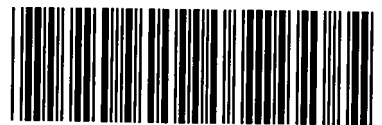


NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

**Annual Report and Financial Statements
for the 52 weeks ended 27 December 2015**

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ANNUAL REPORT AND FINANCIAL STATEMENTS 2015

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Country of incorporation:

A company incorporated in Great Britain and registered in England and Wales.

Registered address:

Loudwater Mill, Station Road, High Wycombe, Buckinghamshire, HP10 9TY

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

STRATEGIC REPORT

The directors present their strategic report for the 52 weeks ended 27 December 2015.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

Newsquest (Oxfordshire & Wiltshire) Limited ("the company") is a wholly owned subsidiary undertaking of Newsquest Media Group Limited (collectively with other subsidiaries "the group").

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

During the year, to comply with the changes in UK Accounting Standards (UK GAAP) the company has transitioned to FRS 101 - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. Newsquest Media Group Limited was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. The only material recognition or measurement difference arising on the adoption of FRS 101 is the recognition of a deferred tax liability on publishing and other rights.

Key Performance indicators

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

| | *2015 £'000 | *2014 £'000 | Change |
|--------------------------|----------------|----------------|--------|
| Turnover | 25,802 | 28,292 | (8.8%) |
| Adjusted EBITDA** | 6,656 | 7,081 | (6.0%) |
| Adjusted EBITDA** margin | 25.8% | 25.0% | 0.8 |

* The income statements cover the 52 weeks from 29 December 2014 to 27 December 2015 and the 52 weeks from 30 December 2013 to 28 December 2014.

** Earnings before interest, tax, depreciation, amortisation, impairment of intangible fixed assets and restructuring costs.

Turnover represents revenue generated from the company's principal activity. The year on year decline in turnover is largely explained by lower advertising and circulation revenue in print media. Digital display revenues continue to show year on year growth, mitigating the decline in print revenues. The directors expect this trend to continue going forward.

Following the split of Gannett, the company's ultimate parent, into two separate legal entities in 2015, the world wide group was debt free at the balance sheet date. As a consequence, the weighted average cost of capital (WACC) used to discount the projected cash flows of the company for assessing indefinite lived intangibles for impairment was much higher than in previous years. This is the most significant year on year change leading to the impairment change of £7,598,000.

During the period the company continued to make a series of cost reductions and restructured processes to improve performance.

PRINCIPAL RISKS AND UNCERTAINTIES

Consistent and sustainable revenue growth

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 group'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.

General economic conditions

The company is also exposed to the general economic conditions that affect its advertisers and readers, particularly in the property, motors and employment advertising markets. The group's profitability is also affected by workforce 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.

Operating and financial synergies

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.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Financial risk management

The company is a subsidiary undertaking within the group. Cash funds of the group are managed at a group level. Interest is received and paid by the company on certain loans with other group companies.

Liquidity and interest rate risk

The company's arrangements with the group, as described above, ensure it can access the funds needed to meet its liquidity requirements as cash can be obtained through group funding. Interest receivable and payable on loans with other group companies are calculated at rates of interest stipulated under the group loan agreement. The group's liquidity requirements and interest rate risks are managed at a group level.

This report was approved by the Board and signed on its behalf on 2 December 2016 by:



N Carpenter
Joint Company Secretary

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the 52 weeks ended 27 December 2015.

RESULT, DIVIDENDS AND FUTURE PROSPECTS

The loss after taxation for the period amounted to £1,375,000 (2014 - £4,777,000 restated profit).

Interim dividends of £2,122,869 (2014 - £nil) were paid in the period. The directors do not recommend a final dividend (2014 - £nil).

The company's principal activity continues to be that of publishing and printing local news and information. The directors expect this to continue for the foreseeable future.

Digital display revenues continue to show year on year growth, mitigating the decline in print revenues. The directors expect this trend to continue going forward.

DIRECTORS

The following directors held office during the period and up to the date of signing the financial statements:

H Faure Walker
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 Strategic Report and Directors' Report.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Details of political and charitable contributions are contained in the directors' report and consolidated financial statements of Newsquest Media Group 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.

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.

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 Strategic Report, the Directors' Report and the financial statements in accordance with applicable UK 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;

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' RESPONSIBILITIES (CONTINUED)

- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 and in the Strategic 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 operating 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 Strategic Report and Directors' Report are listed on page 3. Having made enquiries 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 2 December 2016 by:



N Carpenter
Joint Company Secretary

Independent auditor's report

to the members of Newsquest (Oxfordshire & Wiltshire) Limited

We have audited the financial statements of Newsquest (Oxfordshire & Wiltshire) Limited for the period ended 27 December 2015 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 19. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 to 4, 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 Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2015 and its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; 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 Strategic Report and the Directors' Report for the financial period 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, Statutory Auditor
London

2/12/16

INCOME STATEMENT

52 weeks ended 27 December 2015 (note 1)

| | Note | 2015 £'000 | Restated 2014 £'000 |
|---|------|---------------|---------------------------|
| TURNOVER | | 25,802 | 28,292 |
| Cost of sales | | (5,992) | (7,176) |
| GROSS PROFIT | | 19,810 | 21,116 |
| Selling and distribution costs | | (3,375) | (3,380) |
| Administrative expenses | | (11,360) | (12,290) |
| Impairment of intangible fixed assets | 2 | (7,598) | - |
| Exceptional restructuring costs | 2 | (272) | (863) |
| OPERATING (LOSS)/PROFIT | 2 | (2,795) | 4,583 |
| Interest payable and similar charges | 4 | (9) | (12) |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | (2,804) | 4,571 |
| Income tax credit | 5 | 1,429 | 206 |
| (LOSS)/PROFIT FOR THE FINANCIAL PERIOD | 13 | (1,375) | 4,777 |

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 income statement above and therefore no separate Statement of Other Comprehensive Income has been presented.

