ARCHANT ANNUAL REPORT 2012

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Cover illustration Adam Simpson

Archant is one of the UK's largest independently-owned regional media businesses. It is a community media company active in the fields of regional newspapers, magazines and websites, specialist and customer publishing, contract printing, event management, digital publishing and related activities. All its publications serve clearly defined communities, based around locations or interest groups.

Archant Limited
Annual report 2012

Chairman's statement

Your Company has had a challenging year, but has remained profitable and cash generative, whilst making real progress in strengthening its traditional products and in generating increased revenues from digital media. These show through in a satisfactory start to the current year.

RICHARD JEWSON, CHAIRMAN

REGRETTABLY, FOLLOWING A recent tax case involving another company, it appears that the Company may be exposed to a large bill for corporation tax and interest, dating back almost 10 years This could lead to a requirement to make payments to HMRC in respect of corporation tax and interest of up to £13m for which provision has been made in the 2012 accounts There is likely to be further litigation before the position becomes clear

If the Company is ultimately required to meet these liabilities, we are confident we can accommodate them within our existing banking arrangements This would increase our total debt levels and substantially reduce our bank covenant cover

The Board has therefore decided not to recommend a final dividend payment for 2012, and to suspend further dividend payments until there is more clarity about the necessity of making any exceptional tax payments The Board fully appreciates how unwelcome this news will be but its primary responsibility is to ensure the stability of the Group We intend to resume dividend payments as soon as is prudent, taking into account the underlying financial position of the Group at that time

Strategy and economy

In my Interim statement I looked forward to when the economy would eventually recover, enabling the Group to leverage benefit from the investments being made in our sales force, improvements in product content, and the delivery, capture and use of data Regrettably, as yet, we see no signs of that recovery but we continue our programme of self-help

Results

For the full year, Group operating profit before amortisation and exceptional costs at £6 3m (2011 £10 4m) was down 39 5% on full year turnover down 2 7% at £131 4m

Operating profit in the second half at £4 4m (2011 £7 8m) grew from £1 9m in the first half (2011 £2 6m), on turnover of £64 9m, down 4 2% compared to the same period in 2011 of £67 8m

Operating costs before amortisation and exceptional items, at £125 1m (2011 £124 6m) were up 0 4% after absorbing increased costs of contract printing of newspapers, investment in business development, an increase in the size of the sales force and specific programmes of sales force training

Adjusted earnings per share, as a measure of underlying performance fell 54 1% to 19 8p (2011 43 1p)

Despite the pressures on trading results, the business remained cash generative with cash flow from operating activities of £7 6m (2011 £13 1m) Net debt at the end of the year was further reduced to £15 7m (2011 £17 4m) Bank interest paid, including amortisation of bank loan issue costs, reduced to £1 5m (2011 £1 6m), being covered 4 2 times by operating profit before amortisation and exceptional items After completing our refinancing in June 2012, we maintain more than enough cover against our bank covenants

This year's provisions for both tax and interest payable include tax of £3 7m and interest on the outstanding tax balances of £4 1m The total tax at risk, part provision having been made in prior years and carried on the balance sheet, is £9 0m, and interest of £4 1m

The underlying post-tax loss, after adjusting for one-off costs and the impact of an impairment charge of £4 8m, relating principally to the write down of the carrying value of certain acquired newspaper titles, stands at a loss of £2 2m (2011 loss £1 5m)

Shareholders and dividends

In light of the tax developments and the continuing difficult trading environment, your Board must take steps to protect the Group and it has therefore regrettably concluded it would be imprudent to propose a final dividend to the 2013 AGM in respect of 2012 Accordingly the total dividend for 2012 will stand at 6 4p (2011 20 1p) being the interim dividend paid in October 2012

The programme of meetings with shareholders continued in 2012 These meetings are now well established We welcome the opportunity to set out the strategies we are developing to meet the changing environment and are greatly encouraged by the continued support for the steps being taken

The AGM will again be held in the Conference Centre at the John Innes Centre in Norwich on Tuesday, 23 April 2013 at midday, at which only routine business is being proposed The Board looks forward to welcoming as many shareholders as are able to attend

Underpinning these initiatives is the need to use the information we hold about clients, customers and their respective lifestyles more effectively During the year a multi-phased project was initiated to review the ways we capture and hold information and to determine how this may be structured to maximum commercial benefit

In September, Archant was awarded the licence to operate the local TV channel for Norwich Mustard TV is scheduled to go on-air in late 2013 and a limited online service was launched in January 2013

Staff and Board

Many of the initiatives described above, taken individually, may be considered to be normal business practices To apply them across a changing multimedia landscape, whilst other commercial challenges and demands abound, requires commitment and courage The Board is fully supportive of the efforts of management to transform the business and acknowledges the great enthusiasm and inventiveness with which the workforce, across all disciplines and in all business units, is embracing this changing environment

Trading conditions have meant that no share awards have vested under the shareholder approved Long-Term Incentive Plan for six years Consequently, and given the new appointments made during this period, a significant number of senior managers have not been able to become shareholders The Board has therefore decided to offer to nominated senior managers the opportunity to convert all, or part, of any bonus they may have earned into Archant shares This can be achieved by their buying existing shares held within the established employee benefit trusts at the prevailing market price Requiring no new shares to be issued, the proposal is not dilutive to other shareholders, and is within the powers contained in the Articles of Association This step has the dual benefit of retaining cash within the business and aligning the interests of managers more closely with the business

Highlights and industry

The landscape of the regional press industry is seeing change, particularly with the establishment of Local World, a company established to combine elements of the local press industry The extent to which this development will trigger a long anticipated consolidation in the sector remains to be seen

We monitor closely the Group's performance by advertising category relative to our peers The limited comparative data confirms that the steps being taken and the strategies being pursued are resulting in the Group performing well compared to the industry in general

New digital teams have been established in each business unit, tasked with working with the traditional publishing businesses to grow online audience, audience engagement and online and mobile revenues Revenues from online activities increased to £6 4m in the year and were up 15% in the second half against 2011

The Group made significant investment in sales development in 2012 to meet the changing media needs of our advertisers Activities included new programmes for sales force recruitment and changes to commercial leadership to ensure that the skills required to operate in the multimedia environment are in place Additionally, specific training was developed within the Archant Academy to equip the sales forces with the skills, tools and information needed to sell across different media platforms so that new and existing customers can meet their objectives and optimise the benefit of their advertising expenditure

Outlook

The UK economy remains fragile and uncertain Improvements in the business will only come from our own activities and initiatives and we are taking active steps to ensure that the business is well positioned to take advantage of the upturn when it arrives

At the time of this statement, and with two months' trading behind us in 2013, the Company is on track to meet its 2013 targets, giving the Board confidence to continue pursuing its strategies to develop the business whilst remaining alert to new opportunities

Chief Executive's report

ADRIAN JEAKINGS, CHIEF EXECUTIVE

2012 was a difficult year for Archant We made significant progress in the transformation of the Group, but the economy and a significant increase in competition against our magazines had an adverse impact on revenue and profit

We started the year without any hope of significant economic growth but also without any expectation of further decline In the event the economy, or at least the part that is relevant to consumer media, deteriorated The Queen's Diamond Jubilee and the London Olympics were expected to have little impact on our media, with the possibility of some upside The actual impact was adverse despite the additional revenue from the special titles we published to commemorate the events, due to a general reduction in advertising spend in our local markets

There has been a significant increase in the competition faced by our magazine businesses during the year In London alone there have been more than 16 new launches against us There have always been many competitors for our lifestyle magazines but the quantity and quality of these launches is new We have taken, and continue to take, vigorous action to fight these recent competitors but they had a significant impact on our magazine revenue in 2012

We continued to invest in the transformation of the business during the year with particular emphasis on digital media and our sales force in general The additional cost of this investment has reduced the visibility of cost savings on the headline expenditure reported for the year The benefits of these investments started to become more apparent in the second half of the year and will continue to build into 2013

Turnover for the year at £131 4m (2011 £135 1m) was down 2 7% compared to 2011 Newspaper print advertising was 2 7% lower than in 2011 with 3 2% growth in local display advertising (4 3% in the second half) which is now our largest category at 37% of total newspaper print advertising National display advertising was particularly disappointing with an 18% decline Based on trading updates published during the year we believe that our newspaper advertising performance is substantially better than our regional press peer group Magazine print advertising revenue was 6% lower than in 2011 Digital revenues grew by 7% over the year accelerating in the second half to 15% growth Circulation revenue in aggregate for both newspapers and magazines was 3 3% lower than in 2011

Operating costs before amortisation and exceptional items for the year at £125 1m (2011 124 6m) were slightly higher than last year Investment in digital and other new products and capabilities, increased expenditure on sales force development and an increase in costs driven by a significant increase in relatively low margin printing contracts have all served to mask underlying savings

Operating profit before amortisation and exceptional items at £6 3m (2011 £10 4m) was £4 1m lower than in 2011 Restructuring costs of £1 3m (2011 £3 1m) were significantly lower than in 2011 reflecting the major organisational changes made in that year Given the poor economic outlook and recent trading in certain parts of the business we believe that it is appropriate to reduce the holding value of the relevant intangible assets which has led to an impairment charge of £4 8m in the year (2011 nil) These factors, together with an increase in finance expenses related to the defined benefit pension scheme (£0 7m) and interest charges associated with disputed unpaid tax (£4 1m) led to a reduction in profit before tax from £1 0m in 2011 to a loss of £10 7m in 2012

Late in 2012 HMRC won, at tribunal, a case against a different company which exposes us to some risk on a tax matter dating back to 2003 We have concluded that until the final outcome of this matter becomes clear it is appropriate to make full provision for this potential liability Previously, having taken advice, this had not been considered necessary

Whilst we are not recommending a final dividend payment in respect of 2012, we are confident that any cash outflows that may arise from this tax issue can be accommodated within the banking facilities that were successfully renewed during the year We intend to start to pay dividends as soon as it is reasonable to do so and the Board will consider progress towards that goal later in the year

Audience

Our plans to grow paid circulation of newspapers suffered a significant setback during the year when it emerged that a key employee in Archant Anglia, which publishes most of our paid newspaper titles, had been falsifying records The falsification had been going on for less than 12 months We have subsequently appointed a completely new circulation management team in Anglia, internal controls have been enhanced to prevent a recurrence and a new external circulation auditor has been appointed

Magazine paid circulations performed better than the industry as a whole and ABC has agreed a change to their rules enabling our free London magazines to be properly reported on ABC certificates in future

Our online audience continued to grow with an increase of 28% in monthly unique visitors over the year to nearly 4 8m a month

Strategy implementation

Significant effort was applied to transforming our sales force during 2012 The successful trial of the Archant Sales Academy in Norfolk was followed by a rollout across most of the Group during 2012 This will be completed in 2013 with the county magazines in the north of England There is clear evidence that where the techniques from the Sales Academy are applied, sales performance is better than where they are not We have now created an in-house sales development team that will enable us to continue this work at a much lower cost

New advertising client development was also a major area of focus during the year We have worked with a number of third party consultants to sell our media to new and lapsed customers At the same time we are driving a move to longer series bookings This ensures a better response for our clients, improves sales force productivity and gives us greater visibility of future sales facilitating better product and financial planning New consultative sales techniques are being introduced, supported by new sales collateral and marketing insight for both face-to-face and telesales activities

There has been significant investment in our digital media capabilities with the creation of teams of specialists embedded in each division, a central operations team and a digital business development team Revenue growth has accelerated as these teams have been built over the year

The digital teams embedded in each of our trading divisions have made significant progress in driving digital audiences and revenue The team in Anglia has focussed on high value digital display advertising campaigns, increasingly as part of an integrated campaign across different media The creative elements of the campaigns are produced in-house and the technology we are using provides clients with data-rich feedback on how the audience interacts with the advertising content. The Anglia team has also developed a digital media masterclass which will be used to train all Archant sales people in 2013 and later, after some adaptation, all staff. The team in London has pioneered the use of contextual content delivery and advertising and has generated significant growth in its audience. *London24* is now the second largest news site for London (after the *Evening Standard*) and Archant London has the largest audience of any Archant division. The Lifestyle team has focussed on mobile apps for phones and tablet devices and has developed a number of different standardised content delivery apps that will eventually be used across the whole of the Group. An increasing number of Archant Lifestyle magazine titles are now growing readership through their Apple and Android apps, for example, in January 2013 the *Air Gunner* app was accessed over three thousand times with an average of 48 pages being read on each occasion – about 7,400 printed copies of *Air Gunner* were sold in the same period.

The year has seen significant changes in the group buying market. There has been a significant increase in investment in start-up companies, particularly in the area of discount travel, and the more established international players such as Groupon have not made the progress towards profitability that had been expected. We believe that group buying and deep discount vouchers will continue to form a key part of local firms' marketing mix and have therefore re-positioned our own group buying offerings to accommodate the changed environment. The *Tickles* minority shareholder has been bought out, a new software platform is being implemented and the sales and customer support activity has been embedded in Archant Anglia's operations. We have stopped developing *40 Winks* as a separate product and integrated the travel deals into the *Tickles* business. This has already significantly reduced operating costs and should result in a much improved performance in 2013.

A new service offering online wedding planning tools was launched during the year. *Weddingsite.co.uk* offers market leading tools to help couples plan and manage their weddings. The service was launched in May and now has over 31,000 registered brides. Revenue will be generated from advertising, sponsorship, premium membership fees and, eventually, commission on sales of goods and services.

Print titles have not been neglected with titles launched and relaunched in many parts of the Group. The launch of new quarterfold newspapers in London is particularly worthy of note. The new products have been greeted with enthusiasm by readers and advertisers alike and have arrested a long-term decline in revenue.

