director was £2,600, increasing the accrued pension benefit to £24,800 (2006 £21,400)

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

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

For the remaining directors

- No directors (2006 three) exercised share options in the year
- Three directors received an award under the group Performance Share Plan (2006 four)

The number of directors the company paid contributions to the pension scheme in respect of was as follows

	2007 Number	2006 Number
Defined benefit section	<u>2</u>	<u>4</u>

4. CALLED-UP SHARE CAPITAL

	2007 £'000	2006 £'000
Authorised		
240,000 ordinary shares of £1 each	<u>240</u>	<u>240</u>
Allotted, called-up and fully paid:		
165,000 ordinary shares of £1 each	<u>165</u>	<u>165</u>

YORKSHIRE WEEKLY NEWSPAPER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2007

5. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Value added tax

The company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result it has jointly guaranteed the VAT liability of the group, and failure by other members of the group would give rise to additional liabilities for the company. At 31 December 2007 the total liability of the group amounted to £7,285,759 (2006 £5,080,070). The directors are of the opinion that no liability is likely to arise from the failure of these companies.

6. IMMEDIATE AND ULTIMATE PARENT COMPANY

The company's immediate and ultimate parent company is Johnston Press plc, a company registered in Scotland.

The only group in which the results of the company are consolidated is that headed by Johnston Press plc. The financial statements of Johnston Press plc are available to the public and may be obtained from Johnston Press plc, 53 Manor Place, Edinburgh, EH3 7EG.