Company Registration No. 3223511

NEWSQUEST (OXFORDSHIRE & WILTSHIRE) LIMITED

Annual Report and Financial Statements
for the 52 weeks ended 25 December 2016

ANNUAL REPORT AND FINANCIAL STATEMENTS 2016

CONTENTS

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

STRATEGIC REPORT

The directors present their strategic report for the 52 weeks ended 25 December 2016.

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 for the year was that of publishing and printing local news and information.

Key Performance indicators

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

	*2016 £'000	*2015 £'000	Change
Turnover	24,031	25,802	(6.9%)
Adjusted EBITDA**	4,468	6,656	(32.9%)
Adjusted EBITDA** margin	18.6%	25.8%	(7.2)

* The income statements cover the 52 weeks from 28 December 2015 to 25 December 2016 and the 52 weeks from 29 December 2014 to 27 December 2015.

** 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.

The fall in EBITDA is due to higher pension contributions paid by Newsquest Media Group Limited in 2016 to reduce the deficit on the group's closed defined benefit Newsquest Pension Scheme for which Newsquest (Oxfordshire & Wiltshire) Limited has taken its share as part of a management recharge.

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

On 26 December 2016 the company transferred its businesses assets and liabilities to Newsquest Media Group Limited who in turn transferred the business to Newsquest (Midlands South) Limited. Following the transfer of the business, the reserves of the company were distributed to Newsquest Media Group Limited and the company became dormant. The net assets of the company after the transfer and distribution amounted to £1. The directors intend for the company to be struck off in due course.

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 group 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 30 June 2017 by:

N Carpenter
Joint Company Secretary

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the 52 weeks ended 25 December 2016.

RESULT, DIVIDENDS AND FUTURE PROSPECTS

The profit after taxation for the period amounted to £3,299,000 (2015 - £1,375,000 loss).

There were no interim dividends (2015 - £2,122,869) paid in the period. The directors do not recommend a final dividend (2015 - £nil).

The company's principal activity for the year was that of publishing and printing local news and information. On 26 December 2016 the company transferred its businesses assets and liabilities to Newsquest Media Group Limited. Following the transfer of the business, the reserves of the company were distributed to Newsquest Media Group Limited and the company became dormant. The net assets of the company after the transfer and distribution amounted to £1. The directors intend for the company to be struck off in due course.

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 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development and position, are set out above in the Strategic Report under the sections principal activities and review of the business, and principal risks and uncertainties, and in the Directors' Report under future prospects.

On 26 December 2016 the company ceased to trade and distributed its business and reserves to its parent company Newsquest Media Group Limited. Until the company is struck off, the directors have received assurance from Newsquest Media Group Limited that arrangements would be made for the settlement of any liabilities that arise.

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 pages 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 30 June 2017 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 year ended 25 December 2016 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 FRS 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 Directors' Responsibilities Statement 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 25 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

Naresh Alimchandani (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

30 June 2017

INCOME STATEMENT
52 weeks ended 25 December 2016 (note 1)

	Note	2016 £'000	2015 £'000
TURNOVER		24,031	25,802
Cost of sales		(5,544)	(5,992)
GROSS PROFIT		18,487	19,810
Selling and distribution costs		(3,355)	(3,375)
Administrative expenses		(11,881)	(11,360)
Impairment of intangible fixed assets	2	-	(7,598)
Exceptional restructuring costs	2	(205)	(272)
OPERATING PROFIT/(LOSS)	2	3,046	(2,795)
Interest payable and similar charges	4	(3)	(9)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		3,043	(2,804)
Income tax credit	5	256	1,429
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	13	3,299	(1,375)

All the above transactions relate to discontinued 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 22 form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
52 weeks ended 25 December 2016

	Share capital £'000	Retained earnings £'000	Total £'000
As at 28 December 2014	-	4,378	4,378
Loss for the period	-	(1,375)	(1,375)
Dividends (note 12)	-	(2,123)	(2,123)
Share-based payment transactions (note 3)	-	9	9
Recharges from ultimate parent in respect of shares exercised (note 3)	-	(89)	(89)
As at 27 December 2015	-	800	800
Profit for the period	-	3,299	3,299
Share-based payment transactions (note 3)	-	34	34
Recharges from ultimate parent in respect of shares exercised (note 3)	-	(27)	(27)
At 25 December 2016	-	4,106	4,106

There is no Other Comprehensive Income in either period.