There has been much talk of the use of data to improve turnover in media businesses either directly through better targeting or indirectly through the use of data to provide better service and marketing insight. We have completed the first two phases of a three-stage project to ensure that customer data is properly captured, managed and used across the Group. The project has confirmed that many of the building blocks that we need are in place so that the investment required to drive new revenue is relatively modest. The third, implementation, stage is expected to be completed in 2013.

There has also been an increase in focus on employee engagement as part of our strategic objective to embed a performance culture across the Group. Key elements of this have included the reinvigoration of the review and development process for all staff, an employee survey, improved internal communications including an increase in the number of internal conferences and seminars, and an increased focus on linking day-to-day activities to strategic objectives. These have all helped to maintain morale in an environment of difficult trading and no pay increases.

Mustard TV

Archant entered a new era when it won a licence to broadcast local television programmes to homes in Norwich over Freeview. An embryonic version of the service was launched in January 2013 over the internet and has so far exceeded all expectations. We do not believe that this will become a major business in its own right but it is already facilitating the transformation of our print business into new media.

Industry

Lord Justice Leveson's enquiry into the culture, practice and ethics of the press made a number of recommendations around the creation of a new independent regulator. Many of the recommendations are broadly acceptable to the industry with the exception of the idea that there should be some form of statutory underpinning. The industry has been working with the government to put in place a new system of regulation that is acceptable to both, however there are some very loud voices arguing for much tighter regulation and there is no guarantee that the government will be able to prevail. The key concerns are press freedom and the increased cost of any new regulatory system.

A new regional media company, Local World, was created at the end of the year through the merging of Northcliffe and Iliffe News and Media into a new company. DMGT and Yattendon, the former owners of Iliffe, have remained as shareholders in the new group with additional investment from Trinity Mirror, Odey Asset Management and Artefact Group. The Chairman of the new company will be David Montgomery, formerly Chief Executive of both Mecom and Mirror Group, and the Chief Executive is Steve Auckland who previously ran Northcliffe. The stated aim of the new business is the optimisation of local content and commerce across all platforms. This is the first significant consolidation in the regional press for some time and it has attracted the attention of the competition authorities. It is too early to tell whether this will lead to further consolidation in the industry or if it will usher in a new way of looking at regional newspaper mergers.

Productivity and organisation changes

There were no major organisational changes in 2012. The consolidation of our pre-press activities into two centres with a single management structure in the second half of 2011 has continued to deliver benefits with improvements to advertising quality and productivity. The workflow software that was developed to facilitate the creation of the new shared service has been updated and repurposed for use in other business processes outside advertising production. A recent benchmarking exercise has indicated that our pre-press costs are very competitive compared to outsourced service providers.

Newsfax, the provider of outsourced printing services for many of our weekly papers, went into administration during the year. The company had two press facilities, one of which has been taken over by the *Financial Times* with whom we continue to work. The printing that was outsourced to the other plant has been repatriated to our own press in Thorpe.

People

I would like to express my thanks to the people who work for Archant. They demonstrate their enthusiasm, creativity and perseverance every day, regardless of the challenges that are thrown at them, and I thank them for all that they do. They form the bedrock of Archant's future success.

Outlook

There is much talk of an improvement in economic conditions but little evidence of change and if there is any improvement it is unlikely to be material. We expect to reap the benefit of our investments over the last two years and, absent any further deterioration in the economy, improve our financial performance during 2013. Trading for the first two months of the year is in line with expectation.

Financial review

This was a year of much progress in developing new products and of continued investment: in sales skills, resources and people, all of which helped improve advertising revenue performances, particularly in newspapers which had results ahead of other newspaper groups.

BRIAN MCCARTHY, FINANCE DIRECTOR

	2012 As reported	2012 One-off	2012 Underlying	2011	Change
	£m			£m	£m
Group revenue	131.4	–	131.4	135.1	(3.7)
Operating costs					
Labour	56.2	–	56.2	55.9	(0.3)
Other costs	68.9	–	68.9	68.8	(0.1)
Total operating costs[1]	125.1	–	125.1	124.7	(0.4)
Operating profit[1]	6.3	–	6.3	10.4	(4.1)
Amortisation and impairment	(9.4)	4.8	(4.6)	(4.6)	0.0
Net exceptional items	(1.3)	–	(1.3)	(3.1)	1.8
Operating profit/(loss)	(4.4)	4.8	0.4	2.7	(2.3)
Interest payable	(5.5)	4.1	(1.4)	(1.6)	0.2
Other finance expense	(0.8)	–	(0.8)	(0.1)	(0.7)
(Loss)/profit before tax	(10.7)	8.9	(1.8)	1.0	(2.8)
Taxation	(4.1)	3.7	(0.4)	(2.5)	2.1
(Loss)/profit after tax	(14.8)	12.6	(2.2)	(1.5)	(0.7)
Net debt	15.7	–	15.7	17.4	1.7

[1]Excluding exceptional items, amortisation and impairment

NEW COMPETITORS IN magazines meant that core advertising revenues came under pressure in some markets, and also in certain cases affected their circulation performance. As a consequence underlying operating profits excluding exceptional items, amortisation and impairment fell by £4.1m. Our newspaper businesses, however, grew their profits year on year by 47.7% and we continued to invest in new product areas to provide wider solutions to our advertising customers.

With a small number of large one-off 'below the line' items this year, visibility of the overall results for the year are not as clear as in other years, the table above sets out the new, non-recurring items in the financial statements.

The largest of these relates to making a provision for tax and interest related to a tax matter dating back as far as 2003, which follows the result of a test case taken by another company to a Tax Tribunal whose decision was published late in the year. Despite Archant's facts being substantially different, this decision places uncertainty on the strength of Archant's case and the Board has therefore concluded that it is now appropriate to make full accounting provision for these amounts. This does not, however, mean that our position has been conceded and until there has been further litigation the matter will remain unclear. In the event of a negative outcome, the cash flow effects will be substantial, with net outflows of some £9.0m plus interest of £4.1m. These can be managed from within our existing banking facilities, but will inevitably increase the Company's debt and reduce headroom. The total additional provision booked in the year is £3.7m of tax and £4.1m of interest. The Company is working with its advisors on the way forward in this matter.

A non-cash impairment charge of £4.8m has been recorded as an exceptional item, reflecting a reduction in the carrying value of certain titles which are unable to sustain their current valuation under Archant's accounting policies. This is the first impairment charge since 2010.

A settlement was reached with the liquidator of *Dublin Daily News* (*DDN*), at an amount of £0.3m including substantial legal costs, against which a provision of £0.5m had been held in the balance sheet since 2008. This case involved litigation dating back to a failed investment in 2003 which was due to be heard at the Dublin High Court in November 2012. The costs settled were at a level on a par with the costs of the hearing, even if we had won the case. Despite the strength of Archant's case, the settlement was reached as a 'least bad' option, without admission of liability.

Revenue at £131.4m (2011: £135.1m) was £3.7m (2.7%) lower than 2011. Operating profit before amortisation and impairment of intangible assets and exceptional items fell by £4.1m (39.5%) to £6.3m (2011: £10.4m).

Total operating costs in the business grew by £0.4m or 0.3%, including increased costs from contract printing of £0.9m, after winning two large printing contracts. £0.7m invested in a new training and development programme for all sales staff and investment of £1.2m in new digital products launched in the year. Stripping out these costs the like-for-like cost base fell by 1.6%. There was some regularisation of newsprint prices in 2012 with a fall of 4% year-on-year in cost per tonne. There was again no pay award in 2012, there was, however, continued investment in people to develop new business streams, providing a springboard for growth in the future. Overall headcount fell by 5.5%, with total employment costs marginally higher year-on-year as the mix of people changed.

Operating profit before amortisation and exceptional costs in the second half of the year was more than double the first half at £4.4m, and also represented a 44% reduction in second half profit year-on-year. The rate of revenue decline was 4.2% in the second half of the year, compared to 1.3% decline in the first half.

Exceptional costs grew from £3.1m to £6.1m, including the non-cash £4.8m impairment charge on intangible fixed assets. The remaining exceptional costs represent £1.0m of operational restructuring, £0.4m of exceptional tax litigation costs and £0.1m relating to pensions auto enrolment, offset by £0.2m saving against the provision for *DDN* litigation.

Interest payable on loans of £1.0m was £0.3m lower than 2011 as a result of reduced levels of debt and marginally lower interest rates. Loan issue cost amortisation was £0.1m higher at £0.5m, following accelerated write off of the costs of the previous facility on its early replacement. Exceptional interest relating to the potential tax liability dating back to 2003 has been accrued at a total amount of £4.1m. This amount has been calculated as the maximum interest payable in the event of assessed losses being held to be payable and is shown in the interest payable line.

A £0.8m charge (2011: £0.1m) is shown as other finance expense in the profit and loss account. This arises from the expected return on pension scheme assets relative to the interest charge on scheme liabilities under the FRS 17 accounting standard.

The tax charge on profits for the year was £4.1m (2011: £2.5m) of which the greatest part is an accrual of £3.7m, in respect of corporation tax in relation to prior years.

Adjusted earnings per share, which reflect the underlying performance of the business, were down 23.3p (54%) at 19.8p, whilst basic earnings per share fell to a loss per share of 106.4p from 10.6p loss per share in 2011.

Net debt at the end of the year was reduced by just under 10% to £15.7m (2011: £17.4m). This result was achieved after capital expenditure of £1.3m and dividends of £2.8m. The Group maintains sufficient debt headroom for development opportunities and is operating well within its banking covenants.

Summary of operating results

As noted in the 2011 Annual report, the distinction between our traditional newspaper and magazine businesses has become increasingly blurred, with substantial overlap between the revenues, costs, management, facilities and activities carried out across the business. As a result, the newspaper and magazine distinction is no longer reported.

Key performance indicators (KPIs)

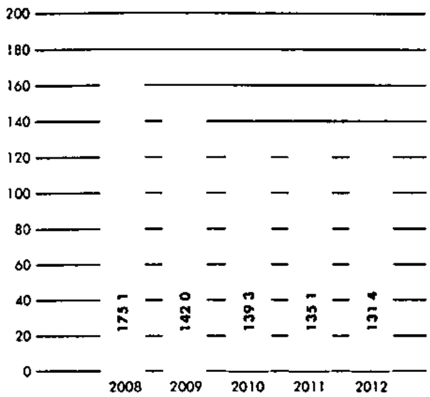
The key financial and non-financial performance indicators for the Group include revenue, operating profit, operating margin, advertising volumes, circulation including the proportion of magazines sold through subscriptions, web traffic, digital revenue and net debt. The Group seeks to target performance in line with or ahead of competitors.

Most categories of advertising revenue suffered declines in 2012. Whilst recruitment continued its downward trend of the past few years, display performance was much better than industry averages and showed growth in the year.

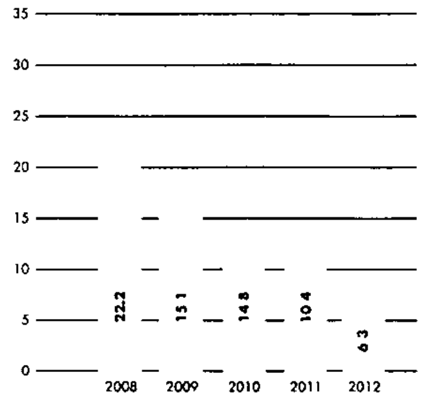
Newspaper circulation performance was dealt a blow with ABC results amended downwards following a fraud committed by one of our senior circulation managers, discovered at the end of the summer. Actively purchased, paid-for circulations were down in each of our four daily titles, albeit at levels generally better than the industry averages. Weeklies generally performed better than industry averages →

Financial review

Group turnover £m

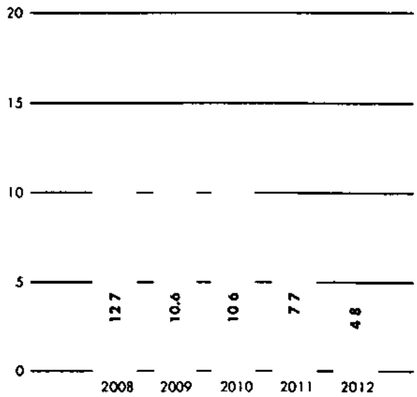


Group operating profit* £m



before amortisation impairment and exceptional items

Group operating margin* %



* before amortisation impairment and exceptional items

←Magazine circulation revenues were slightly behind in a challenging marketplace, and although subscription sales fell by 2 6% they now represent 54% of our paid-for circulation volume, with average revenue per copy also increasing Copy sales through the newstrade continue to be difficult

We continue to develop our digital offerings including the launch of *WeddingSite* in March 2012 and further development of *London24*, our group buying site *Tickles* and *PlanningFinder* We have also taken a small stake in a hyper-local website *Streetlife*, and after winning the bid for local television provision in Norwich, launched *Mustard TV* on the internet in January 2013, with a Freeview launch planned for later in the year

Digital activity

Revenue from online activities increased by 7% to £6 4m, mainly driven by revenue from display, *drive24*, mobile sites and apps Our classified vertical sites grew in line with the rest of digital despite a reduction in job-related advertising Monthly unique visitors to our websites increased by 28%, and page impressions by 12% Almost 4 8 million people on average visit Archant websites every month

Impairment of intangible assets

The Group is required to review the carrying value of all its intangible assets annually, to determine whether either events or changes in circumstances indicate that the carrying value may not be recoverable The carrying value is assessed using forecast cash flows, discounted in line with the Group's cost of capital A total charge of £4 8m has been recorded against a number of income generating units where the value in use was lower than their carrying value No impairment charge was required in 2011

