Company Registration No 3223511

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

Directors' Report and Financial Statements
for the 52 weeks ended 27 December 2009

REPORT AND FINANCIAL STATEMENTS 2009

CONTENTS

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the 52 weeks ended 27 December 2009

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The company's principal activity continues to be that of printing and publishing local news and information

The company's key financial and other performance indicators during the financial period were as follows

	2009 £'000	2008 £'000	Change
Turnover	35,513	45,275	(21 6)%
Adjusted EBITDA*	7,908	14,905	(46 9)%
Adjusted EBITDA* margin	22 3%	32 9%	(10 6)pts

* Earnings before interest, tax, depreciation, amortisation, impairment charges and restructuring costs

Turnover represents revenue generated from the company's principal activity All categories of newspaper advertising revenues declined in the year, resulting in 2009 turnover decreasing by 21 6% due to the recession

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 through the recession

The gradual recovery in the economy is expected to have a positive impact on revenues, although there remains uncertainty about the timing and extent of growth

During the year the company entered a services arrangement with Newsquest (Midlands South) Limited for the provision of back office administration services

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in a competitive and dynamic environment where maintaining and developing the interest of the audience is critical to its commercial success in attracting advertisers and readers Competing newspapers and alternative media including the internet impact the company's ability to grow revenues

The company manages this competitive risk by continually seeking to ensure its products meet the needs of the communities they serve and investing in internet based services This investment in digital media by the company is creating promising opportunities for revenue generation

The company is also exposed to the general economic conditions that affect its advertisers and readers, particularly in the property, motors and employment markets The company's profitability is also affected by labour and benefit costs, the main operating costs of the company, along with newsprint prices The ability of the company to flex these costs in line with revenues in the short term is limited

The risks and uncertainties facing the company are linked to those of its fellow subsidiaries in the UK The current results reflect the benefits arising from the relationship with fellow subsidiaries in terms of financing, purchasing efficiency, disaster recovery and information technology

RESULTS AND DIVIDENDS

The profit after taxation for the period amounted to £3,673,000 (2008 - £41,341,000 loss)

Interim dividends of £nil (2008 - £nil) were paid in the period The directors do not recommend a final dividend (2008 - £nil)

DIRECTORS

The directors who served during the period are listed below

P Davidson
P Hunter

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

DIRECTORS' REPORT

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 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 on-going 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 Annual 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 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

DIRECTORS' REPORT

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 is expected to continue to generate positive cash flows on its own account for the foreseeable future The company participates in the group's centralised treasury arrangements and so shares banking arrangements with Newsquest Media Group Limited and fellow subsidiaries

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 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

In accordance with the provisions of Section 386 of the Companies Act 1985, an elective resolution was passed on 16 December 2005 dispensing with the requirement to appoint auditors annually This election was in force immediately before 1 October 2007 Therefore Ernst & Young LLP are deemed to continue as auditors

This report was approved by the Board on 7 May 2010 and signed on its behalf

N Carpenter
Joint Company Secretary

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

We have audited the financial statements of Newsquest (Oxfordshire & Wiltshire) Limited for the year ended 27 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 22 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 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

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 27 December 2009 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 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 7/5/10

PROFIT AND LOSS ACCOUNT
52 weeks ended 27 December 2009 (note 1)

	Note	2009 £'000	2008 £'000
TURNOVER	1,2	35,513	45,275
Cost of sales		(9,873)	(9,439)
GROSS PROFIT		25,640	35,836
Operating expenses	3	(19,759)	(26,662)
Impairment of intangibles	4	-	(47,941)
OPERATING PROFIT/(LOSS)	4	5,881	(38,767)
Interest receivable	6	-	2
Interest payable and similar charges	7	(983)	(1,732)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		4,898	(40,497)
Tax charge on profit/(loss) on ordinary activities	8	(1,225)	(844)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	17	3,673	(41,341)

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
27 December 2009 (note 1)

	Note	£'000	2009 £'000	£'000	2008 £'000
FIXED ASSETS					
Intangible assets	9		24,970		25,305
Tangible fixed assets	10		21,877		22,959
			46,847		48,264
CURRENT ASSETS					
Stocks	11	-		455	
Debtors	12	-		4,877	
Cash at bank and in hand		-		17	
		-		5,349	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(500)		(43,523)	
NET CURRENT LIABILITIES			(500)		(38,174)
TOTAL ASSETS LESS CURRENT LIABILITIES			46,347		10,090
CREDITORS. AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14		(32,612)		-
PROVISIONS FOR LIABILITIES	15		(3,475)		(3,514)
NET ASSETS			10,260		6,576
CAPITAL AND RESERVES					
Called up share capital	16		-		-
Share premium account	17		35,000		35,000
Profit and loss account	17		(24,740)		(28,424)
SHAREHOLDERS' FUNDS	17		10,260		6,576

