Company Registration No. 1676637

NEWSQUEST MEDIA GROUP LIMITED

Strategic Report, Directors' Report and Financial Statements for the 52 weeks ended 29 December 2013

STRATEGIC REPORT

The directors present their strategic report for the 52 weeks ended 29 December 2013.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

Newsquest Media Group Limited is the parent operating company of a group of companies operating within the publishing and printing industry. The company provides management services to group companies, including a sales service in respect of leaflet distribution and national advertising.

The company's key financial and other performance indicators for its trading activity during the financial period were as follows:

	***52 weeks 2013 £'000**	***53 weeks 2012 £'000**	**Change**
Turnover	756	1,095	(31.0%)

* The profit and loss accounts cover the 52 weeks from 31 December 2012 to 29 December 2013 and the 53 weeks from 26 December 2011 to 30 December 2012.

During the period the company continued to make a series of cost reductions and restructured processes to mitigate the impact of the decline in revenue.

On 26 July 2013 the ownership of Newsquest Media (Southern) Limited and Newsquest Printing (Glasgow) Limited was transferred to the company from Newsquest Capital plc by way of capital contribution. This increased the share capital by a total of £187m. The subsidiaries were transferred at their respective net book values of £101m and £86m. This increased the investments and retained earnings balances by a total of £187m.

On the same date Newsquest Media (Southern) Limited and Newsquest (Herald & Times) Ltd paid up dividends to the company of £32m and £85m respectively.

The effect of all of the above restructuring increase the company's net assets from £130m to £424m.

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates as an intermediate holding company within the Gannett Co., Inc. group of companies. All of its material transactions are with fellow group undertakings and as such its activities are dependent on the activities of the Gannett Co., Inc. group of companies as a whole.

The risks and uncertainties facing the company are linked to those of the group. A discussion of the Group risks and uncertainties is contained in the group's annual report.

This report was approved by the Board and signed on its behalf on 23 September 2014 by:

N Carpenter
Joint Company Secretary

DIRECTORS' REPORT

The directors present their report and audited financial statements for the 52 weeks ended 29 December 2013.

RESULTS AND DIVIDENDS

The company's profit for the period after taxation was £123,195,000 (2012 - £82,572,000).

Interim dividends of £16,217,956 on ordinary shares (2012 - £8,294,897) and £4,249 (2012 - £4,249) on cumulative redeemable preference shares were paid in the period. The directors do not recommend a final dividend (2012 – £nil).

DIRECTORS

The directors who served during the period are listed below:

P Davidson	
H Faure Walker	(appointed 1 April 2014)
P Hunter	
T Blott	(resigned 11 June 2013)
G Martore	(appointed 22 October 2013)
V Harker	(appointed 22 October 2013)
T Mayman	(appointed 22 October 2013)

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The group maintains Director's and Officer's liability insurance for the directors during the course of their employment. The insurance will cover the directors' legal costs incurred in defending any proceedings brought by third parties. Such qualifying third party indemnity provision remains in place as at the date of approving the directors' report.

POLITICAL AND CHARITABLE DONATIONS

Details of political and charitable contributions are contained in the directors' report and financial statements of Gannett U.K. Limited.

EMPLOYEE PARTICIPATION AND THE ENVIRONMENT

The company places value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and the company. Such communications are undertaken on a regional basis, and include consultation with staff via elected representatives on a Staff Council, the publication of regular newsletters and the regular meetings of directors and senior managers with staff throughout the period. There is a share incentive plan in place which is open to all employees.

The company is conscious of the importance of good environmental practices and aims for an ongoing improvement in the company's environmental performance and to comply with all relevant regulations. Information about the recycled content of newsprint used in the production of newspapers by the UK industry can be found on the Newspaper Society website; www.newspapersoc.org.uk.