Subsidiary and associated companies

The Company acquired the remaining share capital of Local Vouchers Limited, which trades as *Tickles*, for £0 3m in June 2012 The results of this business have been consolidated into the financial statements The results for the period when this was an associate, and those of PlanningFinder Limited in which the Company holds a two-thirds stake, are reported as a minority interest after loss from ordinary activities after taxation

Exceptional items

Exceptional costs were £1 3m excluding impairment (2011 £3 1m) in respect of the costs of restructuring within the business, principally redundancy costs, together with £0 4m of professional fees relating o tax litigation, offset by savings of £0 2m relating to the settlement of the *DDN* litigation

Taxation

The financial statements include a tax charge of £4 1m (2011 £2 5m) The effective rate of taxation for the year was 137 8% (2011 249 7%), and the effective standard rate of tax was 24 5% (2011 26 5%) The main factor affecting the 2012 tax charge is the increased provision relating to the potential tax cost of resolving matters disputed by HMRC in connection with Archant's tax computations dating back to 2003 An additional provision of £3 7m has been made in connection with this matter The overall tax charge has been reduced by a number of items including over provisions for other matters relating to prior years

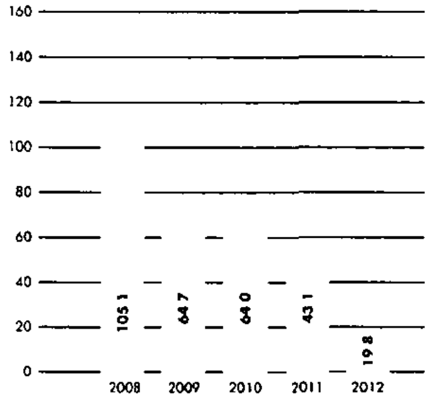
Earnings per share

Basic earnings per share fell by 95 8p from last year's loss per share of 10 6p to a loss per share of 106 4p Adjusted earnings per share fell by 23 3p (54%) to 19 8p Adjusted earnings per share are considered to be a better indicator of the underlying performance of the business and the difference between basic and adjusted earnings per share is explained in more detail in Note 10 to the financial statements

Dividends and dividend cover

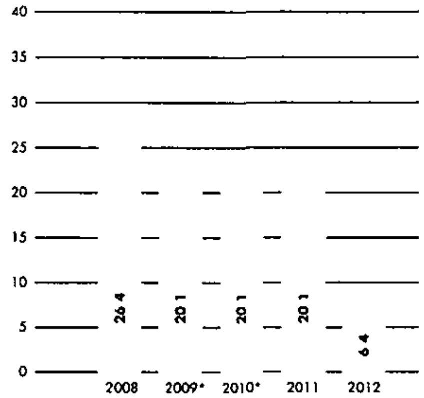
It is proposed that no final dividend for 2012 will be paid this year (2011 final dividend 13 7p per share) The total dividend for the year is 6 4p (2011 20 1p) At this level the dividend would be covered 3 1 times (2011 2 1 times) by adjusted earnings per share

Adjusted earning per share*
pence per share



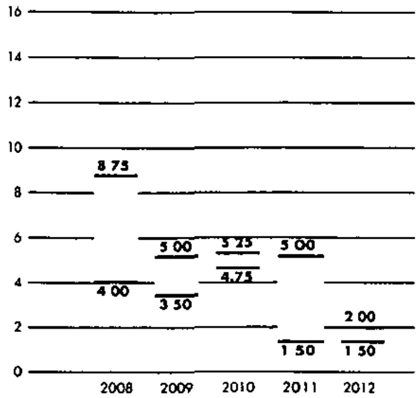
before amortisation impairment and exceptional items

Dividend declared per share
pence per share



* 2009 includes and 2010 excludes the 1st Interim for 2010 for comparative purposes

Share price range £
low-high



Net debt and cash flow

The Group continues to be cash generative and operating cash flow at £7 6m (2011 £13 1m) was £5 5m lower than in 2011 mainly due to the reduction of £4 1m in operating profit before amortisation and exceptional costs There was an adverse variance of £3 1m on working capital following settlement of the *DDN* claim and other provisions, and with 2011's favourable variance being largely one-off in nature, offset by lower restructuring costs £1 8m Conversion of operating profit into cash was 273% (2011 484%) Net debt at the end of the year was reduced by almost 10% to £15 7m (2011 £17 4m) Movements in net debt are summarised below

	2012	2011
	£m	£m
Operating cash flow	7 6	13 1
Net interest paid	(1 1)	(1 4)
Tax paid		(0 3)
Dividends paid	(2 8)	(2 8)
Cash flow before acquisitions and capital expenditure	3 7	8 6
Capital expenditure	(1 3)	(1 8)
Acquisitions	(0 3)	(0 1)
Other	(0 4)	(0 8)
Decrease in net debt	1 7	5 9

A refinancing was completed with our existing banking syndicate in June 2012, extending our facilities to March 2016 This facility comprises a revolving debt facility of £30m, together with overdraft facilities totalling £4m This was achieved against a background of a difficult lending environment in the banking sector It provides sufficient finance for the Group s needs, on satisfactory terms The one-off set-up costs of £0 6m are being amortised over the length of the agreement in line with the FRS 4 accounting standard

Capital expenditure

Capital expenditure during the year was £1 3m (2011 £1 8m) which again related mainly to investment in IT hardware and software development costs

Pension scheme

The 1 January 2011 triennial actuarial valuation indicated that liabilities of the Group's pension scheme of £160 4m were under-funded by £13 3m The Group made cash contributions totalling £1 8m towards the reduction of this deficit in 2012 (2011 £1 45m) The deficit shown in the balance sheet was determined using the FRS 17 accounting standard Under this standard, the defined benefit scheme service cost in the profit and loss account grew by £0 2m to £1 5m and the deficit shown on the balance sheet grew by £0 2m to £22 9m, though this represented a reduction in gross deficit of £0 6m, which was offset by a smaller deferred tax credit caused by lower tax rates The liabilities of the pension scheme are expected to fall due over a period of more than 50 years, these liabilities are calculated based on government bond yields which are historically low – thereby increasing the deficit – and will inevitably rise at some point in the future The deficit is around 3 6 times current operating profits before amortisation

Treasury management, associated risks and uncertainties

The Group currently derives its funding from share capital, retained profits and bank borrowing Cash is managed centrally, and the Group's treasury objective is to minimise borrowing and borrowing costs, whilst at the same time ensuring that there is sufficient facility and headroom in place to fund the Group's needs for not less than one year from the date of approval of the financial statements

The main risks that the Group faces from its treasury activities are liquidity risk and interest rate risk The Group's activities are primarily in the UK and there is minimal foreign currency risk

The Group's liquidity risk arises from timing differences between cash inflows and outflows These risks are managed through committed short-term and long-term credit facilities The Group's policy is to ensure continuity of funding and flexibility, and to maintain sufficient cash balances and committed facilities to meet anticipated funding requirements The Groups resources and the expected future cash flows are regarded as more than sufficient to meet the anticipated funding requirements of the Group for at least the next 12 months

The Group has a £30 0m revolving advances facility through RBS and Bank of Ireland which expires in March 2016 and a £3 0m overdraft facility from RBS on which competitive rates of interest are payable The maximum amount of the revolving credit facility will be reduced by equal annual reductions of £2m in June 2013, 2014 and 2015 In 2012 the Employee Benefit Trust was granted an overdraft facility of £1 0m, which is guaranteed by the Company, the balance of which is included in the Group's debt

Net assets

Net assets on 1 January 2012 were £40 2m The loss for the year was £14 6m, which was transferred to reserves Other movements included a reduction of £0 6m arising from an increase in the pension deficit and dividend payments of £2 8m Net assets at the end of the year were £22 2m

Directors and officers

RW JEWSON *Chairman* Non-executive **N R P**

Richard Jewson, 68, joined the board of Eastern Counties Newspapers Group Limited (ECNG) in 1982 as a Non-executive Director and became Chairman in 1996

After running Jewson, the timber and building merchant, for 12 years, he held the position of Managing Director and then Chairman of its holding company, Meyer International Plc until he retired from that role in 1993 Subsequently he was Chairman of Savills Plc for 10 years and Deputy Chairman of awg plc He is currently a director of Temple Bar Investment Trust Plc Grafton Group plc, Raven Russia Limited and a number of other unquoted companies

He is also HM Lord Lieutenant of Norfolk, a Trustee of Transforming Education in Norfolk and chairs the Council for the University of East Anglia

Richard chairs the remuneration and nominations committees

AD JEAKINGS *Chief Executive* **N P**

Adrian Jeakings, 54, joined the Board as Finance Director in October 2002 and became Chief Executive in November 2008

Adrian is a Fellow of the Chartered Institute of Management Accountants and was Group Finance Director of The Stationery Office before joining Archant He is a graduate of Imperial College, London and worked briefly as an engineer before training as an accountant at BICC plc After qualifying, he joined the instrumentation division of Schlumberger where he was Finance Director of a number of business units based in France Before joining The Stationery Office he was Director – Finance Europe for Dun & Bradstreet Inc

Adrian is a Director of the PA Group Limited and is president of the Newspaper Society He is also a governor of Norwich School

Adrian chairs the pension committee

BG McCARTHY *Finance Director* **P**

Brian McCarthy 50 joined the Board as Finance Director in November 2008

Brian is a Fellow of Chartered Accountants Ireland having qualified with Arthur Andersen in Dublin and Cambridge He joined Archant in January 2004 as Finance Director of Archant Regional Limited Previously he worked as Finance Director of an environmental company and prior to that he held a series of senior finance roles in the English Language Division of Pearson Education

He is also a Director of the Newspaper Licensing Agency and a Trustee of Transforming Education in Norfolk

SC COPEMAN Non-executive **A**

Simon Copeman 46 joined the board of ECNG in October 2001 as a Non-executive Director, having previously been a member of the ECNG Newspapers board

Since 1990 he has held a variety of general management, Six Sigma and sales and marketing positions with 3M UK plc and is currently their Manager of 3M Traffic Safety Systems Division

JAE HUSTLER *Director*

Johnny Hustler 57 Managing Director of Archant Anglia joined the Board in January 2008 having served as a director of a number of other Archant companies during 24 years of service with the Group

After graduating from Leeds University, he went to Unilever and started his media career with Anglia Television in 1983 then joining the East Anglian Daily Times in 1987 In 1995 he moved to Eastern Counties Newspapers Limited as Marketing Director, after which he served in a number of senior commercial roles before launching Archant Life in 2001 and managing its development through to 2011 In April 2011 he became Managing Director of Archant Anglia

Johnny is the UK Director of the International News Media Association and sits on its European board He is also a governor of Norwich School

RCJ WYATT Non-executive **R A**

Richard Wyatt, 53, was appointed a Non-executive Director of Archant in April 2005

Richard is Chairman of Loudwater Investment Partners Limited He is a Managing Director of N M Rothschild and formerly Managing Director of Schroder Securities

Richard, who is a law graduate, is also a trustee of Aldeburgh Music

MJ WALSH Non-executive **N R**

Mike Walsh, 63, was appointed a Non-executive Director of Archant in February 2010

Mike is a director of Ogilvy & Mather South Africa and of Ogilvy & Mather Africa Inc and a Non executive of The Brand Union Formerly a main board Director of Ogilvy & Mather Worldwide for 16 years he was also, for 12 years, Chief Executive of its Europe, Middle East and African operations He is also Senior Advisor for Velti Plc After graduating from Durham in 1971 Mike joined Young & Rubicam and was appointed to the Board in 1981 before joining Ogilvy & Mather Plc in 1983

Mike was for six years Chairman of the UK Disasters Emergency Committee which is an umbrella organisation for 13 leading UK charities including The Red Cross Oxfam and Save the Children

S ALLEYNE OBE Non executive

Sonita Alleyne, 46, was appointed a Non executive Director of Archant in February 2012

After studying philosophy at Cambridge University Sonita founded the cross platform media production company Somethin' Else in 1991 She was the CEO of the business for 18 years and a Non-executive Director for a further two years She is a board member of the British Board of Film Classification and the London Legacy Development Corporation a trustee for the BBC Trust, a member of the Court of Governors of the University of the Arts and chair of the Islington Arts and Media School Trust

She was a Non-executive Director at the Department for Culture, Media and Sport and a previous member of the National Employment Panel and London Skills and Employment Board Sonita won the Carlton Multicultural Achievement Award for TV and Radio in 2002 and is a fellow of the Royal Society of Arts and the Radio Academy She was awarded an OBE for services to broadcasting in November 2003

N Member of the Nominations Committee
R Member of the Remuneration Committee
A Member of the Audit Committee
P Member of the Pensions Committee

PJC TROUGHTON *Vice-Chairman* Non-executive **N R A**

Peter Troughton 64 joined the board of ECNG as a Non-executive Director in 1991 having served on the boards of East Anglian Daily Times Company Limited and Community Media Limited since 1984

Peter graduated from Trinity College Cambridge and served in HM Diplomatic Service before joining WHSmith Group plc where he became Managing Director News Division and later as a Director of the main board, Managing Director Retailing He left in 1995 to become Deputy Chairman of Rothschild Asset Management until 1999 He is a director of a number of private companies He is a Chairman of Lowland Investment Company plc and a director of JOHIM Global Investment Funds plc, and Waverton Funds plc

A former trustee of the National Gallery he was appointed a Trustee of the Royal Collection in 2007 He is Chairman of the Council of the University of Bath and a Trustee of The Royal Opera House Endowment Fund

Peter chairs the audit committee

JO ELLISON *Company Secretary* **P**

John Ellison, 61 was appointed Company Secretary of ECNG in February 1996

When we're asked what Archant is 'all about' the answer is a simple one.