The financial statements on pages 5 to 17 were approved by the Board on 7 May 2010 and signed on its behalf

Paul Hunter

P Hunter
Director

NOTES TO THE ACCOUNTS
52 weeks ended 27 December 2009

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 2008 to 27 December 2009 and 52 weeks from 31 December 2007 to 28 December 2008 The balance sheets for 2009 and 2008 have been drawn up at 27 December 2009 and 28 December 2008 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 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 '

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 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	-	4% - 50% straight line basis

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 capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives

Intangible fixed assets

Internally developed intangibles are not carried on the balance sheet Intangible fixed assets represent licences to publishing rights and publishing rights

Licences to use publishing rights are stated at cost and amortised over the licence period on a straight line basis Publishing rights are stated at fair value on acquisition Publishing rights are not subsequently revalued The directors believe that the company's publishing rights have no finite life and consequently the rights are not amortised

Intangible assets are reviewed for impairment annually, and provision is made for any impairment in value where the recoverable amount is calculated to be below the carrying value The recoverable amount is the higher of fair value less selling costs and value in use Value in use is based on the net present value of estimated future cash flows discounted at the company's pre-tax weighted average cost of capital Any impairment loss is recognised as an expense immediately

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

NOTES TO THE ACCOUNTS
52 weeks ended 27 December 2009

1 ACCOUNTING POLICIES (CONTINUED)

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

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 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 19 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 he 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 27 December 2009, 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

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

NOTES TO THE ACCOUNTS
52 weeks ended 27 December 2009

1 ACCOUNTING POLICIES (CONTINUED)

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

The company has taken advantage of the transitional provisions of FRS 20 in respect of equity-settled awards so as to apply FRS 20 only to those equity-settled awards granted after 7 November 2002 that had not vested before the date of implementation by this company, 1 January 2007

For awards granted before 7 November 2002, the company recognises only the intrinsic value or cost of these potential awards as an expense This is accrued over the performance period of each plan based on the intrinsic value of the equity settled awards

2 TURNOVER

The whole of the turnover is attributable to the one principal activity of the company being printing and publishing local news and information, and arises in the United Kingdom

3 OPERATING EXPENSES

	2009 £'000	2008 £'000
Selling and distribution costs	4,522	6,201
Administrative expenses	15,237	19,218
Exceptional restructuring costs	-	1,243
	19,759	26,662

4. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting)

	2009 £'000	2008 £'000
Depreciation of tangible fixed assets		
- owned by the company	1,649	1,692
- held under finance leases	43	28
Amortisation of publishing rights licence	335	2,768
Impairment of intangibles	-	47,941
Operating lease rentals		
- hire of plant and machinery	31	30
- land and buildings	72	106
Management charge	780	872
Loss/(profit) on disposal of fixed assets	51	(23)

Audit services for the entire Gannett U K Limited group totalling £330,500 (2008 - £268,000) were borne by Newsquest Media Group Limited in the current and prior period The company has paid its allocation of the audit fees through the management charge

5 STAFF COSTS

Staff costs were as follows

	2009 £'000	2008 £'000
Wages and salaries	10,647	13,648
Social security costs	870	1,079
Other pension costs	934	659
	12,451	15,386

NOTES TO THE ACCOUNTS
52 weeks ended 27 December 2009

5. STAFF COSTS (CONTINUED)

Included in wages and salaries is a total expense for share-based payments of £11,000 (2008 - £58,000), all of which arises from transactions accounted for as equity-settled share-based payment transactions

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

	No	No.
Pre-press	17	42
Printing	59	61
Editorial	136	160
Marketing and sales	130	161
Distribution	56	85
Finance and management	29	48
	427	557

There are also 997 (2008 – 1,153) 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 2009 was £nil (2008 - £nil) All emoluments and pension payments made by related companies to directors are dealt with in the financial statements of Newsquest Media Group Limited

6 INTEREST RECEIVABLE

	2009 £'000	2008 £'000
Other interest receivable	-	2

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £'000	2008 £'000
Interest payable to group undertakings	963	1,708
Unwind of discount on provisions (note 15)	20	24
	983	1,732

8. TAX CHARGE ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2009	2008
Analysis of charge in the period	**£'000**	**£'000**
Current tax		
UK Corporation tax at 28% (2008 – 28 5%)	454	644
Adjustment in respect of prior periods	843	169
Total current tax (see below)	1,297	813
Deferred taxation		
Origination and reversal of timing differences	(29)	32
Adjustment in respect of prior periods	(43)	(1)
	1,225	844

NOTES TO THE ACCOUNTS
52 weeks ended 27 December 2009

8. TAX CHARGE ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (CONTINUED)

The tax charge for the period is different to the standard rate of corporation tax in the UK In 2008 the tax charge was time apportioned around the effective date of the rate change (28 5%) The differences are explained below