DISABLED PERSONS

It is the policy of the company to consider the skills and aptitudes of disabled persons fully and fairly at all times in recruitment, career development, training and promotion. In pursuing this policy and having special concern for employees who become disabled, all practical measures are taken to ensure that disabled persons are placed in jobs suited to their individual circumstances.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report and 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 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). 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

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' RESPONSIBILITIES (CONTINUED)

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 accounting 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; 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 adequate 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.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development and position, are set out above in the Strategic report under the sections principal activities, review of the business and future prospects and principal risks and uncertainties.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company provides the group's centralised treasury arrangements and group's banking arrangements to its fellow subsidiaries. These banking arrangements are facilitated and negotiated through the group's ultimate parent company, Gannett Co., Inc.

The directors have received written confirmation from the directors of fellow subsidiaries that amounts disclosed in these accounts as falling due in more than one year are not repayable for a period at least more than one year from the date of the approval of these financial statements and, if appropriate, assistance will be provided in meeting the company's liabilities as and when they fall due, but only to the extent that money is not otherwise available to the company to meet such liabilities. This support would cease in the event of the company ceasing to be a subsidiary of Gannett U.K. Limited.

On the basis of their assessment of the company's financial position and the confirmations received from group companies, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the Board at the time of approving the Strategic Report and Directors' 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 each directors' knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)

AUDITORS

Ernst & Young LLP are deemed to be reappointed in accordance with an elective resolution made under Section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

This report was approved by the Board and signed on its behalf on 23 September 2014 by:

N Carpenter
Joint Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWSQUEST MEDIA GROUP LIMITED

We have audited the financial statements of Newsquest Media Group Limited for the year ended 29 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 27. 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 Directors' Responsibilities Statement, 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 Directors' 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 29 December 2013 and of its profit 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 and 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

Philip Young
Senior statutory auditor
for and on behalf of Ernst & Young LLP, London
Date
23/9/14

PROFIT AND LOSS ACCOUNT
52 weeks ended 29 December 2013 (note 1)

	Note	52 weeks ended 29 December 2013 £'000	53 weeks ended 30 December 2012 £'000
TURNOVER	1, 2	756	1,095
Cost of sales		(398)	(632)
GROSS PROFIT		358	463
Operating expenses	3	(15,143)	(11,879)
Other operating income	5	12,232	13,014
OPERATING (LOSS)/PROFIT	6	(2,553)	1,598
Income from fixed asset investments	7	117,715	79,083
Interest receivable and similar income	8	5,648	2,075
Interest payable and similar charges	9	(576)	(870)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		120,234	81,886
Tax credit on profit on ordinary activities	11	2,961	686
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	21	123,195	82,572

All the company's activities were in respect of continuing operations.

There were no recognised gains or losses for the period or the preceding period, other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

BALANCE SHEET
29 December 2013 (note 1)

	Note	£'000	2013 £'000	£'000	2012 £'000
FIXED ASSETS					
Tangible assets	12		4,398		4,486
Investments	13		397,649		210,277
			402,047		214,763
CURRENT ASSETS					
Debtors:					
amounts falling due after one year		107,953		63,728	
amounts falling due within one year		25,349		12,220	
	14	133,302		75,948	
Cash at bank and in hand		2,935		31,856	
TOTAL CURRENT ASSETS		136,237		107,804	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(85,981)		(42,903)	
NET CURRENT ASSETS			50,256		64,901
TOTAL ASSETS LESS CURRENT LIABILITIES			452,303		279,664
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	16		(28,442)		(149,328)
PROVISIONS FOR LIABILITIES	17		(74)		(125)
NET ASSETS			423,787		130,211
CAPITAL AND RESERVES					
Called up share capital	19		1		1
Merger reserve	21		1,907		1,907
Profit and loss account	21		421,879		128,303
TOTAL SHAREHOLDERS' FUNDS	21		423,787		130,211

The financial statements on pages 7 to 20 were approved by the Board and signed on its behalf on 23 September 2014 by:

P Hunter
Director

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

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

Accounting period

The profit and loss accounts cover the 52 weeks from 31 December 2012 to 29 December 2013 and 53 weeks from 26 December 2011 to 30 December 2012. The balance sheets for 2013 and 2012 have been drawn up at 29 December 2013 and 30 December 2012 respectively.