Customers are our top priority. Putting our customers first is central to what we do. We aim to deliver products and services that help them achieve their objectives, whatever the format.

We are a community media business that brings together buyers and sellers to do business with each other. We inspire communities and they inspire us.

We believe in innovation. Without innovation we run the risk of disappointing our customers and communities. We are continuously developing our products and services to deliver improved value.

The capture and use of detailed and accurate data helps us to achieve this. It allows us to develop products and features as well as provide insight to the benefit of our advertisers.

And finally people. Investing in the right people and developing their skills and expertise will produce a more effective, satisfied and engaged workforce. This performance culture is core to our future.

The following pages explore how all of these work towards fulfilling Archant's vision for the future - inspiring communities.

L R Jason Vince, Andrew Denny and Matt Smith

Inspiring a performance culture

Building a performance culture is at the heart of Archant's strategy, and embedding a new culture in the Company's sales force has seen results

CREATING A PERFORMANCE culture involves employing the right people and investing to develop knowledge, confidence and capabilities "We want all our employees to enjoy and believe in what they do," says chief executive Adrian Jeakings "We also want them to feel valued by the Company and our customers "

Archant launched its Sales Academy in Norfolk in 2011, rolling out across the business during 2012 Andrew Denny, general classified sales manager, Archant Norfolk, is convinced it has given his team a competitive advantage "The Academy has helped staff develop their ability to deliver excellent service to our advertisers "

The Academy aims to improve Archant's sales performance by establishing a robust sales process and developing skills for individuals "It teaches sales psychology and the importance of the call structure," says Andrew "As well as giving sales staff a better understanding of the Group's product range, the training helps them understand clients' business needs and values

Through engaging in structured conversations with customers we get to know their needs and priorities We can then put together a creative package which we discuss This helps build trust and opens cross-selling and up-selling opportunities As a result, we have seen an improvement in productivity "

Andrew points to a year-on-year increase in revenues from classified print ads in Norfolk The average value of orders in Norfolk for online business directory *LocalSearch24* has also increased

Coaching is vital

"Continuous coaching is critical for ongoing development," adds Andrew "Regular sessions help our sales staff apply the knowledge gained in training "

Andrew has created what he calls a "high challenge, high support culture" for his team "Everyone makes three 'commitments to change' These become the focus of monthly discussions At the same time, we work on creating a positive mood for selling and giving our staff the confidence to make the calls "

Frontline experience

Archant's sales teams have embraced the Sales Academy training, with some notable results Matt Smith and Jason Vince are part of the general classifieds sales team covering Archant's *LocalSearch24* online business directory "The training is a great investment," says Matt, who also covers print classified "It has helped me develop my product knowledge and strengthen relationships with my clients Now, I can put together better proposals that really meet their needs – this adds value to our service

"As a result, many of my key clients increased their spend in 2012 particularly with repeat orders This has helped me exceed my targets, increase my revenue every month and double it over the year and achieve a consistent level of performance It's also great to know that clients appreciate and trust our advice "

Jason agrees "The training is informative, engaging and well structured Our clients value it too – as evident in their increased renewal rates The team is also seeing increased revenue, which is great for morale "

Targeting affluent communities under *The Resident* banner

Magazine management team

Since joining Archant London as managing director in January 2012, Will Hattam has built a strong leadership team for the London magazines business This included recruiting five talented individuals with the necessary experience and vision to drive the business forward

"The market we operate in has become increasingly competitive This requires a new rigour in how we operate," says Will "Quite simply we need the best people, products and plans in order to achieve our objectives

"We are refreshing our products across the capital and taking them to market with compelling plans We are developing our digital proposition, with mobile apps to accompany our improved products We are also launching new products targeting affluent communities under *The Resident* banner

"We are looking at other aspects of our London media portfolio too," he says "For instance, we have converted four of our newspapers into quarter-fold publications with greatly increased distribution, which has worked very well (see page 21 for full story) In digital, our London audience increased significantly during 2012 with growth for *London24* and our individual newspaper websites

"Our aim," concludes Will, "is to deliver compelling content for our communities Content that inspires audience engagement and creates new opportunities for our business customers "

VICKY MAYER
EDITOR IN CHIEF, ARCHANT MAGAZINES, LONDON

What attracted you to join Archant?
I wanted to work with a respected Company who produce and publish first class 'freemium' titles in London

What skills and experience do you bring?
I come from a background of women's consumer magazines As well as editing various titles I have also created, developed and launched new magazines

What excites you about your new role?
I love the buzz of London and how it has become one of the world's top cities to live and work in I want to bring this excitement to our portfolio of magazines and use my position constantly to improve our titles month by month and launch new titles in 2013 too

"Our aim is to deliver compelling content for our communities"

L R David Allen, Helen Richmond, Tony Little, Vicky Mayer and Eddie Pearce

Customers at the core

Archant aims to provide captivating and relevant content for the communities it serves by engaging with local audiences and selecting the most appropriate channels. It also works with clients to create compelling communications that help them achieve their commercial goals

INVESTING IN THE creative, editorial and technological skills of its employees enables Archant to develop new ways to inspire the communities it serves.

Archant Specialist, through its publication *The English Garden*, put these skills into practice in 2012 with the creation of a direct sales app for Thompson & Morgan, the UK's largest online plant and seed store. "We have loyal readers who are passionate about gardening," says editor Tamsin Westhorpe, "so it is a perfect match."

Archant Specialist's digital team has developed a number of mobile apps for its clients, so offering one to Thompson & Morgan was a logical step.

"Traditionally, Thompson & Morgan issues a series of printed brochures, changing its plant selection with each season. They had never used apps before – and neither had *The English Garden* – so this was a new idea for both of us. Above all, we were determined to create something interesting that would encourage people to buy the plants."

The result was '100 Great Plant Offers', with 10 sections detailing different plant types, each featuring 10 great discounted offers – nearly all exclusive to the app.

Nurturing team spirit

Archant Lifestyle's digital development manager, James Parfitt, worked closely with Tamsin on developing the concept and led the technical team. "Chris Searle, our digital magazines manager, set up the app so it would run on Apple and Android mobile devices. Account manager Kim Lewis worked closely with Dennis Rogers, our production manager whose team designed each app page so the layout was customer friendly. We used Thompson & Morgan's photos but selected new fonts and created clear plant symbols and 'buy-now' buttons making it intuitive to use. We also ensured people could order plants direct using the 'in-app' browser."

Archant Specialist launched the app in early July. "Google Analytics shows us that it has received a steady level of interest."

Promotion has been through *The English Garden*'s own app, where the '100 Great Plant Offers' has featured as a free-access supplement since August. "*The English Garden* app has had 33,000 downloads," says Chris, "which indicates an actively engaged audience. This has helped generate more than 63,000 page views of the Thompson & Morgan offer since mid-August.

"The app also has longevity," he explains, "because we can simply update the offers as the seasons change without the need for additional downloads. We can send alerts to our users telling them about the new content and specific offers."

Other Archant magazines, such as *The English Home*, have also promoted the app. Tamsin adds: "Thompson & Morgan is naturally excited by its app, and so are we. It is not only groundbreaking for a seed company but also, as one of the first 'reader offers' apps in our market, it is helping change the perception of Archant from being purely a print media partner."

www.theenglishgarden.co.uk

NEW TALENT

Creativity for clients

Following its successful launch in 2011, Archant Production Services (APS) developed a new promotional tool for clients in 2012 called 301dpi. At the heart of the service is a comprehensive guide to designing powerful and effective adverts that also work with and enhance Archant's editorial content.

APS produces client advertising for around 70 Archant glossy magazines each month, in addition to its newspapers and associated websites. It is also responsible for planning the layout of these publications to optimise the presentation of stories, pictures and client services.

"The APS team knows that readers respond positively to engaging adverts," says Kevin Shelcott, director of publishing services, "and that's why we aim to give business clients something very different: premium ads that stand out in print and digital formats.

"Our publications print their images at 300dpi, so we called our new design service 301dpi to indicate our desire to push the creative boundaries. The aim is to produce powerful yet cost-effective campaigns that reward clients with new customers while generating higher revenues for Archant."

Breaking the rules

"The 301dpi team challenges the convention of traditional advert design and placement.

"The idea is simple – the skill lies in the execution. It involves combining the ideas of an engaged client with our talented creative team's persuasive sales copy and powerful images. Our aim is to generate the greatest impact by designing the advertising page for maximum effect."

APS has shared the 301dpi guide across the Group. "We wanted to show colleagues the possibilities for creating compelling client communications for all our media channels," says Kevin. As a result, the designers now work more closely with the regional sales teams and their clients.

They get to understand each client's commercial and marketing needs, from branding and messaging, to calls to action and desired costs of response. This supports the work of the sales teams who are keen to demonstrate their commitment to clients by taking new ideas to them.

The results are captivating, and informative. "Meanwhile," adds Kevin, "our audiences and clients can see examples of the 301dpi team's amazing work across our portfolio of magazines, newspapers and websites every week."

Kevin Shelcott

RICHARD AVERY
DIGITAL DIRECTOR
ARCHANT ANGLIA

What attracted you to join Archant?

Archant has an incredible connection with the communities it serves and a history of great story-telling. Being given the chance to use those two unique assets to create the best digital products in the UK is an exciting challenge and opportunity.

What skills and experience do you bring?

I started my career in sales and marketing in 1990, going on to become MD of Linguaphone where I introduced DRTV, online language learning and e-commerce. In 2005 I relaunched the *Daily Express, Sunday Express, Daily Star* and *Daily Star Sunday* newspaper websites as well as launching sites for *OK! Magazine* (in the UK and US), *New* and *Star* magazine. In 2008 I was asked to head up Digital and Development for Thomson Directories, helping transition the business to a cross media approach, forming partnerships with Google and Bing and introducing new products and processes. Prior to joining Archant I consulted across the regional press, working closely with major groups including Johnston Press, Northcliffe, Iliffe and Newsquest on their digital advertising strategies.

What excites you about your new role?

The chance to be involved in the transition of strong newspaper and magazine brands to true community brands which are always available wherever, however and whenever our audience wants to discover, communicate, transact and share.

The 'You, Me and Archant' proposition provides advertisers with a free, bespoke marketing review

Thinking differently

ARCHANT LIFE HAS developed a new way of working with advertisers to ensure they get the best response for their advertising expenditure Paul Stannard, Archant Lifestyle's operations director, explains "We have always been in the business of helping our advertising customers generate the greatest returns from their advertising in our products

'We have been working on our sales processes to find a structured way of capturing the client's business needs in order to identify the best marketing mix From this we have developed our 'You, Me and Archant' (YMA) proposition, making the sales process about 'You' the customer, 'Me' your Archant contact, and 'Archant' as the portfolio of titles and products that can deliver the best return to the customer "

YMA provides customers with a free, bespoke marketing review "We ask prospective advertisers questions about the nature of their business, their marketing needs, and their customers We then prepare a comprehensive review, with suggestions for how Archant can help them achieve their objectives

"By understanding their unique selling points and what their customers are looking for, we can develop relevant advertising propositions Better targeting helps drive increased response rates "

"We have created a real point of difference in the market"

YMA includes a full training programme for the sales team, with an accreditation scheme for individuals who qualify to conduct the marketing review

The customer response has been very positive and early tests show average YMA orders to be worth significantly more than the average of non-YMA sale

Archant Life is also running a programme of seminars for companies across the UK 'We ask similar questions about their marketing approach and discuss the benefits of longer-term campaigns with repeat advertising Finally, we follow up with a compelling reason to use Archant

"The seminars enable us to cover a large number of customers very quickly The goal is to encourage advertisers to sign up for a long term campaign rather than taking a piecemeal approach If they like what they see and hear, they are more likely to invest some of their advertising budget in our products Evidence suggests that multiple insertions of advertisements improves response for customers "

Paul's team has now tested YMA in six regions "Customers tell us our approach has helped their business Meanwhile, our employees say it has empowered them to deliver a better service

"We have created a real point of difference in the market," concludes Paul "At the same time, increased forward bookings are making production planning easier By adopting a customer-centric approach we are strengthening both our and our customers businesses "

Watch this space

"Providing businesses with value for money advertising that generates a great response is vital for our continued success " says Tim Thurston, managing director, Archant Lifestyle Regional

Louise Pearson, an account manager on *Berkshire Life* and *Buckinghamshire Life* set an excellent example of this in 2012 Working with national sales director Guy Hanson she created a year long campaign for Christopher Ward, an English manufacturer of affordable luxury watches

"Christopher Ward initially bought six months of full-page advertising to build brand awareness In return for a further six months at competitive rates, they will pay Archant a share of the revenue generated from the sale of specific products We are very excited by this ground breaking approach and look forward to seeing the results it generates "

DARRON Mc LOUGHLIN
AUDIENCE DEVELOPMENT DIRECTOR,
ARCHANT ANGLIA

What attracted you to join Archant?
Archant has an excellent reputation within the industry making the decision to join an easy one I was impressed with the outlook of the senior team which demonstrated a real focus on customers and community involvement

What skills and experience do you bring?
I have over 23 years' experience in regional press at Northcliffe and latterly Johnston Press Two of these years were in a general management role with the rest in the circulation sales function in group and local roles, experience that allows me to see opportunities at both levels In my previous position I developed subscriptions (newspaper digital and bundles) and a cohesive central/local structure both of which developed skills in change management, subscriptions and database marketing all of which are relevant in my current position