Analysis of charge in the period·	2009 £'000	2008 £'000
Profit/(loss) on ordinary activities before taxation	4,898	(40,497)
Profit/(loss) on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 28% (2008 – 28 5%)	1,371	(11,541)
Expenses not deductible for tax purposes	175	14,498
Capital allowances in period in excess of depreciation	66	(19)
Utilisation of tax losses	(1,120)	(2,280)
Adjustments to tax charge in respect of previous periods	843	169
Other timing differences	(38)	(14)
	1,297	813

Tax losses arising within the Gannett U K 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

9 INTANGIBLE ASSETS

	Licences to publishing rights £'000	Publishing rights £'000	Total £'000
Cost			
At 27 December 2009 and 28 December 2008	69,200	31,262	100,462
Amortisation			
At 29 December 2008	62,743	12,414	75,157
Charge for the period	335	-	335
At 27 December 2009	63,078	12,414	75,492
Net book value			
At 27 December 2009	6,122	18,848	24,970
At 28 December 2008	6,457	18,848	25,305

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

NOTES TO THE ACCOUNTS
52 weeks ended 27 December 2009

10 TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and equipment £'000	Construction in progress £'000	Total £'000
Cost				
At 29 December 2008	13,215	26,553	295	40,063
Additions	-	741	-	741
Disposals	(611)	(686)	-	(1,297)
Reclassifications	-	254	(254)	-
At 27 December 2009	12,604	26,862	41	39,507
Depreciation				
At 29 December 2008	3,392	13,712	-	17,104
Charge for period	452	1,240	-	1,692
Disposals	(543)	(623)	-	(1,166)
At 27 December 2009	3,301	14,329	-	17,630
Net book value				
At 27 December 2009	9,303	12,533	41	21,877
At 28 December 2008	9,823	12,841	295	22,959

Land and buildings at net book value includes freeholds of £9,303,000 (2008 - £9,823,000), of which £165,000 (2008 - £165,000) is freehold land which is not depreciated Included in construction in progress are costs of £41,000 (2008 - £41,000) in respect of freehold buildings Also, included within plant and equipment are leased assets with a net book value of £139,000 (2008 - £182,000)

11 STOCKS

	2009 £'000	2008 £'000
Raw materials	-	455

12. DEBTORS

	2009 £'000	2008 £'000
Due within one year		
Trade debtors	-	3,802
Amounts owed by group undertakings	-	597
Other debtors	-	106
Prepayments and accrued income	-	372
	-	4,877

NOTES TO THE ACCOUNTS
52 weeks ended 27 December 2009

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Trade creditors	-	272
Amounts owed to group undertakings	-	39,051
Corporation tax	362	552
Other taxation and security	2	1,008
Other creditors	35	540
Accruals and deferred income	101	2,100
	500	43,523

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

	2009 £'000	2008 £'000
Amounts owed to group undertakings	32,612	-

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

15. PROVISIONS FOR LIABILITIES

	Deferred tax £'000	Post retirement medical costs £'000	Leasehold property provision £'000	Total £'000
At 29 December 2008	3,059	434	21	3,514
(Credit)/charge for the period	(72)	25	8	(39)
Utilisation	-	(20)	-	(20)
Unwind of discount on provisions	-	19	1	20
At 27 December 2009	2,987	458	30	3,475

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 deferred taxation can be analysed as follows

	Provided 2009 £'000	2008 £'000
Depreciation in excess of capital allowances	3,037	3,118
Other timing differences	(50)	(59)
	2,987	3,059

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

Deferred taxation on rolled over capital gains of £963,000 (2008 - £457,000) has not been provided There is no other unprovided deferred tax

NOTES TO THE ACCOUNTS
52 weeks ended 27 December 2009

16. CALLED UP SHARE CAPITAL

	2009 £	2008 £
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 AND RECONCILIATION OF SHAREHOLDERS' FUNDS

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 31 December 2007	-	35,000	2,859	37,859
Loss for the period	-	-	(41,341)	(41,341)
Share-based payment	-	-	58	58
Capital contribution	-	-	10,000	10,000
At 28 December 2008	-	35,000	(28,424)	6,576
Profit for the period	-	-	3,673	3,673
Share-based payment	-	-	11	11
At 27 December 2009	-	35,000	(24,740)	10,260

Profit and loss account reserve

Included within the profit and loss account is £134,000 (2008 - £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

During the prior period the company received a capital contribution of £10,000,000 from its parent company, Newsquest Media Group Limited The capital contribution may be returned as a distribution by way of a dividend or on a winding up