The notes on pages 9 to 26 form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
52 weeks ended 27 December 2015

| | Share capital £'000 | Share premium £'000 | Retained earnings £'000 | Total £'000 |
|--|---------------------------|---------------------------|-------------------------------|----------------|
| As at 29 December 2013 | - | 35,000 | (28,821) | 6,179 |
| Change in accounting policy (note 19) | - | - | (6,351) | (6,351) |
| As at 29 December 2013 | - | 35,000 | (35,172) | (172) |
| Profit for the period (restated) | - | - | 4,777 | 4,777 |
| Capital reduction ¹ | - | (35,000) | 35,000 | - |
| Share-based payment transactions (note 3) | - | - | 35 | 35 |
| Recharges from ultimate parent in respect of shares exercised (note 3) | - | - | (262) | (262) |
| As at 28 December 2014 | - | - | 4,378 | 4,378 |
| Loss for the period | - | - | (1,375) | (1,375) |
| Share-based payment transactions (note 3) | - | - | 9 | 9 |
| Dividends (note 12) | - | - | (2,123) | (2,123) |
| Recharges from ultimate parent in respect of shares exercised (note 3) | - | - | (89) | (89) |
| At 27 December 2015 | - | - | 800 | 800 |

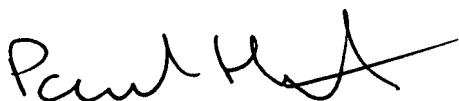
¹ On 10 December 2014, a special resolution was passed to reduce the share capital of the company by the cancellation of £99 from the £1 ordinary shares and £34,999,902 from the share premium account, and to transfer these amounts to the retained earnings.

BALANCE SHEET
27 December 2015

| | Note | £'000 | 2015 £'000 | Restated 2014 £'000 |
|--|------|----------|-----------------|---------------------------|
| FIXED ASSETS | | | | |
| Intangible assets | 6 | | 15,354 | 23,288 |
| Tangible fixed assets | 7 | | 14,341 | 15,543 |
| | | | <u>29,695</u> | <u>38,831</u> |
| CURRENT LIABILITIES | | | | |
| Creditors: amounts falling due within one year | 8 | (831) | (151) | |
| NET CURRENT LIABILITIES | | | | |
| | | | <u>(831)</u> | <u>(151)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | | |
| | | | 28,864 | 38,680 |
| NON-CURRENT LIABILITIES | | | | |
| Amounts owed to group undertakings | | (22,993) | (26,970) | |
| Deferred tax liabilities | 9 | (4,974) | (7,085) | |
| TOTAL NON-CURRENT LIABILITIES | | | | |
| | | | <u>(27,967)</u> | <u>(34,055)</u> |
| PROVISIONS FOR LIABILITIES | | | | |
| | 10 | | <u>(97)</u> | <u>(247)</u> |
| NET ASSETS | | | | |
| | | | <u>800</u> | <u>4,378</u> |
| CAPITAL AND RESERVES | | | | |
| Called up share capital | 11 | | - | - |
| Retained earnings | 13 | | 800 | 4,378 |
| TOTAL EQUITY | | | | |
| | | | <u>800</u> | <u>4,378</u> |

The notes on pages 9 to 26 form part of the financial statements.

The financial statements on pages 6 to 26 were approved by the Board and signed on its behalf on 2 December 2016 by:



P Hunter
Director

NOTES TO THE ACCOUNTS

52 weeks ended 27 December 2015

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The company meets the definition of a qualifying entity for the purpose of FRS 101 (Financial Reporting Standard 101) accordingly, in the 52 week ended 27 December 2015 the company has undergone transition from reporting under United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) to FRS 101 as issued by the Financial Reporting Council and the Companies Act 2006.

The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework'. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to: presentation of financial statements, business combinations, share-based payment, accounting policies, changes in accounting estimates and errors; non-current assets held for sale, financial instruments, fair value measurements, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, impairment of assets, related party transactions and standards not yet effective.

The company is included in the consolidated financial statements of Newsquest Media Group Limited that are available to the public (note 18). Where relevant, equivalent disclosures are made in the consolidated accounts including the presentation of a cash flow statement, the company has taken advantage of the exemption granted by Financial Reporting Standard 101 – 'Reduced Disclosure Framework' not to present a cash flow statement.

The principal accounting policies adopted are set out under the notes below.

New and amended standards and interpretations

The financial statements of the company do not comply with all the requirements of IFRS's and do not therefore contain the unreserved statement of compliance set out in paragraph 16 of IAS 1 "presentation of financial statements".

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative, is effective from 1 January 2016.
- Amendments to IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets', on depreciation and amortisation, are effective from 1 January 2016.
- IFRS 9*, 'Financial Instruments', is effective from 1 January 2018.
- IFRS 14, 'Regulatory deferral accounts', is effective from 1 January 2016.
- IFRS 15*, 'Revenue from contracts with customers', is effective from 1 January 2017.
- IFRS 16, 'Lease arrangements and their treatment in the financial statements', is effective from 1 January 2019.
- Annual improvements to IFRS 2014, are effective from 1 January 2016.