BALANCE SHEET
25 December 2016

	Note	£'000	2016 £'000	£'000	2015 £'000
FIXED ASSETS					
Intangible assets	6		15,354		15,354
Tangible fixed assets	7		13,304		14,341
			28,658		29,695
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	8	(19,619)		(831)	
NET CURRENT LIABILITIES			(19,619)		(831)
TOTAL ASSETS LESS CURRENT LIABILITIES			9,039		28,864
NON-CURRENT LIABILITIES					
Amounts owed to group undertakings		-		(22,993)	
Deferred tax liabilities	9	(4,776)		(4,974)	
TOTAL NON-CURRENT LIABILITIES			(4,776)		(27,967)
PROVISIONS FOR LIABILITIES	10		(157)		(97)
NET ASSETS			4,106		800
CAPITAL AND RESERVES					
Called up share capital	11		-		-
Retained earnings	13		4,106		800
TOTAL EQUITY			4,106		800

The notes on pages 9 to 22 form part of the financial statements.

The financial statements on pages 6 to 22 were approved by the Board and signed on its behalf on 30 June 2017 by:

P Hunter
Director

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2016

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). 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: the requirements of paragraphs 10 (d), 39 (c) and 134-136 of IAS 1 *Presentation of Financial Statements*, the requirements of paragraphs 30 and 31 of IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors*; the requirements of IFRS 7 *Financial Instruments*, the requirements of paragraphs 134 (d) – 134 (f) and 135 (c) – 135 (e) of IAS 36 *Impairment of Assets*, the requirements in IAS 24 *Related Party Disclosures* and the requirements of IAS 8.30 and 31 on new and not yet effective standards.

The company is included in the consolidated financial statements of Gannett Co., Inc., that are available to the public (note 19). 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.

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

Accounting period

The income statements cover the 52 weeks from 28 December 2015 to 25 December 2016 and 52 weeks from 29 December 2014 to 27 December 2015. The balance sheets for 2016 and 2015 have been drawn up at 25 December 2016 and 27 December 2015 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.

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2016

1. ACCOUNTING POLICIES (CONTINUED)

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.

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 profit/(loss)

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

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2016

1. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

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.

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.

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2016

1. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Taxation

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

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.

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2016

1. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

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.

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 PROFIT/(LOSS)

	2016	**2015**
Operating profit/(loss) is stated after charging/(crediting):	**£'000**	**£'000**
Depreciation of tangible fixed assets:		
- owned by the company	1,082	1,095
- held under finance leases	135	151
Impairment of intangible fixed assets	-	7,598
Profit on disposal of fixed assets	(35)	(7)
Operating lease rentals:		
- hire of plant and machinery	6	6
- land and buildings	20	20
Management charge (excluding pensions recharge)	973	1,097
Amortisation of publishing rights licence	-	335
Exceptional restructuring costs	205	272

Fees for audit services for the entire Gannett U.K. Limited group totalling £392,000 (2015 - £328,270) were borne by Newsquest Media Group Limited in the current and prior period. Additional audit fees also borne by Newsquest Media Group Limited relating to 2015, including one-off new UK GAAP conversion work, amounted to £155,000. In 2016 the company has paid its allocation of the audit fees through the management charge.

Exceptional restructuring costs primarily relate to redundancy.

3. STAFF COSTS

	2016	**2015**
Staff costs were as follows:	**£'000**	**£'000**
Wages and salaries	6,189	6,636
Social security costs	533	579
Other pension costs – defined contribution scheme (note 15)	214	248
Other pension costs – closed defined benefit scheme recharge (note 15)	2,168	262
	9,104	7,725

The increase in closed defined benefit scheme recharge is because pension contributions made by Newsquest Media Group Limited to reduce the pension deficit of the closed Newsquest Pension Scheme have risen (note 15).

Included in wages and salaries is a total expense for share-based payments of £34,000 (2015 - £9,000), all of which arises from transactions accounted for as equity-settled share-based payment transactions. Recharges for the intrinsic value of options exercised in 2016 of £27,000 (2015 - £89,000) have been taken directly to reserves.

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2016

3. STAFF COSTS (CONTINUED)

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

	2016 No.	2015 No.
Pre-press	2	3
Printing	49	50
Editorial	69	86
Marketing and sales	72	78
Distribution	24	26
Finance and management	6	6
	222	249

There are also 532 (2015 – 639) 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.

The directors receive no remuneration for their qualifying services to the company (2015 - £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

	2016 £'000	2015 £'000
Interest payable to group undertakings*	-	-
Unwind of discount on provisions (note 10)	3	9
	3	9

*Interest due to group undertakings on inter-company borrowings has been waived for the purposes of preparing accounts for the 52 weeks ended 25 December 2016 and 27 December 2015.