What excites you about your new role?
The potential, opportunities and challenges ahead of us We have great products, fantastic people, strong customer focus and a real enthusiasm to engage with local communities which I believe should be at the heart of everything we do

Content and delivery

Archant is committed to creating new and innovative products for local and special-interest communities in a format that is right for the audience

IN RESPONSE TO the challenges of a competitive environment, Archant London has been refreshing its existing portfolio and launching new products that stand out in the market

Reshaping our future

Archant re-launched four of its weekly newspapers for parts of Kent and Essex, in a new quarter-fold format and giving them a new features-led editorial treatment Tony Little, Archant London's commercial director, led the project with support from Chris Carter, acting editor in Kent, and Richard Griffith, sales director for Kent

Chris explained the new editorial strategy for the publications 'As well as giving our customers more engaging and relevant content, we decided to present it to them in a new compact shape, so it looks and feels distinctly different from the competition The news now comes in bite-sized chunks, making it easier for our busy readers to keep up with local events

"These smaller, punchier publications are feature-led, focusing on positive stories about real people and local firms in the community"

Tony Little adds that the new format publications are not standalone "Our reporters make full use of a range of media channels to serve their communities They build links between on and offline media by using social media tools such as *Twitter, Facebook* and *Streetlife*, not just to promote news stories but also to identify them"

'*Streetlife* is proving useful for our new hyper-local titles," agrees Chris Our news teams use it to hold discussions with local communities which they then feed into our print editions This user-generated content makes people feel more engaged with the news – which in turn creates a great environment for local advertisers"

Live Local goes live

Archant London also launched nine A5-format hyper-local publications into selected areas of Essex, Kent, and London under the Live Local brand These community publications give local businesses a cost-effective way to reach their core audiences

Editor, Peter Le Riche, explains "The magazines provide towns and districts with street-by-street coverage that celebrates life in their communities

"Some of these places are new territories for Archant, so it's a great way to expand our coverage The hyper-local focus also gives our reporters more opportunities to spend time with local activity groups, clubs, schools and businesses, to understand the issues they face in more detail"

Peter has received good feedback from readers and community leaders and Tony is pleased with the positive response from local advertisers "Sole traders and small service companies now have a platform that enables them to connect with finely targeted local audiences at competitive rates, so making their limited advertising budgets work much harder for them"

Hyper-local, hyper-luxury

Different markets require different formats to reflect the nature of the audience and the advertisers That's why the London magazines team has launched a range of luxury, hyper-local magazines for affluent areas of London under *The Resident* brand

These high-quality publications feature relevant local articles that reflect the lives of their readers "Although they are free," says publisher Helen Richmond, "they have very high production values, putting them on a par with many leading fashion magazines and helping them stand out in the competitive London 'freemium' market

"News now comes in bite-sized chunks"

"Our first title, *Fulham Resident*, which launched in September, delivers 10 500 free copies to upmarket residential and business addresses High-profile contributors include chef Marco Pierre White and food writer Tom Parker-Bowles

"We are able to offer premium advertisers a tightly targeted audience that is interested in and motivated by luxury brands

"The process of developing these new titles and their audiences has helped improve our relationship with advertisers," concludes Helen "We have become more consultative and creative in our approach We now offer business customers a winning combination of engaged audiences, great features, compelling advertisements and attractive sponsorship opportunities"

NEW TALENT

WAYNE MORGAN
DIGITAL DIRECTOR,
ARCHANT LIFESTYLE

What attracted you to join Archant?
With my previous experience, I saw the perfect opportunity to get into a strong Group with both newspapers and magazines, a perfect union for me

What skills and experience do you bring?
I have worked in media my whole career, starting in ad sales in 1996 for a newspaper group in Gloucestershire, I moved into my first digital role in 1997 and haven't looked back My digital portfolio stretches to more than 750 websites and mobile platforms The products I have worked on and run have ranged from small regional news sites, to national news and fully global B2B products

What excites you about your new role?
The mobile space and what it means for the next phase for publishers This is a genuine game changer My sector just doesn't stop innovating, I have a lot of digital experience and I am learning, every day We continue to identify new solutions

Experience and skills are growing rapidly for all staff at Archant, working with them to help them develop their brands is brilliant fun

I am a publisher at the core, I want to publish beautiful products, loved by their consumers, with equally happy advertisers that provide a genuine return on investment

As far as I am concerned, I have the best job in Archant

Finding niche markets
Archant Lifestyle has a track record of producing successful 'one-shot bookazines' (one-off premium magazines) and related mobile apps that appeal to special interest communities Sometimes these ventures identify niche markets with sufficient interest to support a regular publication *Wild Travel*, launched by Archant Specialist in 2012, is an excellent example

Wild Travel is the only UK travel magazine dedicated to wildlife destinations Each issue features a selection of the world's best wildlife watching experiences as well as wildlife destination guides, photography workshops, expert travel advice, and the latest wildlife and conservation news

Its launch resulted from creative collaboration between Specialist's editorial and advertising teams "No one else had put these two popular sectors together like this " says Matt Havercroft, editor of *Wild Travel* and *Discover Britain*, the UK's leading historic travel magazine "The *Discover Britain* team had been testing various markets with bookazines We then looked for opportunities in areas we didn't usually cover Jamie Bolton and Graeme Asher from our advertising team suggested combining wildlife with travel They had worked on the BBC *Wildlife* magazine, so they knew the sector and that no one else was catering specifically for the wildlife travel community – they identified the perfect niche opportunity"

Capitalising on the success of 'The world's most amazing wildlife encounters', *Wild Travel* appeared in 2012 as a quarterly magazine Demand from audience and advertisers saw it go bi monthly "We found we were meeting a real need in the market Now we publish 25,000 copies an issue for UK and overseas customers"

Rather than creating a website, Archant researched the market and bought *wildlifeextra com*, an established sector brand specialising in wildlife and conservation news "The site and magazine complement each other," says Matt "*Wildlife Extra* has 155,000 unique visitors monthly and around 12,000 subscribers to its e-newsletter, and we have the skills to increase the site's travel content"
www wildlifeextra com

A perfect match

ARCHANT PLACES GREAT importance on understanding its customers and developing relevant, subject-specific platforms. A good example is *WeddingSite.co.uk*, which launched in 2012. The new site offers brides and grooms a platform for organising their big day efficiently online. Managing director Pettrina Keogh explains: "*WeddingSite* uses sophisticated technology to bring together all the wedding planning elements in a single user experience. It makes a couple's life easier by helping them to manage by automating the key tasks involved in planning a wedding."

According to a recent OnePoll survey, the average UK couple spends 200 hours planning their wedding and 40 per cent of them think the process is more stressful than their job. "By providing budget planners, 'to-do' lists, email alerts and real-time status updates online, *WeddingSite* makes the entire process less stressful for everyone involved."

Pettrina understands the importance of offering advertisers highly targeted communications. "We attract engaged couples and planners who are actively organising their wedding. Although the basic service is free, people have to register to use our services. The data people give us when they register helps to provide a better service.

"Our budget tracker is very detailed and tells us how much they plan to spend on virtually every aspect of the event. Other tools, such as the 'to-do' list and personalised wedding plan, generate equally valuable information – because users are recording and tracking real information in real time.

"This combination of rich data and users in the 'buy-now' stage increases the value of our offer to advertisers, which helps generate high yields for Archant. As well as more accurate targeting, we have a rapidly growing audience, with over 30,000 weddings registered on the site."

Creative collaboration

"*WeddingSite* builds on Archant's successful presence in the weddings market," adds Serge Taborin, digital ventures director. "It helps users through a very exciting but also expensive time in their lives, and this builds our audience relationships. It also offers advertisers a host of targeted and highly effective ways of reaching couples at key stages in the wedding planning process."

Pettrina is working closely with teams from Archant's portfolio of regional wedding shows and bride magazines on cross-promotional activities. "We are sharing data with the other titles, such as how much couples intend to spend. This helps our colleagues plan their articles and events."

WeddingSite is helping extend Archant's reach. "This is a national platform so, although we can target adverts by locality and subject, we are also attracting national advertisers. This adds an extra dimension to Archant's relationship with its audiences and commercial partners."

www.weddingsite.co.uk

Back L-R Yenan Wang, Naomi Wilkinson, Lucy Dancer, Veronica Ballard
Front L-R James Holding, Geeta Randev, Pettrina Keogh, Elmer Zinkhann

NEW TALENT

PETTRINA KEOGH
MANAGING DIRECTOR, WEDDINGSITE

What attracted you to join Archant?
I thrive on the excitement and opportunity that leading a start-up business brings. Being owned by Archant, *WeddingSite* gives me the best of both worlds in a new role: a chance to grow the business as well as having invaluable support through Archant's customer reach, market experience and internal processes that many start-ups can only dream of.

What skills and experience do you bring?
I have 17 years' experience in digital development across web and mobile strategy, production, development, marketing, and monetisation. I've worked with large media corporates including *The Times*, *The Telegraph* and Carat, and digital start-ups including Looksmart and *Gurgle.com*.

What excites you about your new role?
Being able to make a difference from day one, and see a new business grow and mature under my leadership is the key driving force for me. The growth and continuous product development opportunities of *WeddingSite* are very energising, but most of all I'm excited about becoming a leader in our market.

NEW TALENT

MARK WRIGHT
MANAGING DIRECTOR, ARCHANT SPECIALIST

What attracted you to join Archant?
The challenge of working in the publishing industry and the new digital opportunities that we are developing.

What skills and experience do you bring?
I have led large media divisions primarily in the radio and digital sectors. I have experience in developing existing brands, taking new media products to market and building award-winning teams that enjoy their work.

What excites you about your new role?
Working with professionals who are experts in their specialist fields, expanding our digital platforms and helping to develop our existing print titles and build new, relevant brands that will complement the current portfolio and grow the business.

Zoe Francis-Cox (left) and Mick Hurrell (right)

MIKE SHERRARD
MANAGING DIRECTOR-WEDDINGS AND EXHIBITIONS, ARCHANT LIFESTYLE

What attracted you to join Archant?
The opportunity to build a new division within Archant. Live events complete our media offering, complementing our existing publications and growing digital products – to be at the vanguard of the live initiative is hugely attractive.

What skills and experience do you bring?
I've worked in media all of my career. My time has been spent predominantly on launching and running exhibitions across a number of different markets, big and small. Hopefully this experience will have a positive effect on our growth.

What excites you about your new role?
The opportunity. We have the right people and the right products as well as a vast canvas upon which to paint growth plans. We also benefit from very strong backing at a director level, both in enthusiasm and the willingness to invest. All these components coming together ensure that exhibitions become a significant part of Archant's offering to their customers in the near future.

ARCHANT DIALOGUE CELEBRATED many notable successes in 2012, both with current multimedia contract publishing clients, and in securing new business across a range of consumer, B2B and membership sectors. Dialogue also delivered a record commercial year, with advertising revenues for its client titles breaking through £2m for the first time.

Mick Hurrell, managing director, reports on Dialogue's diverse new client successes: "In early 2012 we relaunched a lifestyle-focused magazine for British Showjumping. Building on our equestrian publishing strengths, we also published the *2012 Horse of the Year Show* programme later in the year."

Joint pitches with colleagues from Archant Specialist resulted in the Dialogue publishing team winning the monthly membership title for the Clay Pigeon Shooting Association and new air safety publications for pilots for the Civil Aviation Authority. Other notable wins for the Dialogue team included the members magazine for The British Motor Racing Association, a new magazine to promote the Arts Council's 'Artsmark' scheme to schools, the onboard magazine for Brittany Ferries and the destination guide for Visit Essex.

International ophthalmic manufacturer, Essilor appointed Dialogue to produce its quarterly B2B magazine for independent opticians. Mick Hurrell explains: "With Essilor, it has been vital to constantly prove the magazine's worth – a reader survey conducted with issue one has proved the value of the customer magazine to its audience, and that's what we're all about."

"Our skill lies in creating content that meets our clients' exact performance KPIs for their branded publication, purposed for consumption in the most relevant media – from magazines to apps," explains publishing director Zoe Francis-Cox.

"In 2012, Dialogue's research provided its clients with some outstanding proof of effectiveness"

"Our success derives from how we construct and present it, so that our client publications connect and resonate with their specific target audiences."

"Dialogue puts the reader at the heart of all its publications. Key to this is the audience research that we carry out on behalf of our clients. We establish audience profiles, quality perceptions, relevance, content and media preferences, and action after reading – gathering detailed insight on what makes readers tick to inform our publishing strategies. It is a listening process that takes us and our clients on a journey of evolution and continuous product improvement, year after year."

In 2012, Dialogue's audience research provided its clients with some outstanding proof of effectiveness. For example, a magazine survey for a retail client showed that 96 per cent of respondents had been inspired to try something as a result of reading about it in their magazine. Some 95 per cent said they knew more about the brand after reading it, and the same rated the tone and pitch of content as 'just right'. "Impressive figures in their own right," Mick Hurrell explains, "but we could also demonstrate an uplift of four to six per cent on these and up to 11 per cent on other KPIs from our benchmark research the previous year that had guided 2012 content planning."

Dialogue's year was rounded off perfectly when its international work for Harley-Davidson Owner's Group won Highly Commended for Best Cross-Media Content Marketing Solution of the Year against some of the world's leading consumer brands in the CMA content marketing awards.