* Not yet endorsed by the EU.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company.

NOTES TO THE ACCOUNTS

52 weeks ended 27 December 2015

1. ACCOUNTING POLICIES (CONTINUED)

Accounting period

The income statements cover the 52 weeks from 29 December 2014 to 27 December 2015 and 52 weeks from 30 December 2013 to 28 December 2014. The balance sheets for 2015 and 2014 have been drawn up at 27 December 2015 and 28 December 2014 respectively.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Publishing and other rights

The company's intangible assets are publishing rights which are stated at fair value on acquisition with no subsequent revaluation. These publishing rights have no finite life and consequently are not amortised. The company does not capitalise internally generated publishing rights.

The carrying value of the publishing rights is reviewed for impairment at least annually with testing undertaken to determine any diminution in the recoverable amount below carrying value. The recoverable amount is the higher of the fair value less costs to sell and the publishing rights value in use. The latter 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. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

For the purpose of impairment testing, publishing rights are allocated to each of the company's cash generating units. The directors consider the publishing rights to be one homogenous cash generating unit. The cash generating unit is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of the value of publishing rights and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Provisions for onerous leases and dilapidations

Where the company ceases to occupy a rented property for its trade, an estimate of the anticipated total future cost payable under the terms of the operating lease, including rentals, rates and other related expenses, is charged to the income statement at the point where the unavoidable costs of meeting the obligations under the lease exceed the economic benefits expected to be received under it. Where there is a break clause in the lease, rentals are provided for up to that point. In addition, an estimate is made of the likelihood of sub-letting the premises and any rentals that would be receivable from a sub-tenant. Where receipt of sub-lease rentals is considered likely, these amounts are deducted from the rentals payable by the group under the lease and provision charged for the net amount.

Under the terms of a number of property leases, the company is required to return the property to its original condition at the lease expiry date. The company has estimated the expected costs of these dilapidations and charged these costs to the income statement.

NOTES TO THE ACCOUNTS

52 weeks ended 27 December 2015

1. ACCOUNTING POLICIES (CONTINUED)

Judgements and key sources of estimation uncertainty (continued)

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. Further details are contained in note 9.

Valuation of share-based payments

The company estimates the expected value of equity-settled share-based payments and this is charged through the income statement over the vesting periods of the relevant awards. The cost is estimated using a Black-Scholes valuation model. The Black-Scholes calculations are based on a number of assumptions and are amended to take account of estimated levels of share vesting and exercise.

Significant accounting policies

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue is derived from advertising, printing and publishing local news and information, and arises mainly in the United Kingdom.

Print advertising revenues and circulation revenues for paid-for newspapers are recognised upon publication of the relevant newspaper.

Digital revenues are recognised on publication for advertising or delivery of the service for other digital revenues. The company recognises digital revenue from the display of graphical advertisements based on the actual impressions delivered in the period. An impression is delivered when an advertisement appears in pages viewed by users.

Printing revenue is recognised when the service is provided.

Revenues from barter transactions are recognised when the advertisements are published and are recorded at the fair value of goods or services received, in accordance with SIC 31, 'Barter Transactions involving Advertising Services.'

Royalties

Royalty income is recognised on an accruals basis in accordance with the relevant agreements and is included in other income.

Operating (loss)/profit

Operating (loss)/profit is stated after charging restructuring or other exceptional costs but before investment income, other finance income and finance costs.

Exceptional items

The company presents as exceptional items those material items of income and expense which, because of the nature and expected frequency of the events giving rise to them, merit separate presentation to explain the elements of financial performance in the year and to facilitate comparison with prior periods.

NOTES TO THE ACCOUNTS

52 weeks ended 27 December 2015

1. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Tangible fixed assets and depreciation

Property, plant and equipment are stated at cost, net of accumulated depreciation and any accumulated impairment losses. The company has elected, where appropriate, to use book values at the date of transition as the "deemed" cost of plant, property and equipment. Consequently any historic asset revaluations will not be updated. In all other cases cost comprises the aggregate amount paid and the fair value of any other consideration given and includes costs directly attributable to making the asset capable of operating as intended. No depreciation is provided on assets in the course of construction.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

| | |
|---|--------------|
| Freehold buildings (excluding land) | 50 years |
| Web offset presses (excluding press components) | 25 years |
| Pre-press systems | 5 - 7 years |
| Computer equipment | 3 years |
| Other plant and machinery | 3 - 15 years |
| Motor vehicles | 4 years |

Short leases are written off over the duration of the lease. Land is not depreciated.

The carrying values of tangible fixed assets are reviewed for impairment, if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is certain. The expense relating to any provision is presented in the income statement net of any reimbursement. When discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Operating leases

Operating lease rentals are charged to the income statement on a straight line basis over the periods of the leases. Where lease incentives are provided with the operating lease contract, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the term of the lease.

Where the company is a lessor, rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

NOTES TO THE ACCOUNTS

52 weeks ended 27 December 2015

1. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Taxation (continued)

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax-based values used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax outcomes that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when the relevant requirements of IAS 12 are satisfied.

Pensions

The company participates in both a defined benefit pension scheme and a defined contribution pension scheme.

The Newsquest Pension Scheme ("the scheme") is a final salary defined pension scheme. The scheme pension costs are assessed in accordance with the advice of qualified independent actuaries. Charges to the income statements for group subsidiaries that participate in the scheme are allocated to each company by the principal employer of the Scheme, Newsquest Media Group Limited, based upon contributions by the principal employer and the current cost of servicing pensions for the scheme members relating to the company.

