

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

**Directors' Report and Financial Statements
for the 52 weeks ended 26 December 2004**



NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

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NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the 52 weeks ended 26 December 2004.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The company's principal activity continues to be that of 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 after taxation for the period amounted to £6,639,000 (2003 - £5,184,000).

Interim dividends of £6,250,000 (2003 - £9,000,000) were paid in the period. The directors do not recommend a final dividend (2003 - £nil).

DIRECTORS

The directors who served during the period are listed below.

P Davidson
P Hunter
P 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 directors' report and financial statements of Gannett U.K. Limited.

EMPLOYEE PARTICIPATION

Employee participation processes have continued throughout the period. Such processes 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 all staff throughout the period.

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.

AUDITORS

It will be proposed at the annual general meeting that Ernst & Young LLP are to be appointed as auditors for the coming year.

This report was approved by the Board on 21 June 2005 and signed on its behalf.



N Carpenter
Secretary

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

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 26 December 2004 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.

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

INDEPENDENT REPORT OF THE AUDITORS TO THE MEMBERS OF NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

We have audited the financial statements, which comprise the profit and loss account, the balance sheet, and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

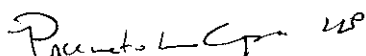
Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 judgements 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 of the state of the Company's affairs as at 26 December 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH

21/6/05

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

PROFIT AND LOSS ACCOUNT

52 weeks ended 26 December 2004 (note 1)

	Note	2004 £'000	2003 £'000
TURNOVER	1,2	44,843	37,136
Cost of sales		(7,338)	(5,809)
GROSS PROFIT		37,505	31,327
Operating expenses	3	(24,685)	(20,559)
OPERATING PROFIT	4	12,820	10,768
Interest payable	6	(3,493)	(3,837)
Interest receivable	7	13	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		9,340	6,931
Tax charge on profit on ordinary activities	8	(2,701)	(1,747)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		6,639	5,184
Dividends	9	(6,250)	(9,000)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	17	389	(3,816)

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 (OXFORDSHIRE & WILTSHIRE) LIMITED

BALANCE SHEET

26 December 2004 (note 1)

	Note	£'000	2004 £'000	2003 £'000
FIXED ASSETS				
Intangible assets	10		95,618	98,386
Tangible fixed assets	11		27,351	16,192
			<u>122,969</u>	<u>114,578</u>
CURRENT ASSETS				
Stocks	12	184		108
Debtors	13	5,470		5,300
		<u>5,654</u>		<u>5,408</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	<u>(83,299)</u>	<u>(76,406)</u>	
NET CURRENT LIABILITIES			<u>(77,645)</u>	<u>(70,998)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			45,324	43,580
PROVISIONS FOR LIABILITIES AND CHARGES	15		<u>(2,412)</u>	<u>(1,057)</u>
NET ASSETS			<u>42,912</u>	<u>42,523</u>
CAPITAL AND RESERVES				
Called up share capital	16		-	-
Share premium account	17		35,000	35,000
Profit and loss account	17		7,912	7,523
EQUITY SHAREHOLDERS' FUNDS	18		<u>42,912</u>	<u>42,523</u>

The financial statements on pages 4 to 13 were approved by the Board on 21 June 2005 and signed on its behalf.



P Hunter

Director

NOTES TO THE ACCOUNTS

52 weeks ended 26 December 2004

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.

Accounting period

The profit and loss accounts cover the 52 weeks from 29 December 2003 to 26 December 2004 and the 52 weeks from 30 December 2002 to 28 December 2003. The balance sheets for 2004 and 2003 have been drawn up at 26 December 2004 and 28 December 2003 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. 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.'

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. 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	-	2% - 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.

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.

Licences to use publishing rights are stated at cost and amortised over the licence period on a straight line basis.

Stocks

Stocks are stated at the lower of cost and estimated net realisable value on a first in first out basis.

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.

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.

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 26 December 2004

1. ACCOUNTING POLICIES (CONTINUED)

Pensions

The company is a member of a 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 all the defined benefit schemes as if they were defined contribution schemes as it is not possible to separately identify the company's share of the assets and liabilities in the defined benefit schemes. Refer to note 20 for further details.