Local focus

2012 saw the formation of a new editorial structure and the launch of some new initiatives that bring Archant even closer to its customers than before by getting into the heart of local communities

THE NEWSPAPER INDUSTRY is evolving rapidly New digital platforms and social media are giving newspapers a range of new ways to interact with customers and communities who increasingly want their own voices heard

"The fundamental principle of storytelling has served journalism well for over three centuries," says Norfolk editor-in-chief Nigel Pickover "The big change has been in how we find those stories and report on them – with new technologies enabling us to make them more engaging

"We capture the action in photos and videos on our phones, and submit multi-media reports by email to our websites and papers While the written word remains as important as ever, the interactive nature of new media has added a fresh dimension to our audience relationships "

This is a really exciting time to be a journalist, agrees Suffolk editor-in-chief, Terry Hunt, "with multiple channels enabling us to tell our stories to wider audiences Our reporters can break a story in seconds through social media, within a minute or two on our websites and, while keeping these channels updated, write a full version, complete with reaction and analysis for our newspapers

"We saw a great example of this in Suffolk when Ipswich Town Football Club parted company with their manager, Paul Jewell Our sports writers broke the story through *Twitter*, hours before the club made the official announcement They then followed this with live updates on our websites and a more detailed report in our newspapers "

Integrating social media

"People consume information where and when they please," adds Nigel including on the move using our mobile sites And they can respond instantaneously, adding their own words and images – then share the story with friends on social media, so widening our circle of influence

"We are particularly excited by the emerging medium of web and hyper-local TV The launch of our *Mustard TV* platform will give our reporters a new way to engage with an audience that is hungry for local, informative and entertaining news This," he concludes, "is an enthralling time to be part of a multi-channel newsroom."

"Good journalists love writing stories," says Terry, "particularly when they know thousands of people will read them, and the immediacy of digital media gives the process an added buzz We are also engaging more closely with our audiences through services such as *Streetlife*, which really come into their own on big public occasions or during important local events

"Our readers provided thousands of fantastic pictures covering the Diamond Jubilee celebrations and the Olympic torch relay We have published a large number of these photos online and in print – and used some to create fantastic front-page stories By encouraging people to contribute in this way, we build valued and trusting relationships with our customers

"As a result, audiences feel that they are part of our operations This reflects a broad shift in the media away from top down, editorial authority to a more creative and interactive way of sharing information "

Newsroom structure

Archant Anglia announced a new editorial structure in 2012, including the appointment of two editors-in-chief, Terry Hunt and Nigel Pickover, for its newspaper operations in Suffolk and Norfolk

Terry, who has been the *EADT*'s editor for 17 years, now also edits the *Ipswich Star* and oversees Suffolk's other weekly titles Nigel, who was the *Ipswich Star*'s editor for 16 years, is now responsible for editing the *EDP* and *Evening News* as well as overseeing the Norfolk weeklies

In addition, Tim Williams moved from editor of the *Evening News* to group editor for the Norfolk weeklies and development editor providing support across Anglia Nigel, Terry and Tim, who report to Bob Crawley, Anglia publishing director together have a complete overview of the editorial content of Archant Anglia's newspapers

"Everything we do is predicated on telling great stories and presenting them in engaging ways " says Bob "Whether in print or digital media, our audiences must find them relevant and delivered in a way that suits them Nigel, Terry and Tim ensure our papers remain at the heart of their communities with a strong focus on local news "

"Excellent journalism remains firmly at the top of Archant's agenda"

FIONA RYDER
MANAGING DIRECTOR, MUSTARD TV

What attracted you to join Archant?
I led Archant's local TV bid and was impressed by the strength and depth of Archant's local media provision and its position as the definitive source of local news and information for many communities

What skills and experience do you bring?
I am a former commercials producer with over 18 years' senior management experience of building audiovisual businesses in the retail, entertainment and new media sectors I have significant experience of video production, associated commercial development and TV channel operations, especially in new and early-stage businesses

What excites you about your new role?
To be at the start of the local TV revolution in the UK while developing a brand new broadcasting division for Archant is a huge honour and a very exciting opportunity Mustard is a new chapter in Archant's 160-year history and a natural part of its evolution

A taste for Mustard

Archant continued to develop its multi-channel, community focused strategy in 2012, by winning an Ofcom licence to run a new local TV station in Norwich *Mustard TV* launched online in early 2013 and will be available on Freeview in the autumn

"This is a natural progression in Archant's media-neutral strategy," says Bob Crawley, Anglia publishing director "Our objective is to deliver inspiring and relevant community content, using the most effective channels to engage with our audiences"

As *Mustard TV* managing director, Fiona Ryder explains "*Mustard TV's* vision is to be a community asset a local broadcaster that reflects real life We will work with academic institutions, businesses and production companies to deliver an authentic local service, made by and for the people of Norwich

"*Mustard TV* has a firm foundation on which to build a successful commercial TV service for Norwich and the surrounding area It can draw on Archant's established media resources, especially its high-quality journalism and existing media channels At the same time, this dynamic new platform will offer increased opportunities to Archant's business customers"

Johnny Hustler, managing director of Archant Anglia, adds "We are delighted to have this chance to further strengthen our ties with the people of Norwich and Norfolk It enables us to extend the valuable service we provide through our existing print and digital channels"

Word on the street

IN JUNE 2012, Archant entered into an innovative partnership with *streetlife com*, a hyper-local social network This enabled *streetlife com* to extend its service across Archant's print and digital portfolio

Within six months, it has added 25,000 users and established 700 new communities It has even received a boost from Stephen Fry, who encouraged his five million *Twitter* followers to join the network Just as importantly, the site has become a valuable resource for Archant's news desks, delivering fresh content and enabling reporters to engage more effectively with their local community

The network's unique advantage," says Nina Whittaker head of communities at *streetlife com*, "is that it bridges the online and offline worlds, making a real difference in local communities Recent conversations on the site have helped save threatened public services recall local history, expose local criminals, reunite people with lost pets and encourage activities"

Michael Adkins, editor of Archant's *Barking & Dagenham Post*, is championing *streetlife com* across London 'It's a strong addition to our editorial armoury It enables us, through polls and discussions to communicate with local people on a range of topics As a result, our news team has identified breaking news, gained feedback on planned features and identified topical local issues'

Archant Anglia has been very active in promoting *streetlife com* in print and online As a result, Norfolk became the first Archant region to hit 5,000 active users Meanwhile, Archant South West quickly built some of the most engaged communities and achieved the highest level of user activity in its first month with a one-line story posted on *streetlife com* that developed into a local campaign in the *Exmouth Journal*

"The rapid growth in our vibrant communities is an excellent achievement," says Matt Boyes, founder and CEO of *streetlife com*, 'and one made possible by Archant's continued enthusiasm and support"

www streetlife.com

LONDON24.COM IS ARCHANT'S digital-only news-media brand serving London's diverse communities and visitors. As well as hosting content from Archant's 14 London-focused newspapers, it has a small, dedicated editorial team and a network of hand-picked contributors. Together, they provide comprehensive coverage of local news, entertainment, sport and other useful information.

Since its launch in January 2011, *London24.com* has grown its audience to over 850,000 unique visitors a month, making it the second largest London-centric news site.

"The growth of *London24.com* and Archant's other London-focused websites is testament to the quality of our journalism," says Paul Hood, digital director for Archant London. "It also reflects the team's tremendous work in designing and developing products that make our content more accessible and enjoyable to read.

"The skills and dedication of the team have established *London24* as a credible and authoritative news-media brand for London. As such, national and international newspapers now follow up on many of our stories."

In our readers' pockets

In May 2012, *London24* launched a free app that offers users the ultimate mobile city guide. Called '*MyCityWay London24*', it is the result of a partnership between Archant and *MyCityWay*. It provides customers with a wealth of information at their fingertips whenever they need it.

The app processes and curates data from over 30 specialist mini-apps, and presents it in one easy-to-use discovery tool. The mini-apps provide a range of detailed, location-based, real-time and useful information that is never more than four clicks→

"The skills and dedication of the team have established *London24* as a credible and authoritative news-media brand for London"

away. One mini-app enables users to check traffic feeds, including live camera images of London's busiest road intersections, another helps locate the nearest parking spot.

"A third quickly lists the nearest facilities to you, such as a coffee shop" explains Paul. "The list is complete with addresses, phone numbers and even in some cases, photos of the premises. The app will then present a map showing directions from where you are to the place you choose.

Other mini-apps help users discover what's on at the nearest cinema, and the time and location of concerts and special events. Since the app is free to download, people are keen to share it with their friends and colleagues."

MyCityWay London24 helps users to find things on their doorstep they never knew existed and to navigate new and unfamiliar parts of the capital. "We are excited to be able to offer this comprehensive urban discovery tool for free," concludes Paul. "It enables anyone in London to explore and enjoy the capital in unprecedented ways. It is also a natural extension of Archant's *London24* brand and its mission to serve our communities with relevant information."

www.london24.com

Connecting customers

ARCHANT ANGLIA HAS organised many prestigious local awards and events for decades, but works hard to develop each event to ensure they don't become stale. Good ideas and show formats are also shared across the business.

A good example of developing events in 2012 included adding 'circus-style' entertainment to the sell-out *Eastern Daily Press* Business Awards to add some theatre to the ceremony.

Archant Norfolk's Future 50 event, which celebrates and supports the county's brightest entrepreneurs and is now in its third year, was successfully rolled out in Suffolk.

"It is important that we develop our events and share good ideas. This is part of the fabric of what we do as a community media group," says Bob Crawley, who became Archant Anglia's publishing director in May 2012.

"These awards and events help cement Archant's place in the community," explains Gary Attfield, relationship manager at Archant Anglia.

"The awards are industry facing, recognising talent and success. However, they also make effective marketing and PR material for nominated businesses, not least because our audiences trust the endorsement from our brands.

NEW TALENT

ROBERT KIDD
FINANCE DIRECTOR, ARCHANT LIFESTYLE

What attracted you to join Archant?
Archant has a strong reputation in the heart of the community. The opportunity to work with the Company as it evolves and grows is a real privilege.

What skills and experience do you bring?
I have worked in finance for more than 15 years, in several different areas. Although media is a new venture for me, I hope to bring a range of experiences and good practice initiatives to the role.

I believe it is critical that finance be a true commercial partner, working within the business to provide quality analytics, good commercial acumen, and appropriate process and control.

What excites you about your new role?
The size and scope of the opportunity is really exciting. We are operating in a challenging economic environment, and every penny counts to the business and our customers. We will need to be creative and invest wisely. It's a balancing act!

“Archant is enhancing its ability to capture detailed and reliable user data”

Data is the engine for growth

Capturing and using detailed, accurate and relevant data is critical to building a performance culture and developing customer-centric products and services

ARCHANT IS EVOLVING rapidly from a newspaper publisher into a multi-channel community media company. In this new world of numerous and diverse audiences, clear customer segmentation based on accurate data is the critical currency for advertising.

"Advertisers increasingly want to reach only those people that matter to them," says Serge Taborin, digital ventures director, "meaning it is vital we have accurate information on our audience. That is why Archant is enhancing its ability to capture detailed and reliable user data, significantly improving understanding of our audiences and related trends, while making our products more attractive to advertisers.

"It also enables us to make better decisions based on facts, maximise revenues from existing operations, identify new opportunities and improve customer service."

Archant serves two groups of customer: its audience and its clients. "We are currently running two data projects," says Serge. "One is profiling our online and offline audiences, while the other has been looking at advertising spend, specifically by small and medium-sized enterprises (SMEs), in our local markets."

For this project, which started in July 2012, Archant engaged the services of Borrell Associates, a leading US research consultancy that specialises in tracking local advertising trends.

"The purpose of this project is to generate data-driven analysis of how SMEs in our regions promote themselves through different media channels, and how they plan to do so in the future. As well as helping us structure our services to improve profitability it will provide a clearer view of the competitive landscape and help us benchmark our performance more accurately."

Borrell Associates draws on national commercial data from various sources, including private surveys of several thousand local SMEs. Consequently, it has a comprehensive knowledge of every region and the key drivers behind advertising spending.

"By understanding the business factors that influence spending, Borrell Associates can give us accurate estimates of what different types of business spends by channel," says Serge, "including print, online, mobile and directories. This will enable us to advise clients on what their competitors are likely to be spending and so establish a good working relationship based on this expertise.

"In addition, we are now able to target businesses that operate in higher spending sectors and are a better fit for Archant products."

Strengthening client and community ties

Archant's relationships with its communities are critical to its commercial success. To understand how well it is managing both sides of the business, Katherine Silver, head of marketing for Archant Anglia, arranged two research projects in 2012. The first was a mystery shopping exercise with clients across the region, covering all three business centres – Herts & Cambs, Suffolk and Norfolk.