Turnover

Turnover represents the invoiced value of sales, excluding Value Added Tax. Advertising revenues are recognised upon publication of the relevant newspaper. Circulation revenues, for paid-for newspapers, are recognised upon publication. Other revenue including digital revenue is recognised on publication or provision of the service. Revenues from barter transactions are recognised when the advertisements are displayed and are recorded at the fair value of goods or services received, in accordance with UITF Abstract 26 'Barter Transactions for Advertising.'

Income from fixed asset investments

Income from fixed asset investments comprises dividends from group undertakings, which are included in revenue in the period in which the company's right to receive payment is established.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Tangible fixed assets and depreciation

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation. No depreciation is provided on land and assets in the course of contruction. Freehold buildings, long leases and plant and equipment are depreciated over their estimated useful lives on the following bases:

Freehold buildings	-	2% straight line basis
Plant and equipment	-	4% - 50% straight line basis

Short leases are written off over the duration of the lease.

The carrying value of tangible fixed assets are reviewed for impairment, if events or changes in circumstances indicate the carrying value may not be recoverable.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalized in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives.

Investments

Investments held as fixed assets are stated at cost, less provision, if appropriate, for any impairment in value other than a temporary impairment in value.

The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date, calculated at the rate at which it is expected the tax will arise in accordance with FRS 19 "Deferred Tax". Deferred taxation balances are not discounted.

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.

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

1. ACCOUNTING POLICIES (CONTINUED)

Leasehold property

A provision is made at the balance sheet date for property dilapidations and for the net present value of net future costs on surplus vacant leased property.

Pensions

The company participates in both a defined benefit pension scheme and a defined contribution pension scheme.

In respect of the defined benefit pension scheme, the Newsquest Pension Scheme ("the Scheme"), pension costs are assessed in accordance with the advice of qualified independent actuaries. Charges to the profit and loss account for group subsidiaries that participate in the scheme are allocated to the company by the principal employer of the Scheme, Newsquest Media Group Limited, based upon contributions by the principal employer and the current cost of servicing pensions for the scheme members relating to the company.

In accordance with FRS17, the company has accounted for its contributions to the defined benefit scheme as if it were a defined benefit contribution scheme as it is not possible to separately identify the company's share of the assets and liabilities in the defined benefit scheme. Refer to note 23 for further details.

In respect of the defined contribution pension scheme, contributions are charged to the profit and loss account for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

Operating leases

Operating lease rentals are charged to profit and loss account on a straight line basis over the periods of the leases.

Group accounts and cash flow statement

The company, as it is a wholly owned subsidiary itself, is not required to prepare group accounts because its parent undertaking is established under the law of an EEA state. Accordingly the financial statements present information about the company rather than the group as a whole. A cash flow statement is not required under Financial Reporting Standard 1 (revised), as the company is a wholly owned subsidiary and the group's financial statements are publicly available (note 27).

Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities in terms that may be unfavourable.

When shares are issued, any component that creates a financial liability of the company or group is presented as a liability in the balance sheet measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement.

Share-based payments

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 an external valuer using an appropriate pricing model. In valuing equity-settled transactions share price volatility has been considered, no account has been taken of any vesting conditions. No expense is recognised for awards that do not ultimately vest, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated with reference to the vesting period expired. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry to reserves.

Recharges from the company's ultimate parent undertaking for the intrinsic value of the option on exercise, that is the difference between the market value on exercise and the option price is taken directly to the profit and loss reserve.

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

2. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company being the provision of management services to group companies, including a sales service in respect of leaflet distribution and national advertising all of which arises in the United Kingdom.

3. OPERATING EXPENSES

	52 weeks ended 29 December 2013 £'000	53 weeks ended 30 December 2012 £'000
Selling and distribution costs	2,492	2,800
Administrative expenses	12,420	9,079
Exceptional restructuring costs	231	-
	15,143	11,879

4. STAFF COSTS

	52 weeks ended 29 December 2013 £'000	53 weeks ended 30 December 2012 £'000
Wages and salaries	8,221	7,945
Social security costs	1,096	882
Other pension costs	2,595	693
	11,912	9,520

Included in wages and salaries is a total charge for share-based payments of £797,000 (2012 - £641,000). Recharges for the intrinsic value of options exercised in 2013 of £1,570,000 (2012 - £584,000) have been taken directly to reserves.

