Company Registration No. 3223511

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

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

REPORT AND FINANCIAL STATEMENTS 2005

CONTENTS

DIRECTORS' REPORT

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

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 £9,093,000 (2004 - £6,639,000).

Interim dividends of £7,000,000 (2004 - £6,250,000) were paid in the period. The directors do not recommend a final dividend (2004 - £nil).

DIRECTORS AND THEIR INTERESTS

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

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 AUDITORS' REPORT TO THE MEMBERS OF NEWSQUEST (OXFORDSHIRE & WILTSHIRE) 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 22. 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

PROFIT AND LOSS ACCOUNT
52 weeks ended 25 December 2005 (note 1)

	Note	2005 £'000	2004 £'000
TURNOVER	1,2	47,697	44,843
Cost of sales		(8,128)	(7,338)
GROSS PROFIT		39,569	37,505
Operating expenses	3	(24,568)	(24,685)
OPERATING PROFIT	4	15,001	12,820
Interest payable	6	(3,580)	(3,493)
Interest receivable	7	-	13
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		11,421	9,340
Tax charge on profit on ordinary activities	8	(2,328)	(2,701)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		9,093	6,639
Dividends	9	(7,000)	(6,250)
RETAINED PROFIT FOR THE FINANCIAL PERIOD	17	2,093	389

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
25 December 2005 (note 1)

	Note	£'000	2005 £'000	£'000	2004 £'000
FIXED ASSETS					
Intangible assets	10		92,850		95,618
Tangible fixed assets	11		26,640		27,351
			119,490		122,969
CURRENT ASSETS					
Stocks	12	293		184	
Debtors	13	5,820		5,470	
		6,113		5,654	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(77,297)		(83,299)	
NET CURRENT LIABILITIES			(71,184)		(77,645)
TOTAL ASSETS LESS CURRENT LIABILITIES			48,306		45,324
PROVISIONS FOR LIABILITIES AND CHARGES	15		(3,301)		(2,412)
NET ASSETS			45,005		42,912
CAPITAL AND RESERVES					
Called up share capital	16		-		-
Share premium account	17		35,000		35,000
Profit and loss account	17		10,005		7,912
EQUITY SHAREHOLDERS' FUNDS	18		45,005		42,912

The financial statements on pages 4 to 13 were approved by the Board on 15 May 2006 and signed on its behalf.

Paul Hunter

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.

Accounting period

The profit and loss accounts cover the 52 weeks from 27 December 2004 to 25 December 2005 and the 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. 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 and assets in the course of construction. 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.

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.

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.

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2005

1. ACCOUNTING POLICIES (CONTINUED)

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 20 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.

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 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 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

	2005 £'000	2004 £'000
Selling and distribution costs	6,463	7,043
Administrative expenses	18,105	17,642
	24,568	24,685

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2005

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2005 £'000	2004 £'000
Depreciation of tangible fixed assets:		
- owned by the company	1,815	1,079
Amortisation of publishing rights licence	2,768	2,768
Operating lease rentals:		
- hire of plant and machinery	17	44
- land and buildings	102	114
Management charge	499	483
Profit on disposals of fixed assets	(24)	(46)

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

5. STAFF COSTS

Staff costs were as follows:

	2005 £'000	2004 £'000
Wages and salaries	14,156	13,464
Social security costs	1,132	1,160
Other pension costs	365	1,196
	15,653	15,820

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

	No.	No.
Pre-press	73	82
Printing	56	47
Editorial	173	175
Marketing and sales	174	186
Distribution	103	107
Finance and management	63	55
	642	652

There are also 1,906 (2004 – 1,916) 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 2005 was £nil (2004 - £nil). All emoluments and pension payments made by related companies to directors are dealt with in the financial statements of Newsquest Media Group Limited.

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2005

6. INTEREST PAYABLE

	2005 £'000	2004 £'000
Interest payable to group undertakings	3,493	3,493
Other interest payable	84	-
Unwind of discount on provision	3	-
	3,580	3,493

7. INTEREST RECEIVABLE

	2005 £'000	2004 £'000
Other interest receivable	-	13

8. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2005	2004
Analysis of charge in the period:	**£'000**	**£'000**
Current tax:		
UK Corporation tax at 30% (2004 – 30%)	1,296	830
Adjustment in respect of prior periods	(9)	635
Total current tax (see below)	1,287	1,465
Deferred taxation:		
Origination and reversal of timing differences	701	1,239
Adjustment in respect of prior periods	340	(3)
	2,328	2,701

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	*2004*
Analysis of charge in the period:	**£'000**	**£'000**
Profit on ordinary activities before taxation	11,421	9,340
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 30% (2004 - 30%)	3,426	2,802
Expenses not deductible for tax purposes	(46)	(35)
Capital allowances in period in excess of depreciation	(632)	(1,009)
Utilisation of tax losses	(1,452)	(928)
Adjustments to tax charge in respect of previous periods	(9)	635
	1,287	1,465

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.