In accordance with IAS 19, 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 15 for further details.

In respect of the defined contribution pension scheme, contributions are charged to the income statement 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.

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.

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.

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 27 December 2015

1. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Share-based payments (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 retained earnings.

2. OPERATING (LOSS)/PROFIT

| | 2015 | 2014 |
|---|-------|-------|
| | £'000 | £'000 |
| Operating (loss)/profit is stated after charging/(crediting): | | |
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 1,095 | 1,154 |
| - held under finance leases | 151 | 147 |
| Impairment of intangible fixed assets (note 6) | 7,598 | - |
| Profit on disposal of fixed assets | (7) | (23) |
| Operating lease rentals: | | |
| - hire of plant and machinery | 6 | 16 |
| - land and buildings | 20 | 20 |
| Management charge | 1,097 | 992 |
| Amortisation of publishing rights licence | 335 | 335 |
| Exceptional restructuring costs | 272 | 863 |

Fees for audit services for the entire Gannett U.K. Limited group totalling £328,000 (2014 - £278,000) were borne by Newsquest Media Group Limited in the current and prior period. There were no fees paid to the auditors for non-audit services (2014 - £nil). The company has paid its allocation of the audit fees through the management charge.

Exceptional restructuring costs primarily relate to redundancy.

3. STAFF COSTS

| | 2015 | 2014 |
|-------------------------------|-------|-------|
| | £'000 | £'000 |
| Staff costs were as follows: | | |
| Wages and salaries | 6,636 | 7,740 |
| Social security costs | 579 | 697 |
| Other pension costs (note 15) | 510 | 652 |
| | 7,725 | 9,089 |

Included in wages and salaries is a total expense for share-based payments of £9,000 (2014 - £35,000), all of which arises from transactions accounted for as equity-settled share-based payment transactions. Recharges for the intrinsic value of options exercised in 2015 of £89,000 (2014 - £262,000) have been taken directly to reserves.

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

| | 2015 | 2014 |
|------------------------|------|------|
| | No. | No. |
| Pre-press | 3 | 5 |
| Printing | 50 | 49 |
| Editorial | 86 | 120 |
| Marketing and sales | 78 | 88 |
| Distribution | 26 | 32 |
| Finance and management | 6 | 7 |
| | 249 | 301 |

There are also 639 (2014 - 663) 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.

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 27 December 2015

3. STAFF COSTS (CONTINUED)

The directors receive no remuneration for their qualifying services to the company (2014 - £nil). All emoluments and pension payments made by related companies to directors are dealt with in the accounts of Newsquest Media Group Limited.

4. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Unwind of discount on provisions (note 10) | 9 | 12 |

Interest due to group undertakings on inter-company borrowings has been waived for the purposes of preparing accounts for the 52 weeks ended 27 December 2015.

5. TAXATION

(a) Tax credited in the income statement

| | 2015 £'000 | Restated 2014 £'000 |
|---|---------------|---------------------------|
| Current income tax (charge): | | |
| UK corporation tax at 20.25% (2014 – 21.50%) | (682) | - |
| Adjustment in respect of prior periods | - | (13) |
| | (682) | (13) |
| Deferred tax credit/(charge): | | |
| Origination and reversal of temporary differences | 1,435 | 229 |
| Adjustments in respect of prior periods | 56 | (10) |
| Effect of change in tax rates | 620 | - |
| | 2,111 | 219 |
| Total income tax credit reported in the income statement all relating to continuing operations | 1,429 | 206 |

| | 2015 £'000 | Restated 2014 £'000 |
|--|---------------|---------------------------|
| (b) Reconciliation of the total tax credit: | | |
| (Loss)/profit from continuing activities before taxation | (2,804) | 4,571 |
| Tax on the (losses)/profits on ordinary activities at the standard UK rate of corporation tax of 20.25% (2014: 21.50%) | 568 | (983) |
| Tax effect of amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Current income tax under provided in prior years | - | (13) |
| Deferred tax over/(under) provided in prior years | 56 | (10) |
| Effect of change in tax rates | 620 | - |
| Tax effect of items that are not deductible or not taxable in determining taxable profit | 14 | (26) |
| Difference between current tax rate and deferred tax rate in current year | (181) | (18) |
| Group relief claimed for nil payment | - | 784 |
| Deferred tax movement on share based payments | (30) | (19) |
| Deferred tax movement on indexation on rolled over gains | 4 | 6 |
| Transfer pricing adjustment | 378 | 485 |
| Total income tax credit reported in the income statement | 1,429 | 206 |

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 27 December 2015

5. TAXATION (CONTINUED)

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.

(c) Deferred tax in the income statement

The deferred tax included in the company income statement is as follows:

| | 2015 | Restated 2014 |
|---|--------------|------------------|
| | £'000 | £'000 |
| Accelerated depreciation for tax purposes | 4 | 211 |
| Trade intangibles | 1,427 | - |
| Rolled over gains | 4 | 6 |
| Properties not eligible for capital allowances | 30 | 31 |
| Share based payments | (30) | (19) |
| Effect of change in tax rates | 620 | - |
| Deferred tax over/(under) provided in prior years | 56 | (10) |
| | <u>2,111</u> | <u>219</u> |

(d) Change in corporation tax rate

In the summer budget 2015, the government announced legislation setting the corporation tax main rate at 19% for the years starting 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. In the budget 2016 the government announced a further reduction to the corporation tax main rate for the year starting 1 April 2020 to 17%. For the purpose of these accounts deferred tax has been provided at the rate of corporation tax applying when the deferred tax is expected to reverse.