The average monthly number of employees, excluding directors, during the period was as follows:

	2013 No.	2012 No.
Marketing and sales	73	69
Distribution	4	6
Finance and management	51	51
Digital media	34	31
Prepress	20	20
Editorial	3	-
	185	177

5. OTHER OPERATING INCOME

	52 weeks ended 29 December 2013 £'000	53 weeks ended 30 December 2012 £'000
Charges to subsidiaries and sister companies	12,232	13,014

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

6. OPERATING (LOSS)/PROFIT

	52 weeks ended 29 December 2013	53 weeks ended 30 December 2012
Operating profit/(loss) is stated after charging/(crediting):	£'000	£'000
Operating lease rentals:		
- Hire of plant and machinery	5,479	1,604
- Land and buildings	87	101
Depreciation of tangible fixed assets:		
- owned by the company	457	634
- held under finance leases	34	39
Profit on disposal of fixed assets	(27)	(12)
Management charges	30	31

Audit services for the entire Gannett U.K. Limited group totalling £267,000 (2012 - £269,000) were paid by Newsquest Media Group Limited in the current and prior period. The company has recharged other group companies with their allocation of the audit fees through the management charge.

7. INCOME FROM FIXED ASSET INVESTMENTS

	52 weeks ended 29 December 2013 £'000	53 weeks ended 30 December 2012 £'000
Dividends from group undertakings	117,715	79,083

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks ended 29 December 2013 £'000	53 weeks ended 30 December 2012 £'000
Other interest receivable	98	136
Interest receivable from group undertakings	5,550	1,939
	5,648	2,075

9. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 29 December 2013 £'000	53 weeks ended 30 December 2012 £'000
Unwind of discount on provisions (note 17)	6	10
Interest payable to group undertakings	566	853
Cumulative redeemable preference shares	4	4
Other interest payable	-	3
	576	870

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

10. DIRECTORS' EMOLUMENTS

The emoluments of the directors were as follows:	52 weeks ended 29 December 2013 £'000	53 weeks ended 30 December 2012 £'000
Executive directors' contractual salaries	710	800
Unpaid leave	(16)	(78)
Taxable benefits	36	37
Performance related payments	268	349
Pension scheme contributions	18	24
	1,016	1,132

The aggregate emoluments of the highest paid director were £610,458 (2012 - £557,175). During the year the highest paid director exercised share options under a long-term incentive scheme. In 2013 and 2012 there were no payments to a pension scheme made on behalf of the highest paid director.

Retirement benefits accrued to one director under a defined benefit scheme during this year (2012 – two).

Three of the directors exercised share options in the company's ultimate parent undertaking Gannett Co., Inc. during the year (2012 – all).

11. TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES

Analysis of credit for the period:	52 weeks ended 29 December 2013 £'000	53 weeks ended 30 December 2012 £'000
Deferred taxation:		
Origination and reversal of timing differences	3,093	720
Adjustment in respect of prior periods	47	17
Change in the rate of corporation tax	(179)	(51)
	2,961	686

The tax credit for the period is different to the standard rate of corporation tax in the UK. The differences are explained below:

Analysis of credit for the period:	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	120,234	81,886
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 23.25 % (2012 – 24.5%)	27,955	20,062
Non taxable income net of expenses that may not qualify as deductible for tax purposes	(28,013)	(19,432)
Capital allowances for the period in excess of depreciation	113	166
Utilisation of tax losses	(3,293)	(1,140)
Transfer pricing adjustment	(244)	(257)
Other timing differences	3,482	601
	-	-

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

11. TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Tax losses arising within the Gannett U.K. Limited group of companies are relieved amongst group companies. The principal factor that may affect the tax charge in future periods is the basis on which tax losses are allocated within the group and the rate (if any) at which the company pays for those losses.

The main rate of corporation tax has been reducing and enacted rates are 24% with effect from 1 April 2012, 23% with effect from 1 April 2013, 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. The 20% rate has been applied for deferred tax.

12. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and equipment £'000	Construction in Progress £'000	Total £'000
Cost				
At 31 December 2012	3,422	5,382	211	9,015
Additions	-	376	22	398
Disposals	-	(1,076)	-	(1,076)
Transfer from group company	-	(6)	-	(6)
Reclassifications	-	211	(211)	-
At 29 December 2013	3,422	4,887	22	8,331
Depreciation				
At 31 December 2012	411	4,118	-	4,529
Charge for the period	45	446	-	491
Disposals	-	(1,076)	-	(1,076)
Transfer from group company	-	(11)	-	(11)
At 29 December 2013	456	3,477	-	3,933
Net book value At 29 December 2013	2,966	1,410	22	4,398
At 30 December 2012	3,011	1,264	211	4,486

Land and buildings comprises freehold land and buildings with a book value of £2,966,000 (2012 - £3,011,000), within which freehold land amounts to £1,133,000 (2012 - £1,133,000). Also, included within plant and equipment are leased assets with a net book value of £92,000 (2012 – £92,000).

13. INVESTMENTS

	Investments in subsidiary undertakings £'000
Cost	
At 31 December 2012	571,842
Additions	187,372
At 29 December 2013	759,214
Provisions	
At 31 December 2012 and 29 December 2013	361,565
Net book value	
At 29 December 2013	397,649
At 30 December 2012	210,277

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

13. INVESTMENTS (CONTINUED)

On 26 July, 2013 the group was restructured, with the ownership of Newsquest Media (Southern) Limited and Newsquest Printing (Glasgow) Limited being passed down from Gannett U.K. Limited to Newsquest Media Group Limited by way of capital contribution. The subsidiaries were transferred at their respective net book values of £101m and £86m. This resulted in an increase in investment in Newsquest Media Group Limited of £187,372,000.

The major subsidiary companies of Newsquest Media Group Limited (all of which are incorporated in Great Britain and were wholly owned) at 29 December 2013 were:

Name of Company	Nature of business
Newsquest Media (Southern) Limited	Printing and publishing
Newsquest (Herald & Times) Limited*	Printing and publishing
Newsquest (Yorkshire & North East) Limited	Printing and publishing
Newsquest (Essex) Limited	Publishing
Newsquest (North West) Limited	Publishing
Newsquest (London) Limited	Publishing
Newsquest (Midlands South) Limited	Printing and publishing
Newsquest (North East) Limited	Publishing
Newsquest (Oxfordshire & Wiltshire) Limited	Printing and publishing
Newsquest (Sussex) Limited	Publishing
Newsquest (York) Limited	Publishing
Newsquest Printing (Glasgow) Limited	Dormant holding company

*Indirect holding

Other investments are unquoted and include loans, and joint ventures.

At the year end, the company had a 25% interest in the ordinary £1 shares of HOLDTHEFRONTPAGE.CO.UK Limited whose principal activity during the period was the operation of a web business specialising in advertising job opportunities for journalists.

14. DEBTORS

	2013 £'000	2012 £'000
Trade debtors	202	1,264
Amounts owed by group undertakings	123,627	67,376
Other taxation and social security	1,627	2,110
Other debtors	4,746	1,652
Prepayments and accrued income	3,100	3,546
	133,302	75,948

Other debtors includes a deferred tax asset of £4,295,000 (2012 - £1,334,000) - see note 18.

Amounts falling due after more than one year included above are:

	2013 £'000	2012 £'000
Amounts owed by group undertakings	107,953	63,728

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £'000	2012 £'000
Trade creditors	1,032	1,028
Amounts owed to group undertakings	80,546	39,119
Other creditors	591	572
Accruals and deferred income	3,812	2,184
	85,981	42,903

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £'000	2012 £'000
Cumulative preference shares	425	425
Amounts owed to group undertakings*	28,017	148,903
	28,442	149,328

*The above amount owed to group undertakings is wholly repayable within five years.

