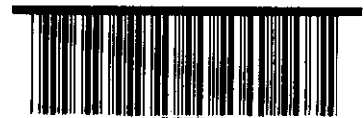


NEWSQUEST (LEEDS) LIMITED

**Directors' Report and Financial Statements
for the 52 weeks ended 25 December 2005**



REPORT AND FINANCIAL STATEMENTS 2005

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DIRECTORS' REPORT

The directors present their report and the financial statements for the 52 weeks ended 25 December 2005.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The principal activity of the company during the period was publishing newspapers. The directors are satisfied with the performance of the company and expect this to continue in the future.

RESULTS AND DIVIDENDS

The profit for the period after taxation was £151,000 (2004 - £114,000).

No interim dividends were paid in the period (2004 - £nil) and the directors do not recommend the payment of a final dividend (2004 - £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the period are listed below:

P Davidson
P Hunter
P A Radburn

None of the directors had any interest in the shares of the company.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Details of political and charitable contributions are contained in the accounts of Gannett U.K. Limited.

AUDITORS

In accordance with the provisions of Section 386 of the Companies Act 1985, the company has dispensed with the obligation to appoint auditors annually.

This report was approved by the Board on 15 May 2006 and signed on its behalf.



N Carpenter
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently in the period. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 25 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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 REPORT OF THE AUDITORS TO THE MEMBERS OF NEWSQUEST (LEEDS) LIMITED

We have audited the company's financial statements for the period ended 25 December 2005 which comprise the Profit and Loss Account, Balance Sheet, Reconciliation of Shareholders' Funds and the related notes 1 to 16. These financial statements have been prepared on the basis of 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 affairs of the company as at 25 December 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

25/5/06

NEWSQUEST (LEEDS) LIMITED

PROFIT AND LOSS ACCOUNT

For the 52 weeks ended 25 December 2005 (note 1)

	Note	2005 £'000	2004 £'000
TURNOVER	1,2	318	188
Cost of sales		(152)	(94)
GROSS PROFIT		166	94
Operating expenses	3	(105)	(63)
OPERATING PROFIT	4	61	31
Interest receivable	6	90	83
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		151	114
Tax charge on profit on ordinary activities	7	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION & RETAINED PROFIT FOR THE PERIOD	12	151	114

All the above transactions relate to 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.

NEWSQUEST (LEEDS) LIMITED

BALANCE SHEET 25 December 2005 (note 1)

	Note	£'000	2005 £'000	2004 £'000
FIXED ASSETS				
Intangible Assets	8		20	20
CURRENT ASSETS				
Debtors	9	1,290	1,139	
NET CURRENT ASSETS			1,290	1,139
NET ASSETS			1,310	1,159
CAPITAL AND RESERVES				
Called up share capital	10		-	-
Share premium account	11		750	750
Profit and loss account	11		560	409
SHAREHOLDERS' FUNDS - All equity	12		1,310	1,159

The financial statements on pages 4 to 10 were approved by the Board on 15 May 2006 and signed on its behalf.



P Hunter
Director

NOTES TO THE ACCOUNTS

52 weeks ended 25 December 2005

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 27 December 2004 to 25 December 2005 and 52 weeks from 29 December 2003 to 26 December 2004. The balance sheets for 2005 and 2004 have been drawn up at 25 December 2005 and 26 December 2004 respectively.

Turnover

Turnover represents the invoiced value of sales, excluding Value Added Tax. Advertising revenues are recognised upon publication of the relevant newspaper.

Intangible fixed assets

Internally developed intangibles are not carried on the balance sheet. Intangible fixed assets represent publishing rights, which are stated at fair value on acquisition. Intangible fixed assets are not subsequently revalued.

The directors believe that the company's publishing rights have an indefinite life. This is based on the history of the publishing rights, the vast majority of which have been profitably published for periods considerably in excess of 20 years; and that there is no evidence of any structural reduction in the value of local information that would lead the directors to believe that these publishing rights have ceased to have an indefinite life.

Intangible assets are reviewed for impairment annually, and provision is made for any impairment in value.

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.