6. INTANGIBLE ASSETS

| | Licences to publishing rights £'000 | Publishing and other rights £'000 | Total £'000 |
|--|--|--|----------------|
| Cost | | | |
| At 27 December 2015 and 28 December 2014 | <u>69,200</u> | <u>31,262</u> | <u>100,462</u> |
| Amortisation and impairment | | | |
| At 29 December 2014 | 64,760 | 12,414 | 77,174 |
| Amortisation | 336 | - | 336 |
| Impairment charge | 4,104 | 3,494 | 7,598 |
| At 27 December 2015 | <u>69,200</u> | <u>15,908</u> | <u>85,108</u> |
| Carrying amount | | | |
| At 27 December 2015 | <u>-</u> | <u>15,354</u> | <u>15,354</u> |
| At 28 December 2014 | <u>4,440</u> | <u>18,848</u> | <u>23,288</u> |

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. On 12 April 2016 these titles, granted under licence, were transferred to the company by way of a deed of assignment.

Publishing rights and trademarks acquired through business combinations are considered by the directors to be a homogenous cash generating unit (CGU) due to customers acquiring advertising solutions in packages across titles, geographical areas and products.

The company tests the carrying value of the publishing rights for impairment annually or more frequently if there are indications that they might be impaired. The recoverable amount of the CGU is determined from value in use calculations.

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 27 December 2015

6. INTANGIBLE ASSETS (CONTINUED)

Following the split of Gannett, the company's ultimate parent, into two separate legal entities in 2015, the world wide group was debt free at the balance sheet date. As a consequence, the weighted average cost of capital (WACC) used to discount the projected cash flows of the company for assessing indefinite lived intangibles for impairment was much higher than in previous years. This is the most significant year on year change leading to the impairment charge of £7,598,000.

7. TANGIBLE FIXED ASSETS

| | Land and buildings £'000 | Plant and equipment £'000 | Total £'000 |
|------------------------|--------------------------------|---------------------------------|----------------|
| Cost | | | |
| At 29 December 2014 | 12,424 | 17,029 | 29,453 |
| Additions | - | 51 | 51 |
| Disposals | (1) | (84) | (85) |
| Transfers | - | (13) | (13) |
| At 27 December 2015 | 12,423 | 16,983 | 29,406 |
| Depreciation | | | |
| At 29 December 2014 | 5,389 | 8,521 | 13,910 |
| Charge for period | 439 | 807 | 1,246 |
| Disposals | (1) | (79) | (780) |
| Transfers | - | (11) | (11) |
| At 27 December 2015 | 5,827 | 9,238 | 15,065 |
| Carrying amount | | | |
| At 27 December 2015 | 6,596 | 7,745 | 14,341 |
| At 28 December 2014 | 7,035 | 8,508 | 15,543 |

Land and buildings at net book value includes freeholds of £6,596,000 (2014 - £7,035,000), within which is freehold land with a net book value of £162,000 (2014 - £162,000). Also, included within plant and equipment are leased assets with a net book value of £289,000 (2014 - £395,000).

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2015 £'000 | 2014 £'000 |
|------------------------------|---------------|---------------|
| Other taxation and security | 5 | 4 |
| Other creditors | 43 | 43 |
| Accruals and deferred income | 101 | 104 |
| Corporation tax | 682 | - |
| | 831 | 151 |

9. DEFERRED TAX

Reconciliation of net deferred tax liabilities

| | 2015 £'000 | Restated 2014 £'000 |
|---|---------------|---------------------------|
| As at 29 December 2014 | (7,085) | (7,304) |
| Tax movement during the period recognised in the income statement | 2,111 | 219 |
| As at 27 December 2015 | (4,974) | (7,085) |

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 27 December 2015

9. DEFERRED TAX (CONTINUED)

The deferred tax included in the company balance sheet is as follows:

| | 2015 £'000 | Restated 2014 £'000 |
|--|----------------|---------------------------|
| Deferred tax liability | | |
| Trade intangibles | (2,764) | (4,657) |
| Rolled over gains | (560) | (627) |
| Properties not eligible for capital allowances | (948) | (1,029) |
| Accelerated depreciation for tax purposes | (754) | (818) |
| | <u>(5,026)</u> | <u>(7,131)</u> |
| Deferred tax asset | | |
| Other timing differences | 45 | 11 |
| Share based payments | 7 | 35 |
| | <u>52</u> | <u>46</u> |
| Net deferred tax liabilities | <u>(4,974)</u> | <u>(7,085)</u> |

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (before offset) for financial reporting purpose:

| | 2015 £'000 | Restated 2014 £'000 |
|---------------------------|----------------|---------------------------|
| Deferred tax assets: | 52 | 46 |
| Deferred tax liabilities: | (5,026) | (7,131) |
| | <u>(4,974)</u> | <u>(7,085)</u> |

(a) Unrecognised capital losses

The company has UK capital losses carried forward which are available indefinitely for offset against future capital gains. Deferred tax assets of £2,012 (2014 - £2,118) have not been recognised in respect of these losses as there is uncertainty over their recoverability.

(b) Unrecognised deferred tax asset estimated on future capital losses on assets in use

The company has potential UK capital tax losses on assets in use. Should these losses crystallise they will be available indefinitely for offset against future capital gains. Deferred tax assets of £985,350 (2014 - £1,094,833) have not been recognised in respect of these capital losses as there is uncertainty over their recoverability.