The Cumulative Redeemable Preference shares can be redeemed at the option of the company or the shareholder at any time on giving appropriate notice. A premium of 38.46p per share is payable on the redemption of the 1% First Cumulative Redeemable Preference shares. No premium is payable on the redemption of the 1% Second Cumulative Redeemable Preference shares. The 1% Second Cumulative Redeemable Preference shares cannot be redeemed while any 1% First Cumulative Redeemable Preference shares remain in issue. The Cumulative Redeemable Preference shareholders have no rights at any general meeting other than in special circumstances and on a winding up are entitled to receive their nominal value and premium prior to ordinary shareholders.

17. PROVISIONS FOR LIABILITIES

	Post retirement medical costs £'000	Leasehold property provision £'000	Total £'000
At 30 December 2012	91	34	125
Credit for the period	(22)	(26)	(48)
Utilisation	(9)	0	(9)
Unwind of discount on provisions (note 9)	4	2	6
At 29 December 2013	64	10	74

The leasehold property provision is expected to be utilised over the terms of the relevant leases.

The post retirement medical provision will be utilised over the period that the benefits will accrue. This is expected to be in excess of five years.

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

18. DEFERRED TAX ASSET

	Deferred tax asset £'000
At 30 December 2012	1,334
Credit for the period	2,961
At 29 December 2013	4,295

The deferred tax asset is included in other debtors (note 14).

The deferred tax asset recognised can be analysed as follows:

	2013 £'000	2012 £'000
Capital allowances in excess of depreciation	572	548
Other timing differences	3,118	562
Share based payments	605	224
	4,295	1,334

There is no other unprovided deferred tax.

19. CALLED UP SHARE CAPITAL

	2013 Number	2013 £'000	2012 Number	2012 £'000
Authorised				
Ordinary shares of $1 each	1,270	1	1,270	1
Deferred Ordinary shares of £1 each	200	-	200	-
1% First Cumulative Redeemable Preference shares of £1 each	325,000	325	325,000	325
1% Second Cumulative Redeemable Preference shares of £1 each	99,900	100	99,900	100
	426,370	426	426,370	426
Called up, allotted and fully paid				
Ordinary shares of $1 each	1,270	1	1,270	1
Deferred Ordinary shares of £1 each	127	-	127	-
	1,397	1	1,397	1

The deferred ordinary shares can be repurchased at the option of the company at any time for an aggregate consideration of £1 which shall be applied for the benefit of the company. The deferred ordinary shares are not entitled to any participation in the profits or the assets of the company, other than as indicated below. The deferred ordinary shareholder has no right to receive notice of or attend and vote at any general meeting and shall only be entitled to participate in the assets of the company after the holders of every other class of shares in the capital of the company shall have received the sum of £10,000,000 in respect of each share held by them.

	2013 Number	2013 £'000	2012 Number	2012 £'000
1% First Cumulative Redeemable Preference shares of £1 each	325,000	325	325,000	325
1% Second Cumulative Redeemable Preference shares of £1 each	99,900	100	99,900	100
	424,900	425	424,900	425

The preference shares are presented as a liability (see note 16) and accordingly are excluded from called-up share capital in the balance sheet.

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

20. DIVIDENDS

	2013 £'000	2012 £'000
Dividends made during the year:	16,218	8,295

Interim for 2013: £12,770.08 per share.

The dividends paid on the preference shares of £4,249 (2012: £4,249) are included within interest payable and similar charges (note 9).

21. RESERVES AND RECONCILIATION OF SHAREHOLDERS' FUNDS

	Share capital £'000	Share premium £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
At 26 December 2011	1	50,418	1,907	3,551	55,877
Profit for the period	-	-	-	82,572	82,572
Share-based payment	-	-	-	641	641
Payment to ultimate parent in respect of shares exercised	-	-	-	(584)	(584)
Dividends declared and paid	-	-	-	(8,295)	(8,295)
Capital reduction	-	(50,418)	-	50,418	-
As at 30 December 2012	1	-	1,907	128,303	130,211
Profit for the period	-	-	-	123,195	123,195
Share-based payment	-	-	-	797	797
Payment to ultimate parent in respect of shares exercised				(1,570)	(1,570)
Dividends declared and paid	-	-	-	(16,218)	(16,218)
Capital contribution	-	-	-	187,372	187,372
At 29 December 2013	1	-	1,907	421,879	423,787

On 26 July 2013, the share capital of Newsquest Media (Southern) Limited and Newsquest Printing (Glasgow) Limited was pushed down from Gannett U.K. Limited, which increased the company's share capital by a total of £187,372,000.