Goodwill

On the acquisition of a business, the purchase consideration is allocated between the underlying net tangible and intangible assets on a fair value basis. Goodwill on acquisitions after 1 January 1998 is included on the balance sheet and amortised over its expected useful economic life, up to a maximum of 20 years.

Goodwill on acquisitions prior to 1 January 1998 has been written off against profit and loss reserve as a matter of accounting policy. This goodwill will be charged to the profit and loss account in the event of the disposal of the business to which it relates (note 17).

Operating leases

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

Cash flow statement

At 26 December 2004, the company was a wholly owned subsidiary and the consolidated financial statements in which the company is included are publicly available (note 22). Therefore a cash flow statement is not required under Financial Reporting Standard 1 (revised).

Post retirement medical costs

Certain employees benefit from contracts entitling them to post retirement medical benefits. The costs of post retirement medical benefits are provided for by discounting the expected future costs.

2. TURNOVER

The whole of the turnover arose within the United Kingdom and is attributable to the one principal activity of the company being publishing newspapers.

3. OPERATING EXPENSES

	2004 £'000	2003 £'000
Selling and distribution costs	7,043	6,017
Administrative expenses	17,642	14,542
	<u>24,685</u>	<u>20,559</u>

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 26 December 2004

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2004 £'000	2003 £'000
Depreciation of tangible fixed assets: - owned by the company	1,079	866
Amortisation of publishing rights licence	2,768	2,076
Operating lease rentals: - hire of plant and machinery	44	84
- land and buildings	114	98
Management charge	483	582
Profit on disposals of fixed assets	(46)	(16)

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

5. STAFF COSTS

Staff costs were as follows:

	2004 £'000	2003 £'000
Wages and salaries	13,464	12,831
Social security costs	1,160	1,122
Other pension costs	1,196	705
	15,820	14,658

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

	No.	No.
Pre-press	82	81
Printing	47	40
Editorial	175	177
Marketing and sales	186	186
Distribution	107	113
Finance and management	55	59
	652	656

There are also 1,916 (2003- 1,474) people involved in distribution who work limited hours to deliver the group's products. The costs of these people are included in staff costs above.

Directors' remuneration in 2004 was £nil (2003 - £nil). All emoluments and pension payments made by related companies to directors are dealt with in the financial statements of Newsquest Media Group Limited.

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 26 December 2004

6. INTEREST PAYABLE

	2004 £'000	2003 £'000
Interest payable to group undertakings	3,493	3,837

7. INTEREST RECEIVABLE

	2004 £'000	2003 £'000
Other interest receivable	13	-

8. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2004 £'000	2003 £'000
Analysis of charge in the period:		
Current tax:		
UK Corporation tax at 30% (2003 - 30%)	830	616
Adjustment in respect of prior periods	635	277
Total current tax (see below)	1,465	893
Deferred taxation		
Origination and reversal of timing differences	1,239	854
Adjustment in respect of prior periods	(3)	-
	2,701	1,747

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

	2004 £'000	2003 £'000
Analysis of charge in the period:		
Profit on ordinary activities before taxation	9,340	6,931
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 30% (2003 - 30%)	2,802	2,079
Expenses not deductible for tax purposes	(35)	45
Capital allowances in period in excess of depreciation	(1,009)	(1,508)
Utilisation of tax losses	(928)	-
Adjustments to tax charge in respect of previous periods	635	277
	1,465	893

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.

9. DIVIDENDS

	2004 £'000	2003 £'000
Interim dividend paid	6,250	9,000

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 26 December 2004

10. INTANGIBLE ASSETS

	Licences to publishing rights £'000	Publishing rights £'000	Total £'000
Cost			
At 26 December 2004 and 28 December 2003	69,200	31,262	100,462
Amortisation			
At 29 December 2003	2,076	-	2,076
Charge for the period	2,768	-	2,768
At 26 December 2004	4,844	-	4,844
Net book value			
At 26 December 2004	64,356	31,262	95,618
At 28 December 2003	67,124	31,262	98,386

11. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and equipment £'000	Construction in progress £'000	Total £'000
Cost				
At 29 December 2003	3,765	12,764	11,496	28,025
Additions	-	791	11,467	12,258
Disposals	-	(299)	-	(299)
Reclassification	8,540	13,654	(22,194)	-
At 26 December 2004	12,305	26,910	769	39,984
Depreciation				
At 29 December 2003	1,507	10,326	-	11,833
Charge for period	172	907	-	1,079
Disposals	-	(279)	-	(279)
At 26 December 2004	1,679	10,954	-	12,633
Net book value				
At 26 December 2004	10,626	15,956	769	27,351
At 28 December 2003	2,258	2,438	11,496	16,192

Land and buildings at net book value includes freeholds of £10,626,000 (2003 - £2,258,000), of which £102,212 (2003 - £102,212) is freehold land which is not depreciated. Included in construction in progress are costs of £627,000 (2003 - £5,811,629) in respect of freehold buildings.

12. STOCKS

	2004 £'000	2003 £'000
Raw materials	184	108

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 26 December 2004

13. DEBTORS

	2004 £'000	2003 £'000
Due within one year		
Trade debtors	4,675	4,911
Amounts owed by group undertakings	499	17
Other debtors	35	73
Prepayments and accrued income	261	299
	<u>5,470</u>	<u>5,300</u>

14. CREDITORS

	2004 £'000	2003 £'000
Amounts falling due within one year		
Bank loans and overdrafts	218	315
Trade creditors	1,062	210
Amounts owed to group undertakings	76,765	72,369
Corporation tax	1,024	797
Other taxation and security	1,646	1,119
Other creditors	301	352
Accruals and deferred income	2,283	1,244
	<u>83,299</u>	<u>76,406</u>

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred tax £'000	Post retirement medical costs £'000	Leasehold property provision £'000	Total £'000
At 29 December 2003	425	546	86	1,057
Charge for the period	1,236	184	7	1,427
Utilisation	-	(46)	(26)	(72)
At 26 December 2004	<u>1,661</u>	<u>684</u>	<u>67</u>	<u>2,412</u>

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.

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

The amounts of provided and unprovided deferred taxation can be analysed as follows:

	2004 £'000	2003 £'000
	Provided	Provided
Depreciation in excess of capital allowances	1,814	664
Other timing differences	(153)	(239)
Deferred tax	<u>1,661</u>	<u>425</u>

Deferred tax on rolled over capital gains of £1,192,000 (2003 - £33,000) has not been provided. No provision is made for tax which would become payable on the sale of intangible assets at the stated amounts as there is no present intention to sell these intangible assets.

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

NOTES TO THE ACCOUNTS 52 weeks ended 26 December 2004

16. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised:		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

17. RESERVES

	2004 £'000	2003 £'000
Share premium account		
At 26 December 2004 and 28 December 2003	<u>35,000</u>	<u>35,000</u>
Profit and loss account		
At 29 December 2003	7,523	11,339
Profit/(loss) for the period	<u>389</u>	<u>(3,816)</u>
At 26 December 2004	<u>7,912</u>	<u>7,523</u>

Profit and loss account reserve

Included within the profit and loss account is £134,000 (2003 - £134,000) of goodwill written off as a matter of accounting policy. This goodwill would be charged to the profit and loss account on the subsequent disposal of the business to which it relates.

18. SHAREHOLDERS' FUNDS

	2004 £'000	2003 £'000
Profit for the financial period	6,639	5,184
Dividends	<u>(6,250)</u>	<u>(9,000)</u>
Net addition to/(reduction in) shareholders' funds	<u>389</u>	<u>(3,816)</u>
Opening shareholders' funds	<u>42,523</u>	<u>46,339</u>
Closing shareholders' funds	<u>42,912</u>	<u>42,523</u>

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 26 December 2004

19. OTHER COMMITMENTS

At 26 December 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Plant and machinery	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Expiry date				
Within one year	2	64	22	27
Between 2 and 5 years	56	37	3	25
In more than 5 years	28	8	-	-

At 26 December 2004 the company had capital commitments of £nil (2003 - £14,891,732).

20. PENSIONS

The company is a member of the Newsquest Pension Scheme, which is primarily 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. On 25 March 2004 the assets and liabilities of the Newsquest Media (Southern) Scheme were transferred into the Newsquest Pension Scheme.

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 £1,196,000 (2003 - £705,000) 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.

21. 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.

22. 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.