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 27 December 2015

10. PROVISIONS FOR LIABILITIES

| | Post retirement medical costs £'000 | Leasehold property provision £'000 | Total £'000 |
|---|--|---|----------------|
| At 29 December 2014 | | | |
| - Current | 11 | - | 11 |
| - Non-current | 225 | 11 | 236 |
| | <hr/> | <hr/> | <hr/> |
| | 236 | 11 | 247 |
| (Credit)/charge for the period | (150) | 3 | (147) |
| Unwind of discount on provisions (note 4) | 9 | - | 9 |
| Utilisation | (12) | - | (12) |
| | <hr/> | <hr/> | <hr/> |
| At 27 December 2015 | 83 | 14 | 97 |
| | <hr/> | <hr/> | <hr/> |
| Analyses as: | | | |
| - Current | 14 | - | 14 |
| - Non-current | 69 | 14 | 83 |
| | <hr/> | <hr/> | <hr/> |
| | 83 | 14 | 97 |
| | <hr/> | <hr/> | <hr/> |

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.

11. CALLED UP SHARE CAPITAL

| | 2015 £ | 2014 £ |
|--|-----------|-----------|
| Authorised: | | |
| 1,000 ordinary shares of £1 each | 1,000 | 1,000 |
| | <hr/> | <hr/> |
| Allotted, called up and fully paid: | | |
| 1 ordinary shares of £1 | 1 | 1 |
| | <hr/> | <hr/> |

On 10 December 2014, a special resolution was passed to reduce the share capital of the company by the cancellation of £99 from the £1 ordinary shares and to transfer that amount to the retained earnings.

12. DIVIDENDS

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Dividends made during the year: | | |
| Interim for 2015: £2,122,869 per share (2014: £nil) | 2,123 | - |
| | <hr/> | <hr/> |

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

NOTES TO THE ACCOUNTS 52 weeks ended 27 December 2015

13. RESERVES

| | Share capital £'000 | Share premium £'000 | Retained earnings £'000 | Total £'000 |
|---|---------------------------|---------------------------|-------------------------------|----------------|
| As at 29 December 2013 | - | 35,000 | (28,821) | 6,179 |
| Change in accounting policy (note 19) | - | - | (6,351) | (6,351) |
| As at 29 December 2013 | - | 35,000 | (35,172) | (172) |
| Profit for the period (restated) | - | - | 4,777 | 4,777 |
| Capital reduction ¹ | - | (35,000) | 35,000 | - |
| Share-based payment transactions (note 3) | - | - | 35 | 35 |
| Recharges from ultimate parent in respect of shares exercised (note 3) | - | - | (262) | (262) |
| As at 28 December 2014 | - | - | 4,378 | 4,378 |
| Profit for the period | - | - | (1,375) | (1,375) |
| Share-based payment transactions (note 3) | - | - | 9 | 9 |
| Dividends (note 12) | - | - | (2,123) | (2,123) |
| Recharges from ultimate parent in respect of shares exercised (note 3) | - | - | (89) | (89) |
| At 27 December 2015 | - | - | 800 | 800 |

¹ On 10 December 2014, a special resolution was passed to reduce the share capital of the company by the cancellation of £99 from the £1 ordinary shares and £34,999,902 from the share premium account, and to transfer these amounts to the retained earnings.

14. OTHER COMMITMENTS

At 27 December 2015 the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

| | Land and buildings | | Plant and machinery | |
|---|--------------------|-------|---------------------|-------|
| | 2015 | *2014 | 2015 | *2014 |
| | £'000 | £'000 | £'000 | £'000 |
| Expiry date | | | | |
| Within one year | 20 | 20 | 2 | 2 |
| After one year but not more than five years | 55 | 75 | - | 2 |
| | 75 | 95 | 2 | 4 |

*The comparative information on other commitments has been restated on transition to FRS 101- Reduced Disclosure Framework as required by IAS 17 to give information on the total future minimum lease payments to the end of the operating leases. Previously only the annual commitment was required in the other commitments note.

At 27 December 2015 the company had capital commitments of £162,000 (2014 - £nil).

15. 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 Newsquest Media Group Limited. Following consultation the Scheme ceased the future accrual of pension benefits with effect from 31 March 2011. All companies that are members of the Newsquest Pension Scheme have a contingent liability to fund the deficit on the pension scheme. The extent of that liability is disclosed in the consolidated accounts of Newsquest Media Group Limited.

NOTES TO THE ACCOUNTS

52 weeks ended 27 December 2015

15. PENSIONS (CONTINUED)

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 for that scheme of £262,000 (2014 - £332,000) 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 the current cost of servicing pensions for the scheme members relating to the company.

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 £248,000 (2014 - £320,000).

16. 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 8 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.

| | 2015 No. | 2015 WAEP | 2014 No. | 2014 WAEP |
|--|-------------|--------------|-------------|--------------|
| Outstanding at 29 December 2014 and 30 December 2013 | 7,800 | \$28.09 | 24,851 | \$38.96 |
| Forfeited during the year | - | - | (11,050) | \$59.96 |
| Stock splits ¹ | (3,991) | \$9.88 | - | - |
| Exercised ² | (2,344) | \$35.84 | (6,001) | \$14.42 |
| Outstanding at 27 December 2015 and 28 December 2014 | 1,465 | \$5.52 | 7,800 | \$28.09 |
| Exercisable at 27 December 2015 and 28 December 2014 | 1,465 | \$5.52 | 7,800 | \$28.09 |

¹ On 29 June 2015 Gannett Co. Inc., split its operations into two separate listed groups; TEGNA and Gannett Co., Inc. For every outstanding stock option grant held on the date of split the option holder received an adjusted grant in TEGNA and a new grant in new Gannett.