22. COMMITMENTS

The company has annual commitments for non-cancellable operating leases as follows:

	Land and buildings		Plant and machinery	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Expiry date				
Between two and five years	87	87	-	1,377
More than 5 years	-	-	-	998

At 29 December 2013 the company had £nil capital commitments (2012 - £50,000).

23. PENSION SCHEMES

The company is the principal employer of the Newsquest Pension Scheme, which is a funded defined benefit scheme, details of which, including particulars of the latest actuarial valuation, can be found in the financial statements of Gannett U.K. Limited for the period ended 29 December 2013.

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

23. PENSION SCHEMES (CONTINUED)

The contributions made by the group into the Scheme, are assessed in accordance with the advice of a qualified independent actuary. The pension costs in these accounts for that scheme of £2,146,000 (2012 - £247,000) are

to fund the contributions to the scheme by the principal employer of the Newsquest Pension Scheme. The allocation of this cost to the company is based on the current cost of servicing pensions for the scheme members relating to the company.

The company and its immediate parent company have fully adopted FRS17, "Retirement Benefits".

The company has taken advantage of the exemption permitted by paragraph 9 (b) of FRS17 and accounts for the Scheme as if it were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities of the Scheme.

The company also participates in a defined contribution pension scheme on behalf of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The costs for the year under this scheme were £449,000 (2012 - £446,000).

24. CONTINGENT LIABILITIES

The company has guaranteed to the Newsquest Pension Scheme all present and future obligations and liabilities of each employing company to the Scheme. The guarantee has a maximum amount equal to the lower of (a) the lowest non-negative amount which, when added to the assets of the Scheme, would result in the Scheme being at least 105% funded on the date on which any liability under this commitment arises, calculated on the basis set out in section 179 of the Pensions Act 2004, were a valuation to be conducted as at that date, and (b) £250m.

25. SHARE-BASED PAYMENTS

Employee Share Option Plan

The company participates in the Gannett Co., Inc. 2001 Omnibus Incentive Compensation Plan. Under the plan discretionary share options in the Group's ultimate parent undertaking, Gannett Co., Inc. are granted to employees. Gannett Co., Inc.'s shares are publicly traded on the New York Stock Exchange and the exercise price of the options is equal to the actual closing market price of the shares on the date of grant. The options vest evenly over four years from the date of grant provided that the employee remains in service. The contractual life of the options is between 8 and 10 years and there are no cash settlement alternatives.

Employee Share Option Plan

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2013 No.	2013 WAEP	2012 No.	2012 WAEP
Outstanding at 31 December 2012 and 26 December 2011	592,128	$40.76	833,090	$45.96
Forfeited during the year	(190,300)	$74.66	(177,865)	$76.18
Exercised[1]	(149,088)	$13.01	(60,297)	$9.21
Transferred to fellow subsidiary	-	-	(2,800)	$17.67
Outstanding at 29 December 2013 and 30 December 2012	252,740	$31.60	592,128	$40.76
Exercisable at 29 December 2013 and 30 December 2012	221,599	$33.81	461,952	$48.00

[1] The weighted average share price at the date of exercise for the options exercised in the year was $22.29 (2012 - $16.75).

For the share options outstanding at 29 December 2013, the weighted average contractual life is 3.17 years (2012 - 3.53 years).

The weighted average fair value of options granted during the year was $nil (2012 - $nil). The range of exercise prices for options outstanding at the end of 2013 was $7.53 - $61.26 (2012 - $3.75 - $87.33).

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

25. SHARE-BASED PAYMENTS (CONTINUED)

Employee Share Option Plan (continued)

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black Scholes model, taking into account the terms and conditions upon which the options were granted.

Chairman's Award Scheme

Out of the 2001 Omnibus Incentive Compensation Plan discretionary shares have been awarded to certain employees. Title to the shares passes to the employee on expiration of the four year incentive period provided that the employee remains in service with the group.