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2005

9. DIVIDENDS

	2005 £'000	2004 £'000
Interim dividend paid	7,000	6,250

10. INTANGIBLE ASSETS

	Licences to publishing rights £'000	Publishing rights £'000	Total £'000
Cost			
At 25 December 2005 and 26 December 2004	69,200	31,262	100,462
Amortisation			
At 27 December 2004	4,844	-	4,844
Charge for the period	2,768	-	2,768
At 25 December 2005	7,612	-	7,612
Net book value			
At 25 December 2005	61,588	31,262	92,850
At 26 December 2004	64,356	31,262	95,618

On 31 March 2003 the company purchased a licence to publish the titles owned by Newsquest (Wiltshire) Limited for 25 years for cash consideration of £69,200,000.

11. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and equipment £'000	Construction in progress £'000	Total £'000
Cost				
At 27 December 2004	12,305	26,910	769	39,984
Additions	-	680	454	1,134
Disposals	-	(1,830)	-	(1,830)
Transfers to group companies	-	(33)	-	(33)
Reclassification	-	89	(89)	-
At 25 December 2005	12,305	25,816	1,134	39,255
Depreciation				
At 27 December 2004	1,679	10,954	-	12,633
Charge for period	414	1,401	-	1,815
Disposals	-	(1,813)	-	(1,813)
Transfers to group companies	-	(20)	-	(20)
At 25 December 2005	2,093	10,522	-	12,615
Net book value				
At 25 December 2005	10,212	15,294	1,134	26,640
At 26 December 2004	10,626	15,956	769	27,351

Land and buildings at net book value includes freeholds of £10,212,000 (2004 - £10,626,000), of which £165,000 (2004 - £165,000 restated) is freehold land which is not depreciated. Included in construction in progress are costs of £984,000 (2004 - £627,000) in respect of freehold buildings.

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2005

12. STOCKS

	2005 £'000	2004 £'000
Raw materials	293	184

13. DEBTORS

	2005 £'000	2004 £'000
Due within one year		
Trade debtors	4,578	4,675
Amounts owed by group undertakings	706	499
Other debtors	275	35
Prepayments and accrued income	261	261
	5,820	5,470

14. CREDITORS

	2005 £'000	2004 £'000
Amounts falling due within one year		
Bank loans and overdrafts	30	218
Trade creditors	489	1,062
Amounts owed to group undertakings	71,878	76,765
Corporation tax	1,197	1,024
Other taxation and security	1,499	1,646
Other creditors	30	301
Accruals and deferred income	2,174	2,283
	77,297	83,299

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred tax £'000	Post retirement medical costs £'000	Leasehold property provision £'000	Total £'000
At 27 December 2004	1,661	684	67	2,412
Charge/(credit) for the period	1,041	(85)	(18)	938
Utilisation	-	(49)	(3)	(52)
Unwind of discount on provisions	-	-	3	3
At 25 December 2005	2,702	550	49	3,301

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.

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2005

15. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

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

	Provided	
	2005	**2004**
	£'000	**£'000**
Depreciation in excess of capital allowances	2,759	1,814
Other timing differences	(57)	(153)
Deferred tax	2,702	1,661

Deferred tax on rolled over capital gains of £1,166,000 (2004 - £1,192,000) 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.

16. CALLED UP SHARE CAPITAL

	2005	**2004**
	£	**£**
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid:		
100 ordinary shares of £1 each	100	100

17. RESERVES

	2005	**2004**
	£'000	**£'000**
Share premium account		
At 25 December 2005 and 26 December 2004	35,000	35,000
Profit and loss account		
At 27 December 2004	7,912	7,523
Profit for the period	2,093	389
At 25 December 2005	10,005	7,912

Profit and loss account reserve

Included within the profit and loss account is £134,000 (2004 - £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

	2005	**2004**
	£'000	**£'000**
Profit for the financial period	9,093	6,639
Dividends	(7,000)	(6,250)
Net addition to shareholders' funds	2,093	389
Opening shareholders' funds	42,912	42,523
Closing shareholders' funds	45,005	42,912

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2005

19. OTHER COMMITMENTS

At 25 December 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Plant and machinery	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Expiry date				
Within one year	2	2	-	22
Between 2 and 5 years	68	56	19	3
In more than 5 years	28	28	-	-

At 25 December 2005 the company had capital commitments of £79,000 (2004 - £nil).

20. 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 £365,000 (2004 - £1,196,000) 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).

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.