² The weighted average share price at the date of exercise for the options exercised in the year was \$16.97 (2014 - \$29.30).

For the share options outstanding at 27 December 2015, the weighted average contractual life is 3 years (2014 - 2.15 years).

The exercise price for options outstanding at the end of 2015 was \$5.52 (2014: \$15.69 - \$35.84).

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 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.

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 27 December 2015

16. SHARE-BASED PAYMENTS (CONTINUED)

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.

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

| | 2015 No. | 2015 WASP* | 2014 No. | 2014 WASP* |
|--|-------------|---------------|-------------|---------------|
| Outstanding at 29 December 2014 and 30 December 2013 | 215 | \$26.15 | 215 | \$26.15 |
| Forfeited during the year | (45) | \$26.15 | - | - |
| Stock splits ¹ | (107) | \$15.37 | - | - |
| Settled ² | (63) | \$15.37 | - | - |
| Outstanding at 27 December 2015 and 28 December 2014 | - | - | 215 | \$26.15 |

*The weighted average share price (WASP) is the share price at the time the Chairman's Awards were granted, averaged over the number of shares outstanding at the balance sheet date.

¹ On 29 June 2015 Gannett Co. Inc., split its operations into two separate listed groups; TEGNA and Gannett Co., Inc. For every outstanding grant of shares held on the date of split adjusted grants in TEGNA and a new grant in new Gannett were issued.

² The weighted average share price at the date of settlement was \$17.08 (2014 - \$nil).

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.

| | 2015 No. | 2015 WASP* | 2014 No. | 2014 WASP* |
|--|-------------|---------------|-------------|---------------|
| Outstanding at 29 December 2014 and 30 December 2013 | 4,686 | \$17.76 | 19,507 | \$15.62 |
| Granted during the year ³ | 6,803 | \$10.14 | 4,001 | \$29.58 |
| Forfeited during the year | (852) | \$13.12 | (8,682) | \$20.45 |
| Stock splits ¹ | (2,156) | \$10.57 | - | - |
| Transferred to group undertaking | (610) | \$14.12 | - | - |
| Settled ² | (464) | \$15.39 | (10,140) | \$16.01 |
| Outstanding at 27 December 2015 and 28 December 2014 | 7,407 | \$10.21 | 4,686 | \$17.76 |

*The weighted average share price (WASP) is the share price at the time the restricted stock was granted, averaged over the number of shares outstanding at the balance sheet date.

¹ On 29 June 2015 Gannett Co., split its operations into two separate listed groups; TEGNA and Gannett Co., Inc. For every outstanding grant of shares held on the date of split adjusted grants in TEGNA and a new grant in new Gannett were issued.

² The weighted average share price at the date of settlement was \$17.06 (2014 - \$33.61).

³ The weighted average fair value of restricted stock granted in 2015 was \$28.83 (2014 - \$26.49).

NOTES TO THE ACCOUNTS

52 weeks ended 27 December 2015

16. SHARE-BASED PAYMENTS (CONTINUED)

Performance Shares

Performance shares are discretionary shares awarded to certain individuals out of the 2001 Omnibus Incentive Compensation Plan. The number of Performance Shares the employee will ultimately be entitled to receive will be calculated based on multiplying the employee's target number of performance shares by the applicable percentage determined on how Gannett Co., Inc.'s total shareholder return compares to the total shareholder return of the comparator companies during the incentive period. 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 3 years after the grant date.

| | 2015 | 2015 | 2014 | 2014 |
|--|---------|---------|-------|---------|
| | No. | WASP* | No. | WASP* |
| Outstanding at 29 December 2014 and 30 December 2013 | 6,666 | \$18.72 | 5,219 | \$15.71 |
| Granted during the year ¹ | - | - | 1,447 | \$29.58 |
| Forfeited during the year | (2,292) | \$24.13 | - | - |
| Stock splits ² | (770) | \$15.50 | - | - |
| Settled ³ | (2,833) | \$13.37 | - | - |
| | <hr/> | | <hr/> | |
| Outstanding at 27 December 2015 and 28 December 2014 | 771 | \$20.52 | 6,666 | \$18.72 |

*The weighted average share price (WASP) is the share price at the time the restricted stock was granted, averaged over the number of shares outstanding at the balance sheet date.

¹ The weighted average fair value of performance shares granted in 2014 was \$37.31. There were no grants in 2015.

² On 29 June 2015 Gannett Co. Inc., split its operations into two separate listed groups; TEGNA and Gannett Co., Inc. For every outstanding grant of shares held on the date of split adjusted grants in TEGNA and a new grant in new Gannett were issued.

³ The weighted average share price at the date of settlement was \$33.03 (2014 - \$nil).

17. 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 under paragraph 8 (k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

18. 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. comprise the largest group 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 or online at www.gannett.com investor relations. The annual report and consolidated financial statements for the smallest group of which the company is a member of is Newsquest Media Group Limited. These accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ or online at beta.companieshouse.gov.uk.

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 27 December 2015

19. EXPLANATION OF TRANSITION TO FRS 101

This is the first year that the group has presented its financial statements under FRS 101. The following disclosures are required in the year of transition. The last financial statements under UK GAAP were for the year ended 28 December 2014 and the date of transition to FRS 101 was 29 December 2014.