The following table illustrates the number and weighted average share prices (WASP) of, and movements in, share options during the year.

	2013 No.	2013 WASP*	2012 No.	2012 WASP*
Outstanding at 31 December 2012 and 26 December 2011	1,950	$10.19	2,650	$12.35
Granted during the year[2]	430	$26.15	350	$14.00
Settled[1]	(1600)	$9.36	(1,050)	$16.91
Outstanding at 29 December 2013 and 30 December 2012	780	$20.70	1,950	$10.19

*The weighted average share price (WASP) is the share price at the time the Chairman's Awards were granted, averaged over the number of shares outstanding at the balance sheet date.

[1]The weighted average share price at the date of settlement was $25.58 (2012 - $17.75).
[2]The weighted average fair value of Chairman's Awards granted in 2013 was $23.05 (2012 - $10.85).

Restricted stock

Restricted stock are discretionary shares awarded to certain individuals out of the 2001 Omnibus Incentive Compensation Plan. Each share awarded entitles the employee to receive one share of Gannett Co., Inc.'s common stock on the expiration of the incentive period which vest 4 years after the grant date.

	2013 No.	2013 WASP*	2012 No.	2012 WASP*
Outstanding at 31 December 2012 and 26 December 2011	87,529	$13.73	55,100	$11.17
Granted during the year	56,490	$18.01	63,223	$13.37
Forfeited during the year	(500)	$16.02	(2,147)	$13.87
Settled[1]	(12,180)	$13.16	(26,500)	$7.53
Transferred to fellow subsidiary	-	-	(2,147)	$13.87
Outstanding at 29 December 2013 and 30 December 2012	131,339	$15.61	87,529	$13.73

*The weighted average share price (WASP) is the share price at the time the Restricted stock was granted, averaged over the number of shares outstanding at the balance sheet date.

[1]The weighted average share price at the date of settlement was $25.98 (2012 - $18.08).

[2]The weighted average fair value of Restricted stock granted in 2013 was $14.85 (2012 - $12.11).

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 2013

25. SHARE-BASED PAYMENTS (CONTINUED)

Performance Shares

Performance shares are discretionary shares awarded to certain individuals out of the 2001 Omnibus Incentive Compensation Plan. The number of Performance Shares the employee will ultimately be entitled to receive will be calculated based on multiplying the employee's target number of performance shares by the applicable percentage determined on how Gannett Co., Inc.'s total shareholder return compares to the total shareholder return of the comparator companies during the incentive period. Each share (if any) awarded entitles the employee to receive one share of Gannett Co., Inc.'s common stock on the expiration of the incentive period which vest 3 years after the grant date.

	2012 No.	2012 WASP*	2012 No.	2012 WASP*
Outstanding as at 31 December 2012 and 26 December 2011	49,136	$13.37	-	-
Granted during the year[1]	37,152	$18.49	49,136	$13.37
Outstanding at 29 December 2013 and 30 December 2012	86,288	$15.57	49,136	$13.37

*The weighted average share price (WASP) is the share price at the time the Performance shares were granted, averaged over the number of shares outstanding at the balance sheet date.

[1]The weighted average fair value of Performance shares granted in 2013 was $20.12 (2012 - $14.12).

26. RELATED PARTIES

The company is a wholly owned subsidiary included in the consolidated financial statements of its ultimate parent company. These financial statements are publicly available, therefore, the company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosure of transactions with entities that are part of the group on the grounds that it is wholly owned.

27. ULTIMATE PARENT COMPANY

The company's ultimate parent and controlling company is Gannett Co., Inc., a company incorporated in the United States of America. The intermediate parent and controlling company in the United Kingdom is Gannett U.K. Limited, a company incorporated in Great Britain and registered in England and Wales. The consolidated financial statements of Gannett Co., Inc. and Gannett U.K. Limited comprise respectively the largest and smallest groups of which the company is a member that prepare consolidated financial statements. The annual report and consolidated financial statements of Gannett Co., Inc. can be obtained from the Secretary, Gannett Co., Inc., 7950 Jones Branch Drive, McLean, Virginia 22107. The annual report and consolidated financial statements of Gannett U.K. Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.