18 OTHER COMMITMENTS

At 27 December 2009 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2009 £'000	Land and buildings 2008 £'000	Plant and machinery 2009 £'000	Plant and machinery 2008 £'000
Expiry date				
Within one year	-	2	6	6
Between 2 and 5 years	72	72	5	5

At 27 December 2009 the company had no capital commitments (2008 - £nil)

NOTES TO THE ACCOUNTS
52 weeks ended 27 December 2009

19 PENSIONS

The company is a member of the Newsquest Pension Scheme ("the Scheme"), which is 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 £896,000 (2008 - £622,000) 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 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 £38,000 (2008 - £37,000)

20 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

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

			Restated	Restated
	2009 No	2009 WAEP	2008 No	2008 WAEP
Outstanding as at 29 December 2008 and 31 December 2007	126,772	$59 59	129,472	$68 59
Granted during the year	13,300	$13 16	18,400	$7 53
Forfeited during the year	(38,275)	$62 71	(27,725)	$69 31
Transferred from fellow subsidiaries	-	-	6,625	$68 87
Outstanding at 27 December 2009[1] and 28 December 2008[1]	101,797	$52 34	126,722	$59 59
Exercisable at 27 December 2009 and 28 December 2008	72,110	$66 32	90,988	$71 46

[1] Included within this balance are options over 14,234 (2008 22,109 restated) shares that have not been recognised in accordance with FRS 20 as the options were granted on or before 7 November 2002 These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 20

The comparative 2008 disclosures have been amended to reflect the 10 year contractual life of options granted from 1999 through to 2003 rather than 8 years For the share options outstanding at 27 December 2009, the weighted average contractual life is 4 64 years (2008 4 99 years restated)

The weighted average fair value of options granted during the year was $6 10 (2008 - $0 06) The range of exercise prices for options outstanding at the end of2009 was $7 53 - $87 33 (2008 $7 53 - $87 33)

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 The following table lists the inputs to the model for the years ended 27 December 2009 and 28 December 2008

NOTES TO THE ACCOUNTS
52 weeks ended 27 December 2009

20 SHARE-BASED PAYMENTS (CONTINUED)

	2009	2008
Dividend yield (%)	1 00%	13 30%
Expected share price volatility (%)	59 18%	34 63%
Risk-free interest rate (%)	2 26%	1 55%
Expected life of options (years)	4 5	4 5
Weighted average share price	$13 16	$7 53

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome

No other features of options granted were incorporated into the measurement of fair value

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 For grants made in 2005, during the incentive period the employee is entitled to receive an amount equal to the cash dividend Gannett Co , Inc would have paid had the employee actually owned the shares This does not apply to subsequent grants

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

	2009 No	2009 WAEP	2008 No	2008 WAEP
Outstanding as at 29 December 2008 and 31 December 2007	275	$32 91	125	$52 12
Granted during the year	-	-	450	$16 91
Fortified during the year	-	-	(300)	$16 91
Outstanding at 27 December 2009 and 28 December 2008	275	$32 91	275	$32 91

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

	2009 No	2009 WAEP	2008 No.	2008 WAEP
Outstanding as at 29 December 2008 and 31 December 2007	8,760	$15 93	3,550	$35 84
Granted during the year	4,410	$13 16	6,160	$7 53
Fortified during the year	(1,500)	$16 97	(1,050)	$35 84
Transferred from fellow subsidiaries	-	-	100	$35 84
Outstanding at 27 December 2009 and 28 December 2008	11,670	$14 75	8,760	$15 93

Savings Related Share Option Scheme ('ShareSave Plan')

The company participated in the Group's savings related share option scheme Under the ShareSave Plan, employees were granted options to purchase shares at the end of a 3 year savings period, at a price of £47 20 ($86 85) per share Although the scheme matured at the end of August 2007, employees retained the right to use their savings to exercise their option over the shares for six months after the date of maturity The right to exercise lapsed during the prior year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, the ShareSave scheme during the prior year

NOTES TO THE ACCOUNTS
52 weeks ended 27 December 2009

20 SHARE-BASED PAYMENTS (CONTINUED)

	2009 No	2009 WAEP	2008 No	2008 WAEP
Outstanding as at 29 December 2008 and 31 December 2007	-	-	5,061	$86 85
Forfeited during the year	-	-	(5,061)	$86 85
Outstanding at 27 December 2009 and 28 December 2008	-	-	-	

The fair value of equity-settled share options granted is based on the closing share price at the time of the ShareSave launch, taking into account the terms and conditions upon which the options were granted The following table lists the inputs to the model for the ShareSave scheme, which commenced on 15 July2004

	2009	2008
Dividend yield (%)	-	1 33%
Expected share price volatility (%)	-	19 16%
Risk-free interest rate (%)	-	3 83%
Expected life of options (years)	-	7
Weighted average share price	-	$86 85

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome

No other features of options granted were incorporated into the measurement of fair value

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