Differences between FRS 101 and Old extant UK GAAP

Holiday pay – IAS19, Employee Benefits

IAS 19 requires the recording of a holiday pay accrual. The holiday year end for the company is the calendar year end and no holidays can be carried forward. Consequently, no accrual is required at the year end.

Maternity/paternity leave – IAS19, Employee Benefits

Under IAS 19 a company should accrue for the cost of maternity and paternity leave when the entitlement arises. The group has researched this area and quantified the amount to be provided across the whole group at 27 December 2015 as £8,046 and at 28 December 2014 as £11,135. Both amounts are not considered material.

Deferred tax - IAS 12, Income Taxes

IAS 12 requires a deferred tax liability to be recognised on all temporary timing differences. Under this methodology, a potential liability arises from the value attributed to publishing rights and titles from previous acquisitions, together with any properties that do not qualify for tax allowances. As the company has elected, under IFRS 1, not to restate prior acquisitions at transition date to an IFRS 3 basis then recognition is against equity reserves rather than against goodwill.

The reconciliations of equity and profit below, together with the explanations of the changes, are provided to facilitate the changes arising from the adoption of FRS 101.

Reconciliation of profit for the period ended 28 December 2014

| | UK GAAP in FRS 101 format £'000 | Effect of transition to FRS 101 £'000 | FRS 101 £'000 |
|--|--|--|------------------|
| TURNOVER | 28,292 | - | 28,292 |
| Cost of sales | (7,176) | - | (7,176) |
| GROSS PROFIT | 21,116 | - | 21,116 |
| Operating expenses | (16,533) | - | (16,533) |
| OPERATING PROFIT | 4,583 | - | 4,583 |
| Interest payable and similar charges | (12) | - | (12) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 4,571 | - | 4,571 |
| Income tax credit | 168 | 38 | 206 |
| PROFIT FOR THE FINANCIAL PERIOD | 4,739 | 38 | 4,777 |

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 27 December 2015

19. EXPLANATION OF TRANSITION TO FRS 101 (CONTINUED)

Reconciliation of equity/(deficit) at 30 December 2013 (date of transition to FRS 101)

| | UK GAAP in FRS 101 format £'000 | Effect of transition to FRS 101 £'000 | FRS 101 £'000 |
|--|--|--|------------------|
| FIXED ASSETS | | | |
| Intangible assets | 23,623 | - | 23,623 |
| Tangible fixed assets | 16,661 | - | 16,661 |
| | <u>40,284</u> | <u>-</u> | <u>40,284</u> |
| CURRENT LIABILITIES | | | |
| Creditors: amounts falling due within one year | (157) | - | (157) |
| | <u>40,127</u> | <u>-</u> | <u>40,127</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | 40,127 | - | 40,127 |
| NON-CURRENT LIABILITIES | | | |
| Amounts owed to group undertakings | (32,715) | - | (32,715) |
| Deferred tax liabilities | - | (7,304) | (7,304) |
| | <u>(32,715)</u> | <u>(7,304)</u> | <u>(40,019)</u> |
| TOTAL NON-CURRENT LIABILITIES | | | |
| | (32,715) | (7,304) | (40,019) |
| PROVISIONS FOR LIABILITIES | | | |
| | <u>(1,233)</u> | <u>953</u> | <u>(280)</u> |
| NET ASSETS/(LIABILITIES) | | | |
| | <u>6,179</u> | <u>(6,351)</u> | <u>(172)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | - | - | - |
| Share premium account | 35,000 | - | 35,000 |
| Retained earnings | (28,821) | (6,351) | (35,172) |
| | <u>6,179</u> | <u>(6,351)</u> | <u>(172)</u> |
| TOTAL EQUITY/(DEFICIT) | | | |
| | <u>6,179</u> | <u>(6,351)</u> | <u>(172)</u> |

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

NOTES TO THE ACCOUNTS 52 weeks ended 27 December 2015

19. EXPLANATION OF TRANSITION TO FRS 101 (CONTINUED)

Reconciliation of equity at 28 December 2014

| | UK GAAP in FRS 101 format £'000 | Effect of transition to FRS 101 £'000 | FRS 101 £'000 |
|--|--|--|------------------|
| FIXED ASSETS | | | |
| Intangible assets | 23,288 | - | 23,288 |
| Tangible fixed assets | 15,543 | - | 15,543 |
| | <u>38,831</u> | <u>-</u> | <u>38,831</u> |
| CURRENT LIABILITIES | | | |
| Creditors: amounts falling due within one year | (151) | - | (151) |
| | <u>(151)</u> | <u>-</u> | <u>(151)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | <u>38,680</u> | <u>-</u> | <u>38,680</u> |
| NON-CURRENT LIABILITIES | | | |
| Amounts owed to group undertakings | (26,970) | - | (26,970) |
| Deferred tax liabilities | - | (7,085) | (7,085) |
| | <u>(26,970)</u> | <u>(7,085)</u> | <u>(34,055)</u> |
| TOTAL NON-CURRENT LIABILITIES | <u>(26,970)</u> | <u>(7,085)</u> | <u>(34,055)</u> |
| PROVISIONS FOR LIABILITIES | <u>(1,019)</u> | <u>772</u> | <u>(247)</u> |
| NET ASSETS | <u>10,691</u> | <u>(6,313)</u> | <u>4,378</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | - | - | - |
| Retained earnings | 10,691 | (6,313) | 4,378 |
| | <u>10,691</u> | <u>(6,313)</u> | <u>4,378</u> |
| TOTAL EQUITY | <u>10,691</u> | <u>(6,313)</u> | <u>4,378</u> |