The second was an audience engagement survey that focused on Norfolk following the success of a similar project →

– for Suffolk in 2011

Overall, we wanted to position our three business centres as clearly ahead of their competitors "

Mystery shopping

Archant commissioned The Mackman Group to conduct this study "They looked at a range of factors relating to our sales team's overall approach to relationship building," says Katherine "These factors were then measured against our competitors

"We gathered the findings into our new 'Customer First' handbook which contains a range of suggestions to help our teams better serve their customers It also explains how Archant can improve its standing in our regional business communities "

Customer engagement

Archant Anglia's customer engagement survey focused on understanding market perceptions of the *EDP* brand "As well as surveying consumers and employees, we added advertisers to gain a 360° view of the *EDP* in print, online, at work and in the community

"We used the research to construct a brand engagement model that identifies key brand drivers and shows how they vary across different consumer segments Although the research focused on the *EDP*, it gave us penetration and profile data for all our brands in Norfolk The survey showed that many people consider reading the *EDP* to be very much part of living in the county The younger market tends to read the print edition only once or twice a week Meanwhile, the *EDP24* website is attracting a new audience, with a different demography

"We are using this knowledge to help us improve our audience targeting," says Katherine, "and in turn our clients' targeting This will help build an engaged audience and deliver increased response rates for clients

"Importantly for advertisers, the *EDP* has a large, exclusive reader pool which national newspapers tend not to reach This means national print campaign planners who want to cover Norfolk will benefit from adding the *EDP* to their schedule "

Katherine Silver

Seeing the bigger picture

In 2012, Archant Lifestyle used results from the Professional Publishers Association (PPA) Magnify study and the National Readership Survey (NRS) to learn more about its readers and the way they consume and respond to editorial and advertising in magazines

The Magnify study explored readers' responses to editorial and advertising in 96 different magazines, including four Archant Life titles and three Archant Specialist publications

The results provide a detailed understanding of how readers interact with magazine content "This landmark study confirms that magazine readers are not only highly receptive to advertising," says Marius Cloete, head of research at the PPA "but are just as likely to recall advertising as they are editorial

"It highlights the power of magazines to engage consumers and stimulate a positive response to brand messages This, in turn provides advertisers with valuable insights on how to make their campaigns more effective In short," he concludes, "it proves that magazines are a great environment for advertising and brand focused editorial "

Miller Hogg, managing director, Archant Lifestyle, adds "This has given us incredible detail on the way our readers use our publications and enabled us to benchmark our portfolio against the industry's performance

"Our sales team can now give advertising customers specific feedback on the performance of their campaigns in our magazines, compared with the industry average for similar business categories This has helped increase their success rate for winning and retaining customers It has also helped us develop our editorial content and design, and refresh our page planning "

Meanwhile, four titles from Archant Life's portfolio are now taking part in the National Readership Survey "This is a continuous survey," says NRS CEO Mike Ironside, "which is run in conjunction with Ipsos MORI, seven days a week, throughout the year It covers over 250 of Britain's major newspapers and magazines and interviews 3,000 randomly selected adults (aged 15+) every month

"The NRS provides some of the most authoritative and valued audience research for print advertisers in the UK "

Miller adds "By being part of NRS we have a verified audience for our four northern Life titles that national media buying agencies recognise And with the support of the PPA, we have been able to model this research across all of our county magazines

"By combining NRS and Magnify we have been able to build a more detailed reader profile for our regional titles We have also been able to create a new marketing story for our sales team based on better product and audience knowledge

"Together, NRS and Magnify have shown us the importance of really understanding our readers and the way they use and enjoy our titles As a result," he concludes, "we can now do more to help our advertisers optimise their marketing spend and secure the best opportunity for response "

Knowledge is power

KNOWING AND UNDERSTANDING your audience is at the heart of successful publishing, as one of Archant Life's major magazines has proved.

Lancashire Life is a flagship title with a proud heritage covering one of the country's biggest counties.

"With brilliant photography and outstanding features, it has always been a pacesetter in terms of quality and sales," says editor Roger Borrell. "However, we are up against aggressive competition.

"We realised that an independent 'health check' was vital if we were to maintain our prime position. We commissioned an established research company, Linda Jones & Partners, to conduct a series of focus groups with current and lapsed readers, as well as people who read the opposition title. Our aim: to better understand our audience."

"We are committed to understanding our clients' markets," says Linda, "and providing them with a clear vision for their brands and services. Our clients benefit from our detailed qualitative and quantitative research, our plain speaking, and our ability to bring markets to life.

"*Lancashire Life* enjoys tremendous respect and affection among its readers," says Linda. "This is a secure foundation for the future, but there is no room for complacency. To maintain its pre-eminent position in the county, Archant must place the reader firmly at the heart of the editorial process."

"Our retail point-of-sale data has shown year-on-year increases"

The research provided the editorial and commercial teams with key information. An action plan and timetable were agreed and the identified improvements were rolled out.

They included a refreshed running order which gives readers a broader selection of features in the first 100 pages of the magazine and more cohesive grouping of topics throughout the magazine.

The popular town features were revisited and given a new direction and the important property, interiors and garden section has also been given a stronger and clearer focus.

Lancashire Life's design has been updated to better reflect the content and is now much bolder and more confident in picture use and typography.

The work has already paid dividends. "Our retail point-of-sale data has shown year-on-year increases," said Roger. "We now have a very clear sense of direction for *Lancashire Life* in terms of content, structure and the use of advertising. At the same time, we have created a template for a 'gold standard' county magazine, which Life is adapting for use across its portfolio.

"Linda's research provided one valuable overall lesson: while you think you are doing the right thing, you should always listen to your customers."

Intuitive user experience

As PART OF its multi-channel strategy, Archant now runs 180 websites serving clearly defined regional and special-interest communities. Maximising this portfolio's value involves understanding and engaging audiences, while delivering targeted advertising for business customers. That's why, during 2012, Archant invested in the cXense Context Computing Engine™ (CCE™).

cXense (pronounced see-sense) is a global technology company that creates innovative and intuitive products which help companies build great online user experiences. Archant plans to take full advantage of CCE™ powered applications to improve advertising delivery, content recommendation, site search and traffic generation across its digital properties.

"Deploying cXense's advanced contextualisation and personalisation products across our websites will give us tremendous competitive advantages in a number of key areas," explains Paul Hood, digital director for Archant London. "These are related to four integrated cXense tools: real-time visibility of our online audiences, their patterns of content consumption and their intent, relevant recommendations for users for 'related content' on other Archant websites, improved web functionality, and an intelligent contextual ad targeting technology that will enable Archant to deliver online ads to the most relevant audience segments.

"Using this best-in-class technology gives Archant the ability to manage and control its audience data. It also makes us independent of various other third-party service providers, so shortening and strengthening the business value chain. This," Paul concludes, "will enable us to offer a clearly differentiated business proposition."

Shaping our industry

Archant is proud to report that four members of its senior management team have also taken up important roles on leading industry bodies in 2012. These appointments demonstrate the group's respected position in the wider media community, as well as its leaders' experience and abilities.

In July, Archant's chief executive, Adrian Jeakings, became President of the Newspaper Society, which represents and supports the interests of Britain's regional and local media. In November, the Press Complaints Commission (PCC) named Bob Crawley, Archant Anglia's publishing director, as one of its commissioners.

Adrian, who has previously been treasurer and vice-president of the Newspaper Society, joins a distinguished list of directors from Archant and its forerunners who have served as presidents. "I look forward to helping the Newspaper Society continue to fulfil its invaluable role of promoting the important work, unique strengths and high standards of our industry," he says.

As one of seven senior editorial representatives on the PCC, Bob will contribute industry expertise to the Commission's important deliberations. "The PCC does extremely valuable work and I am delighted to represent the regional press during this time of great change," he says. "In particular, I look forward to working with the team on maintaining high reporting standards across the industry."

Johnny Hustler, managing director Archant Anglia, has been appointed as the UK director of The International News Media Association (INMA) and Brian McCarthy, finance director, as a non-executive director of the Newspaper Licensing Association.

Supporting sustainability

FOR THE SECOND year running, Archant won a gold award for environmental best practice in print and publishing at The Green Organisation's annual Green Apple Awards.

"This is an outstanding achievement," says Greg Parton, head of procurement and sustainability. "It recognises our commitment to sustainability, particularly employee involvement in our 20 4 12 campaign."

Launched on 20 April 2012, 20 4 12 aims to implement 20 actions in four key areas of energy, water, business miles and office paper. "It encourages employees to find more sustainable ways of using valuable resources," says Tara Greaves, Archant's sustainability correspondent. "The campaign includes an online training module suggesting ideas for reducing waste and saving money."

"There are compelling ethical reasons for protecting the environment," says Greg, "but sustainability also makes sound business sense. A more sustainable company is a more efficient company. Employee engagement helps boost morale because we all like to know we can make a difference."

"In our 2012 green survey," says Tara, "employees said they really wanted to be involved. That was evident when we supported national 'Bike to Work Week', as one of our 20 4 12 actions to make every business mile count. Colleagues were particularly keen to test the two electric bikes we had bought for employees in Norwich and London to use on short journeys instead of taking a pool car."

Nick Schiller, operations director, who pioneered the electric bike initiative, enjoyed testing them so much that he bought one. "I think electric bikes will play a part in our longer term plans to help lower our carbon footprint and reduce local pollution," he says.

Meanwhile, in Ipswich, Archant employees Chris Grover, Matt Rayner, Mike Rawden, Sarah Thomas, Matt Casburn and Will Rodwell signed up for Suffolk County Council's cycle to work challenge. "Our brands are at the heart of the community," says Chris, an advertising business manager, "and this was a great way to demonstrate that involvement. Now we cycle to work whenever we can."

"As well as the Green Apple award," concludes Greg, "we won the corporate Environment Award in the 2012 Newspaper Awards and received a 'highly commended' in the Professional Publishers Association environment awards. Thank you to everyone for your hard work and ideas."

Lester Marshall

Protecting our people

Employee welfare is of paramount importance to Archant. "This is not just about complying with our legal requirements as an employer," says Lester Marshall, Group health and safety manager. "It is also our moral duty to protect our employees and never put them at risk for commercial gain.

"That's why, in 2012, we worked on consolidating various initiatives we have launched over the last five years to improve health and safety (H&S) across the Group. As a result, we saw the number of workplace accidents fall again in 2012, marking the sixth consecutive year of improvement."

These achievements reflect a deeper cultural change. "This year," explains Lester, "we saw the highest level of compliance with our annual H&S audits, which demonstrates our managers' real commitment to our employees' wellbeing. Now, rather than doing audits because we have to, we do them because we believe they are right and important for the business and our colleagues."

In recognition of these achievements, Archant received a Silver Award from the Royal Society for the Prevention of Accidents (RoSPA). The RoSPA awards are the largest and longest running scheme of their kind in the UK. "As well as looking at our accident rates," Lester explains, "RoSPA looked at our H&S management systems, including strength of leadership and workforce engagement."

At the awards' presentation in September, David Rawlins, RoSPA's Awards Manager, said: "We congratulate Archant on its success and encourage all our winners to remain committed to safety and health, which is recognised to be good for workers and the bottom line."

Lester also arranged for Archant to buy nine more defibrillators for its larger offices, in addition to three it already had. "Rapid response to cardiac arrest is critical to saving lives. So, we have trained around 50 employees to use the machines."

"It is a credit to all employees," concludes Lester. "Thank you everyone in the business for all your support and for helping to create a positive health and safety culture."

Report and financial statements
for the year ended 31 December 2012

Registered office
Prospect House
Rouen Road
Norwich NR1 1RE

Auditors
Ernst & Young LLP
Cambridge

Report of the directors

The directors present their report and the audited financial statements of the Group for the year ended 31 December 2012

Results

The results for the year ended 31 December 2012 are set out in the Group profit and loss account on page 50 The loss after taxation of the Group for the year was £14,569,000 (2011 loss £1,462,000)

Dividends

The directors do not propose a final dividend in respect of 2012

The interim dividend of 6 4p per share paid on 4 October 2012 will make a total dividend of 6 4p per share for the year

The cost of dividends for 2012 is

	£000
Interim	875
Total	875

Principal activities

The principal activity of the Company throughout the year has been to act as the holding company of the Archant group of companies

The principal activities of the Group throughout the year were, and continue to be, publishing newspapers and magazines in print, online and through mobile technologies, contract publishing of magazines and printing newspapers

Business review and future developments

A review of the year and of the Group's prospects is set out in the Chairman's statement on page 4, the Chief Executive's report on page 6 and the Financial review on page 8, each of which is deemed to be incorporated herein The key performance indicators for the Group are primarily financial, and are included in the Financial review

Principal risks and uncertainties

There is an ongoing process for the identification, evaluation and management of the significant risks faced by the Group This is described in the Internal control section on page 38

The principal risks and uncertainties are operational and financing risks The financing risks faced by the Group are described in the Treasury management, associated risks and uncertainties section of the Financial review The key operational risks are the organisational structure and retention of key people, structural changes in advertising markets resulting in loss of advertising revenues, newspaper and magazine circulations, loss of key suppliers, pension fund volatility and business continuity Each such risk is being managed to mitigate any adverse impact on the Group as described below

Organisational structure and retention of key people

Our ability to execute and implement the Group's strategic and business plans relies on the appropriate Group structure, culture and key people We promote a culture of continuous improvement and will endeavour to retain our key people

Advertising

We are not overly reliant on any single customer or sector but we are impacted by the economic downturn being experienced in the UK and the structural changes within the industry We continue to invest in the quality, structure and training of our sales teams, whilst ensuring they are properly incentivised We continue to strengthen our online and mobile presence through the launch and refresh of our digital brands and continuously seek new online and mobile technology revenue sources

Circulation

We may be impacted by market declines in newspaper circulation due to changing lifestyles, changes in the paid for/free distribution models and the proliferation of news distribution channels Our approach for newspapers is to endeavour to increase circulation by focussing on relevant content and efficient distribution mechanisms Revenue lost through declining circulations has been partially offset by cover price increases Our magazine circulations are principally driven by our subscription strategy

Key suppliers

We have a number of key suppliers which if they were unable to meet their obligations to the Group could result in disruption We have an agreement to source all newsprint from a single major supplier In the event of disruption at one plant, the supplier has guaranteed continuous supply from its other plants If our telecoms providers were unable to meet their obligations, the Group would experience disruption The Group has put contingency plans in place to minimise any such disruption

Report of the directors

Pensions
The pension deficit is carefully monitored and there are regular reviews with Archant Pension & Life Assurance Scheme Trustee Limited ("Trustee Company"), which was established as a corporate trustee and is independent of the Group The Group and Trustee Company take appropriate actions to mitigate the growth in pension liabilities However, there are a number of factors which are outside the Group's control, including interest rates, inflation rates, life expectancy and regulatory change