5. TAXATION

(a) Tax (charged)/credited in the income statement

	2016 £'000	2015 £'000
Current income tax (charge)/credit:		
UK corporation tax at 20.00% (2015 – 20.25%)	-	(682)
Adjustment in respect of prior periods	58	-
	58	(682)
Deferred tax credit/(charge):		
Origination and reversal of temporary differences	57	1,435
Adjustments in respect of prior periods	(44)	56
Effect of change in tax rates	185	620
	198	2,111
Total income tax (charge)/credit reported in the income statement all relating to continuing operations	256	1,429

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2016

5. TAXATION (CONTINUED)

(b) Reconciliation of the total tax (charge)/credit:	**2016 £'000**	**2015 £'000**
Profit/(loss) from continuing activities before taxation	3,043	(2,804)
Tax on the profits/(losses) on ordinary activities at the standard UK rate of corporation tax of 20.00% (2015 – 20.25%)	(609)	568
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Current income tax over provided in prior years	58	-
Deferred tax (under)/over provided in prior years	(44)	56
Effect of change in tax rates	185	620
Tax effect of items that are not deductible or not taxable in determining taxable profit	(1)	14
Difference between current tax rate and deferred tax rate in current year	(3)	(181)
Group relief claimed for nil payment	364	-
Deferred tax movement on share based payments	2	(30)
Deferred tax movement on indexation on rolled over gains	6	4
Transfer pricing adjustment	298	378
Total income tax (charge)/credit reported in the income statement	256	1,429

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:

	2016 £'000	**2015 £'000**
Accelerated depreciation for tax purposes	(33)	4
Other timing differences	(1)	-
Trade intangibles	-	1,427
Rolled over gains	6	4
Properties not eligible for capital allowances	83	30
Share based payments	2	(30)
Effect of change in tax rates	185	620
Deferred tax (under)/over provided in prior years	(44)	56
	198	2,111

(d) Change in corporation tax rate

A corporation tax rate of 19% applies for the period 1 April 2017 to 31 March 2020. A rate of 17% then applies for the years beginning 1 April 2020 and onwards. 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.

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2016

6. INTANGIBLE ASSETS

	Licences to publishing rights £'000	Publishing and other rights £'000	Total £'000
Cost			
At 25 December 2016 and 27 December 2015	69,200	31,262	100,462
Amortisation and impairment			
At 25 December 2016 and 27 December 2015	69,200	15,908	85,108
Carrying amount			
At 25 December 2016 and 27 December 2015	-	15,354	15,354

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, and subsequently ceased to be amortised.

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.

7. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 28 December 2015	12,423	16,983	29,406
Additions	-	187	187
Disposals	-	(338)	(338)
At 25 December 2016	12,423	16,832	29,255
Depreciation			
At 28 December 2015	5,827	9,238	15,065
Charge for period	438	779	1,217
Disposals	-	(331)	(331)
At 25 December 2016	6,265	9,686	15,951
Carrying amount			
At 25 December 2016	6,158	7,146	13,304
At 27 December 2015	6,596	7,745	14,341

Land and buildings at net book value includes freeholds of £6,158,000 (2015 - £6,596,000), within which is freehold land of £162,000 (2015 - £162,000). Also, included within plant and equipment are leased assets with a net book value of £306,000 (2015 - £289,000).

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2016

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Other taxation and security	4	5
Other creditors	36	43
Accruals and deferred income	101	101
Corporation tax	-	682
Amounts owed to group undertakings	19,478	-
	19,619	831

9. DEFERRED TAX

Reconciliation of net deferred tax liabilities

	2016 £'000	2015 £'000
As at 28 December 2015	(4,974)	(7,085)
Tax movement during the period recognised in the income statement	198	2,111
As at 25 December 2016	(4,776)	(4,974)

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

	2016 £'000	2015 £'000
Deferred tax liability		
Trade intangibles	(2,610)	(2,764)
Rolled over gains	(522)	(560)
Properties not eligible for capital allowances	(866)	(948)
Accelerated depreciation for tax purposes	(795)	(754)
	(4,793)	(5,026)
Deferred tax asset		
Other timing differences	10	45
Share based payments	7	7
	17	52
Net deferred tax liabilities	(4,776)	(4,974)

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:

	2016 £'000	2015 £'000
Deferred tax assets:	17	52
Deferred tax liabilities:	(4,793)	(5,026)
	(4,776)	(4,974)

(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 £1,800 (2015 - £2,012) 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 £930,608 (2015 - £985,350) have not been recognised in respect of these capital losses as there is uncertainty over their recoverability.

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2016

10. PROVISIONS FOR LIABILITIES

	Post retirement medical costs £'000	Leasehold property provision £'000	Total £'000
At 28 December 2015			
- Current	14	-	14
- Non-current	69	14	83
	83	14	97
Charge for the period	68	1	69
Unwind of discount on provisions (note 4)	3	-	3
Utilisation	(12)	-	(12)
At 25 December 2016	142	15	157
Analysed as:			
- Current	11	-	11
- Non-current	131	15	146
	142	15	157

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

	2016 £	2015 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid:		
1 ordinary shares of £1	1	1

12. DIVIDENDS

	2016 £'000	2015 £'000
Dividends made during the year:		
Interim for 2016: £nil per share (2015: £2,122,869 per share)	-	2,123