Cash flow statement

At 25 December 2005 the company was a wholly owned subsidiary and the consolidated financial statements in which the company is included are publicly available (note 16). Therefore, a cash flow statement is not required under Financial Reporting Standard 1 (revised).

Pensions

The company operates 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 pensionable salaries of the company's employees.

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 14 for further details.

In respect of the company's 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.

NOTES TO THE ACCOUNTS

52 weeks ended 25 December 2005

2. TURNOVER

The whole of the turnover is attributable to the principal activity of the company, being the publishing of newspapers, and arises in the United Kingdom.

3. OPERATING EXPENSES

	2005 £'000	2004 £'000
Administrative expenses	105	63

4. OPERATING PROFIT

The operating profit is stated after charging:

	2005 £'000	2004 £'000
Management charge	3	-

Audit fees have been borne by another group company in the current and preceding period.

5. STAFF COSTS

Staff costs were as follows:

	2005 £'000	2004 £'000
Wages and salaries	108	81
Social security costs	7	4
Pension costs	2	2
	117	87

The average monthly number of employees, including directors, during the period was 6 (2004 – 6).

There are also 38 (2004 – 40) people involved in distribution who work limited hours to deliver the company's products. The costs of these people are included in staff costs above. The comparative has been restated to reflect this.

Directors' remuneration in 2005 was £nil (2004 - £nil). All emoluments and pension payments made by related companies to directors are dealt with in the accounts of Newsquest Media Group Limited.

6. INTEREST RECEIVABLE

	2005 £'000	2004 £'000
Interest receivable from group undertaking	90	83

NOTES TO THE ACCOUNTS

52 weeks ended 25 December 2005

7. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2005 £'000	2004 £'000
Analysis of charge in the period:		
Current tax:		
UK Corporation tax at 30% (2004 – 30%)	-	-

The tax charge for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £'000	2004 £'000
Analysis of charge in the period:		
Profit on ordinary activities before taxation	151	114
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 30% (2004 - 30%)	45	34
Expenses that may not qualify as deductible for tax purposes	1	-
Utilisation of tax losses	(46)	(34)
	-	-

Tax losses arising within the Gannett U.K. Limited group of companies are relieved amongst group companies. The principal factor that may affect 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.

8. INTANGIBLE ASSETS

	2005 £'000	2004 £'000
Publishing rights and titles		
Cost and net book value		
At 25 December 2005 and 26 December 2004	20	20

9. DEBTORS

	2005 £'000	2004 £'000
Due within one year		
Amounts owed by group undertakings	1,290	1,139

NOTES TO THE ACCOUNTS

52 weeks ended 25 December 2005

10. CALLED UP SHARE CAPITAL

	2005 £	2004 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
32 ordinary shares of £1 each	32	32

11. RESERVES

	2005 £'000	2004 £'000
Share premium account		
At 25 December 2005 and 26 December 2004	750	750
Profit and loss account reserve		
At 27 December 2004	409	295
Profit for the period	151	114
At 25 December 2005	560	409

12. SHAREHOLDERS' FUNDS

	2005 £'000	2004 £'000
Profit for the financial period	151	114
Net additions to shareholders' funds	151	114
Opening shareholders' funds	1,159	1,045
Closing shareholders' funds	1,310	1,159

13. OTHER COMMITMENTS

At 25 December 2005 the company had no annual commitments under non-cancellable operating leases or capital commitments (2004 - £nil).

14. PENSIONS

The company is a member of the Newsquest Pension Scheme ("the Scheme"), which is primarily a funded defined benefit scheme. Details of the scheme, including particulars of the latest actuarial valuation, the existence of a surplus or deficit in the group and its effect on future contribution rates by the company, can be found in the financial statements of Gannett U.K. Limited.

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 of £2,000 (2004 - £2,000) are paid to the principal employer of the Newsquest Pension Scheme, Newsquest Media Group Limited, to fund its contributions to the Scheme. The allocation of this cost to the company is based on pensionable salaries.

The company also operates 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 is for contributions of £nil (2004 - £nil).

NOTES TO THE ACCOUNTS

52 weeks ended 25 December 2005

15. 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 or investees of the group qualifying as related parties.

16. 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 controlling company of the Newsquest group of companies 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, CF4 3UZ.