

NEWSQUEST PLC

**Directors' Report and Financial Statements
for the 53 weeks ended 30 December 2012**

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REPORT AND FINANCIAL STATEMENTS 2012

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 53 weeks ended 30 December 2012

PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS AND PROSPECTS

The principal activities of the Newsquest plc group of companies are printing and publishing

The directors are satisfied with the results and prospects of the company

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates as an intermediary 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

RESULTS AND DIVIDENDS

The result on ordinary activities after taxation amounted to £nil (2011 - £nil)

During the year all dividends from the company's subsidiary were waived and paid direct to Gannett U K Limited

The directors do not recommend that a final dividend is paid (2011 - £nil)

DIRECTORS

The directors who served during the period are listed below

P Davidson

P Hunter

G Martore

V Harker (appointed 19 March 2013)

T Mayman

P Saleh (resigned 14 May 2012)

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

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

The company is a holding company and had no trade creditors at the year end, consequently creditor days were nil (2011 - nil)

POLITICAL AND CHARITABLE CONTRIBUTIONS

Details of charitable contributions are contained in the accounts of Gannett U K Limited. The company made no political donations during the period

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under 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

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

DIRECTORS' RESPONSIBILITIES (CONTINUED)

- 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 directors' report under the sections principal activities, review of the business and future prospects and principal risks and uncertainties

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with Newsquest Media Group Limited and fellow subsidiaries The company has access to adequate resources in order to meet its liabilities as they fall due for the foreseeable future

On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in 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 directors' report are listed on page 1 Having made enquires 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

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 14 June 2013 by



P Hunter
Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWSQUEST PLC

We have audited the financial statements of Newsquest plc for the year ended 30 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 11. 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 30 December 2012 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Philip Young
Senior statutory auditor
for and on behalf of Ernst & Young LLP, London

Date 17 June 2013

PROFIT AND LOSS ACCOUNT
53 weeks ended 30 December 2012 (note 1)

		53 weeks ended 30 December 2012 £'000	52 weeks ended 25 December 2011 £'000
	Notes		
Income from shares in group undertakings	3	-	-
OPERATING RESULT AND RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION		<hr/> -	<hr/> -
Tax charge on result on ordinary activities	4	<hr/> -	<hr/> -
RESULT ON ORDINARY ACTIVITIES AFTER TAXATION	8	<hr/> <hr/> -	<hr/> <hr/> -

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

BALANCE SHEET
30 December 2012 (note 1)

	Note	£'000	2012 £'000	£'000	2011 £'000
FIXED ASSETS					
Investments	5		199,628		199,628
CURRENT ASSETS					
Debtors	6	55,015		55,015	
NET CURRENT ASSETS			55,015		55,015
NET ASSETS			254,643		254,643
CAPITAL AND RESERVES					
Share capital	7		1,965		1,965
Share premium	8		250,225		250,225
Capital redemption reserve	8		831		831
Profit and loss reserve	8		1,622		1,622
SHAREHOLDER'S FUNDS			254,643		254,643

The financial statements on pages 4 to 9 were approved by the Board of Directors and signed on its behalf on 14 June 2013 by



P Hunter
Director

NOTES TO THE ACCOUNTS

53 weeks ended 30 December 2012

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

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

Accounting period

The profit and loss accounts cover the 53 weeks from 26 December 2011 to 30 December 2012 and 52 weeks from 27 December 2010 to 25 December 2011. The balance sheets for 2012 and 2011 have been drawn up at 30 December 2012 and 25 December 2011 respectively

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

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

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 11)

2. EMPLOYEES, DIRECTORS AND AUDITORS

The company had no employees in the period (2011 – nil)

Directors' remuneration in 2012 was £nil (2011 - £nil). All emoluments and pension payments made by related companies to directors are dealt with in the accounts of Newsquest Media Group Limited

Audit services for the entire Gannett U K Limited group totalling £269,000 (2011 - £248,000) were borne by Newsquest Media Group Limited in the current and prior period

3. INCOME FROM FIXED ASSET INVESTMENTS

	2012 £'000	2011 £'000
Dividends from group undertakings	-	-

During the year all dividends from the company's subsidiary were paid on the directors' approval direct to Gannett U K Limited

NOTES TO THE ACCOUNTS
53 weeks ended 30 December 2012

4. TAX CHARGE ON RESULT ON ORDINARY ACTIVITIES

	2012	2011
	£'000	£'000
Analysis of charge in the period:		
Current tax		
UK corporation tax at 24.5% (2011 - 26.5%)	-	-

The tax charge for the period is the same as the standard rate of corporation tax in the UK. The differences are explained below

	2012	2011
	£'000	£'000
Analysis of charge in the period:		
Result on ordinary activities before taxation	-	-
Result on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	-	-
Utilisation of tax losses	(1,078)	(1,166)
Transfer pricing adjustment	1,078	1,166
Charge for the period	-	-

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

On 20 March 2013, the UK government confirmed its intention to propose that Parliament reduce the main rate of UK corporation tax to 20% from 1 April 2015. The rate has been reducing and enacted rates are 24% with effect from 1 April 2012 and 23% with effect from 1 April 2013. Reduction of the rate to 21% from 1 April 2014 and to 20% from 1 April 2015 is expected to be enacted during 2013.

The company does not have any deferred tax provided or unprovided.

5. INVESTMENTS

	Investments in subsidiary undertakings
	£'000
Cost	
At 30 December 2012 and 25 December 2011	452,005
Provisions	
At 30 December 2012 and 25 December 2011	252,377
Net book value	
At 30 December 2012 and 25 December 2011	199,628

NOTES TO THE ACCOUNTS
53 weeks ended 30 December 2012

5. INVESTMENTS (CONTINUED)

The principal subsidiary companies of Newsquest plc (all of which are incorporated in Great Britain and registered in England and Wales and were wholly owned) at 30 December 2012 were

Name of Company	Nature of business
Newsquest Capital plc*	Holding company
Newsquest Media Group Limited	Media and publishing
Newsquest (Yorkshire & North East) Limited	Printing and publishing
Newsquest (Essex) Limited	Publishing
Newsquest (London) Limited	Publishing
Newsquest (Midlands South) Limited	Printing and publishing
Newsquest (North East) Limited	Publishing
Newsquest (North West) Limited	Publishing
Newsquest (Oxfordshire & Wiltshire) Limited	Printing and publishing
Newsquest (Sussex) Limited	Publishing
Newsquest (York) Limited	Publishing
*Owned directly by the Company	

6. DEBTORS

	2012 £'000	2011 £'000
Due within one year		
Amounts owed by group undertakings	55,015	55,015

7. SHARE CAPITAL

	2012 Number	2012 £'000	2011 Number	2011 £'000
Authorised				
Ordinary shares of 1p each	270,000,000	2,700	270,000,000	2,700
Issued and fully paid				
Ordinary shares of 1p each	196,538,206	1,965	196,538,206	1,965

8. RESERVES AND RECONCILIATION OF SHAREHOLDER'S FUNDS

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 30 December 2012 and 25 December 2011	1,965	250,225	831	1,622	254,643

9. COMMITMENTS

At 30 December 2012 the company had no annual commitments under non-cancellable operating leases or capital commitments (2011 - £nil)

NOTES TO THE ACCOUNTS
53 weeks ended 30 December 2012

10. 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.

11. 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.