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2016

13. RESERVES

	Share capital £'000	Retained earnings £'000	Total £'000
As at 28 December 2014	-	4,378	4,378
Loss for the period	-	(1,375)	(1,375)
Dividends (note 12)	-	(2,123)	(2,123)
Share-based payment transactions (note 3)	-	9	9
Recharges from ultimate parent in respect of shares exercised (note 3)	-	(89)	(89)
As at 27 December 2015	-	800	800
Profit for the period	-	3,299	3,299
Share-based payment transactions (note 3)	-	34	34
Recharges from ultimate parent in respect of shares exercised (note 3)	-	(27)	(27)
At 25 December 2016	-	4,106	4,106

14. OTHER COMMITMENTS

At 25 December 2016 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	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Expiry date				
Within one year	20	20	3	2
After one year but not more than five years	35	55	-	-
	55	75	3	2

At 25 December 2016 the company had capital commitments of 46,000 (2015 - £162,000).

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. Newsquest Media Group Limited paid contributions to the Scheme in 2016 of £36.6m (2015 - £7.6m).

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 £2,168,000 (2015 - £262,000) 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 via a management recharge 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 £214,000 (2015 - £248,000).

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2016

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.

	2016 No.	2016 WAEP	2015 No.	2015 WAEP
Outstanding at 28 December 2015 and 29 December 2014	1,465	$5.52	7,800	$28.09
Stock splits[1]	-	-	(3,991)	$9.88
Exercised[2]	(1,465)	$5.52	(2,344)	$35.84
Outstanding at 25 December 2016 and 27 December 2015	-	-	1,465	$5.52
Exercisable at 25 December 2016 and 27 December 2015	-	-	1,465	$5.52

[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 $13.65 (2015 - $16.97).

For the share options outstanding at 25 December 2016, the weighted average contractual life is nil years (2015 – 3 years).

The exercise price for options outstanding at the end of 2016 was $nil (2015 - $5.52).

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.

Chairman's Award Scheme

Out of the 2001 Omnibus Incentive Compensation Plan discretionary shares were awarded to certain employees. Title to the shares passed to the employee on expiration of the four year incentive period provided that the employee remained 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 prior year.

	2016 No.	2016 WASP*	2015 No.	2015 WASP*
Outstanding at 28 December 2015 and 29 December 2014	-	-	215	$26.15
Forfeited during the year	-	-	(45)	$26.15
Stock splits[1]	-	-	(107)	$15.37
Settled[2]	-	-	(63)	$15.37
Outstanding at 25 December 2016 and 27 December 2015	-	-	-	-

*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.

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2016

16. SHARE-BASED PAYMENTS (CONTINUED)

Chairman's Award Scheme (continued)

[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 $nil (2015 - $17.08).

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.

	2016 No.	2016 WASP*	2015 No.	2015 WASP*
Outstanding at 28 December 2015 and 29 December 2014	7,407	$10.21	4,686	$17.76
Granted during the year[3]	4,474	$16.29	6,803	$10.14
Forfeited during the year	(726)	$13.57	(852)	$13.12
Stock splits[1]	-	-	(2,156)	$10.57
Transferred to group undertaking	-	-	(610)	$14.12
Settled[2]	(637)	$8.07	(464)	$15.39
Outstanding at 25 December 2016 and 27 December 2015	10,518	$12.70	7,407	$10.21

*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 $16.29 (2015 - $17.06).

[3] The weighted average fair value of restricted stock granted in 2016 was $14.75 (2015 - $28.83).

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.

	2016 No.	2016 WASP*	2015 No.	2015 WASP*
Outstanding at 28 December 2015 and 29 December 2014	771	$15.50	6,666	$18.72
Forfeited during the year	-	-	(2,292)	$24.13
Stock splits[1]	-	-	(770)	$15.50
Settled[2]	(630)	$13.41	(2,833)	$13.37
Outstanding at 25 December 2016 and 27 December 2015	141	$24.89	771	$15.50

*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. 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 $14.84 (2015 - $33.03).

NOTES TO THE ACCOUNTS
52 weeks ended 25 December 2016

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. The amounts due to group companies at the balance sheet date are shown in notes 8.

18. POST BALANCE SHEET EVENT

On 26 December 2016 the company transferred its businesses assets and liabilities to Newsquest Media Group Limited. Following the transfer of the business, the reserves of the company were distributed to Newsquest Media Group Limited and the company became dormant. The net assets of the company after the transfer and distribution amounted to £1. The directors intend for the company to be struck off in due course.

19. 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 entity in the United Kingdom is Gannett International Holdings LLP, a limited liability partnership incorporated in Great Britain and registered in England and Wales. The immediate parent is Newsquest Media Group Limited. The consolidated financial statements of Gannett Co., Inc. comprise the smallest and largest group of which the company is a member that prepares 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.