Business continuity
We are dependent on our technology, networks and printing capability and we have invested in our network and printing infrastructure During 2012 there was a full review of business continuity plans which are updated on an ongoing basis to reflect changes in operations and systems

Share capital
The issued share capital of the Company is shown in Note 21 of the financial statements

Directors
Those who are currently directors, and who served as a director throughout the year, were

RW Jewson
SC Alleyne (appointed 1 February 2012)
SC Copeman
JAE Hustler
AD Jeakings
BG McCarthy
PJC Troughton
MJ Walsh
REJ Wyatt

The interests in the shares of the Company of the directors serving at the year end are disclosed in the Directors' remuneration report on page 42

Corporate governance
The Company is not bound by the provisions of "The UK Corporate Governance Code", but the Board remains committed to maintaining high standards of corporate governance

(a) Board composition and appointment
The Board currently comprises nine directors, six of whom, including the Chairman and Vice-Chairman, are non-executive

The directors have sought to ensure that the composition of the Board is such that the skills and expertise present in the board room, whether derived from technical knowledge or practical experience, are those necessary for the Board to manage the Company effectively

The Articles of Association of the Company require that at each Annual General Meeting of the Company the number of directors most nearly equating to one third (disregarding those appointed by the Board since the previous Annual General Meeting) retire by rotation

(b) Role and operation of the Board
While the Board as a whole is responsible to shareholders for the proper management of the Group, it has established the audit, nominations, pensions and remuneration committees (the "Committees") as "standing" committees with particular responsibilities, and other committees are established from time to time to deal with specific matters The terms of reference of the Committees are set, and subject to periodic review, by the Board The Board has also established a formal schedule of matters that it has determined should be decided upon only by the Board In particular, the Board determines the Group's strategy, approves the Group's business plan and budget, monitors the Group's financial performance, determines the Group's funding strategy and reports to shareholders The Board also retains responsibility for determining the remuneration of the non-executive directors, save that the Chairman's fee is determined by the remuneration committee meeting in his absence

Meetings of the Board are minuted, as are those of the Committees of the Board, and all such minutes are considered and agreed at a later meeting of the relevant body, usually the meeting following that to which they relate Directors are free to request that their specific views are recorded in those minutes and, in addition to them having access to the advice and services of the Company Secretary, a procedure exists whereby directors may take external advice at the expense of the Company in respect of matters of concern to them in their role as a director of the Company

The Company Secretary has responsibility for ensuring that Board procedures are followed

The roles of the Chairman and Chief Executive are separate and the division of responsibilities has been formally set out

In addition to the six meetings of the Board scheduled at the beginning of the year and a full-day strategy meeting at which the Board considered the future direction of the Group's activities in detail, there were meetings of the Committees of the Board in 2012 Additionally, the Board met either in full or via other duly constituted committees to consider specific matters on a number of other occasions in the year

Report of the directors

The Chairman meets from time to time with the other non-executive directors in the absence of the executive directors, usually on an informal basis

(c) Board committees

The composition of the Committees of the Board is set out on pages 12 and 13, together with directors' biographical details

The Board has sought to appoint to the Committees those of their number who, together, it considers to have the most appropriate skills to enable each Committee to carry out its allotted functions Annually each Committee undertakes a review of the Committee's compliance with its relevant terms of reference and reports its findings to the Board

(i) Audit

The terms of reference of the audit committee, which were reviewed in 2012, assign to the committee, among other matters, responsibility for

- reviewing the integrity of the Company's financial statements, including the consistency of the application of, and changes to, accounting policies,
- considering and making recommendations to the Board in relation to the appointment, reappointment and removal of the Company's auditors,
- overseeing the selection process for new auditors,
- periodically assessing the independence and objectivity of the Company's auditors,
- reviewing and approving the annual audit plan and agreeing the audit fee,
- reviewing the effectiveness of the audit,
- keeping under review the effectiveness of the Company's internal controls and risk management systems

(ii) Nominations

The terms of reference of the nominations committee, which were reviewed in 2012, include a requirement that, in respect of each proposed appointment to the Board, the committee evaluates the balance of skills, knowledge and experience on the Board and, in the light of that evaluation, prepares a description of the role and capabilities required for a particular appointment

The committee is charged with identifying suitable candidates for appointment to the Board and with keeping under review the time commitments of the non-executive directors with a view to ensuring that those so appointed have sufficient time to properly discharge their duties in relation to the Company

The terms of reference of the committee also require it to keep under review the leadership needs of the organisation, to give full consideration to succession planning for directors and other senior executives and, in consultation with the Chairmen of those Committees, to make recommendations to the Board concerning the composition of the audit and remuneration committees

(iii) Remuneration

The terms of reference of the remuneration committee, which were reviewed in 2012, provide that the committee is responsible for determining and agreeing with the Board the framework and policy for the remuneration of certain senior executives and, in consultation with the Chairman and/or Chief Executive as appropriate, determining the total individual remuneration package (including pensions, bonuses, incentive payments and share awards) of those executives The senior executives concerned are the Chief Executive, who is not consulted in relation to his own remuneration, his direct reports, the executive directors of the Company and the Company Secretary The committee excluding the Chairman also determines and agrees with the Board the remuneration of the Chairman

The terms of reference of the committee require it to review the design and targets of all performance-related pay and long-term share incentive schemes

(iv) Pensions

The terms of reference of the pension committee were reviewed in 2012 The pensions committee comprises the Chairman, Chief Executive, Finance Director, Company Secretary, HR Director and Pensions Manager The Committee monitors the performance of the Group's pension scheme and makes recommendations to the Board in respect of the Group's pension arrangements in light of current circumstances, matters requiring consultation with the Trustee Company and anticipated developments

(d) Board's relations with shareholders

Communication with shareholders is undertaken principally through the Annual report, the Interim statement and at the Annual General Meeting

There is also a programme of meetings between directors and major shareholders

The Chairman and Vice-Chairman remain willing, subject to issues of commercial confidentiality, to discuss with any shareholder, irrespective of the size of their holding, matters of concern to them in relation to the affairs of the Group

(e) Internal control

The directors are responsible for the system of internal control in the Company and its subsidiaries and for reviewing its effectiveness

The control structure and procedures adopted are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement, errors, losses or fraud

The key elements of internal control that have been established, and that were in operation throughout 2012 (and up to, and including, the date of this report), are

Report of the directors

- Authority to manage the Group's operating units is delegated, subject to certain constraints determined by the Board Each of the principal operating units holds regular management meetings that are attended by senior executives of the Group Other matters of significance are reported where required,
- Annual financial and operational budgets and quarterly forecasts are prepared by operating units and reviewed and approved by senior executives of the Group and, on a consolidated basis, by the Board,
- Monthly management reports and accounts are prepared by all operating units and include comparisons to budget, prior year and forecasts Significant variances are highlighted and investigated,
- Formal procedures are used to assess material investments and capital projects and appropriate due diligence is carried out if a business acquisition is proposed,
- The audit committee reviews the effectiveness of the financial control systems and reports areas of concern to the Board

Procedures have been implemented to monitor the systems for safeguarding assets against unauthorised use, for maintaining proper accounting records, and for ensuring the reliability of financial information within the business

The Board reviewed the effectiveness of all material controls, including financial, operational, compliance and risk management in 2012 through a formal procedure to identify, evaluate and manage such significant risks as the Group faces

Each operating unit prepares a risk matrix annually The matrix details risks that it is thought could prevent the achievement of the strategic objectives of that business unit and assesses the likelihood of their occurrence The measures in place, and proposed, in respect of the monitoring and management of each such risk are documented This information is reviewed with the Finance Director Thereafter, senior management reviews the risks to the Group as a whole, focussing in particular on those factors that could impact upon achievement of the Group's strategy

The outcome of the risk review process is summarised and reported upon annually to the audit committee, to whom responsibility for such annual review has been delegated by the Board

(f) Operation of the audit committee

The audit committee met on four occasions in 2012

The committee reviewed the 2011 financial statements and the 2012 Interim statement prior to their publication

The committee met with the auditors in 2012 to discuss the audit in respect of the year ended 31 December 2011, matters of relevance to the 2011 financial statements and the proposals for the conduct of the audit in respect of 2012 Other matters considered by the committee during 2012 included the Group's corporate governance mechanisms, the annual review of operational risk and a report in relation to the Group's insurances

(g) Internal audit

The audit committee periodically considers whether the introduction of an internal audit function would strengthen the control environment to the extent necessary to justify the additional costs and the impact on the operation of the business that such a function would entail

In the light of the scale and structure of the Group and the control environment in place, the Board does not currently consider that the introduction of an internal audit function would materially benefit the Group

(h) Non-audit fees paid to external auditors and auditor independence

The audit committee has an ongoing responsibility for monitoring the independence of the Company's auditors

In the light of the substantial knowledge that the Company's auditors, Ernst & Young LLP ("Ernst & Young"), have built up of the Group and its affairs, the considerable level of technical expertise that they can make available to the Group and the cost-effectiveness and efficiency of obtaining that expertise from a party who already has a detailed knowledge of the Group, the Board has not placed any restriction on the use by the Group of Ernst & Young in respect of non-audit matters

Accordingly, during 2012, Ernst & Young advised the Group in relation to tax compliance, general tax advice and the provision of circulation certification to industry audit bodies

In accordance with ethical standards, Ernst & Young has advised the Company in writing that the firm is independent within the meaning of regulatory and professional requirements and that the objectivity of the audit engagement partner and audit staff is not impaired Having reviewed that opinion, the Board is of the opinion that the continuing provision to the Group by Ernst & Young of both audit and non-audit services has not compromised the independence of the auditors in relation to their audit of the affairs of the Company and the Group in respect of 2012

Sums payable to Ernst & Young in relation to the 2012 audit were £90,000 and in relation to non-audit services provided in the year were £181,000

(i) Operation of the nominations committee

The nominations committee met on one occasion in 2012 to consider the renewal of the non-executive directors' contracts for Mike Walsh and Simon Copeman and agree the directors to stand for re-election at the 2013 Annual General Meeting

Report of the directors

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Report of the directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under the 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 Group and the Company and of the profit or loss of the Group for that period In preparing those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Group will continue in business

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving this report are detailed on page 37 Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that

- to the best of their knowledge and belief, there is no information relevant to the preparation of this report of which the Company's auditors are unaware, and
- they have taken all the 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

Going concern

The Group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, its exposures to liquidity, interest rate, foreign exchange, credit and price risk, are described in the Financial review on page 8 and Note 23 to the financial statements

The Group has considerable financial resources and facilities available, together with secure long term contracts with principal suppliers The Group's budgeting and forecasting processes include the preparation of forecast cash flows, based on expected trading results, the Group's overall working capital requirements and other non-trading cash items, including capital expenditure, interest, debt and taxation These forecasts indicate that the Group has an adequate level of facilities to meet its forecast cash requirements, and as a consequence the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future Accordingly, the directors have continued to adopt the going concern basis in preparing the financial statements

Employees

The Group continued to provide employees with information about the Group throughout 2012 and to encourage staff involvement In addition to local initiatives, methods of communication have included an online news service, which is updated at least weekly via the Archant intranet and email, and the continuing use of a corporate social network to facilitate open communication between employees for both corporate and social information

Adrian Jeakings undertook a series of presentations during 2012, to which all employees were invited Those attending were briefed on the Group's performance, new developments, the Group's plans and other matters of relevance to employees

In compliance with the relevant legislation, the Group recognises Unite the Union at its Thorpe Print Centre and the National Union of Journalists in respect of relevant staff of Archant Norfolk, Archant Suffolk and at Archant London's *Hackney Gazette*, *East London Advertiser* and *Hampstead & Highgate Express* series Such recognition provides for an annual joint review by management and the relevant union of pay, hours and holidays of staff in the relevant bargaining unit

The Group's Information and Consultation Framework Constitution aims to provide a means of informing and consulting with employees, through their elected representatives, on a regular basis so that their views can be taken into account in making decisions that may affect their interests A training programme is offered to staff-elected representatives

Report of the directors

Consultation also takes place on matters such as health and safety and pensions Certain directors of the Trustee Company are employees of the Group nominated and elected by members of the scheme

A forum comprising the human resources director, managers and other staff with related responsibilities meets regularly and has the promotion of best human resources practice around the Group as one of its goals

It is the Group's policy that, within the constraints imposed by relevant legislation, discrimination on such grounds as gender, race, ethnic origin, sexual orientation, disability, nationality, age, marital status or religious belief of applicants for employment and employees is not acceptable As a result, the Group seeks to ensure that decisions on employment, including recruitment, training, development, promotion and pay, are based on the individual's ability to do the job and on his or her experience and skills Accordingly, disabled people are dealt with in such respects on the same basis as able-bodied applicants and employees If a person becomes disabled while an employee every practical effort is made to make such reasonable adjustments as may be necessary to enable the individual concerned to continue in employment with the Group

Supplier payment policy
The Group negotiates appropriate terms and conditions for its transactions with suppliers and it is the Group's policy that payments are made in accordance with those terms and conditions

At 31 December 2012 the Group held 26 days' purchases outstanding in trade creditors (2011 27 days)

At 31 December 2012 the Company held nil days' purchases outstanding in trade creditors (2011 nil days)

Donations
The Group has three principal means of offering financial support to charitable causes

- Through its Archant Gold programme the Group matches sums raised by the efforts of employees for their chosen causes,
- By matching at a given percentage sums donated to charity by employees using the Charities Aid Foundation payroll giving facility (also known as "Give As You Earn") – the Company also pays all administration costs associated with this means of charitable giving, and
- By direct donations

Donations made by the Group for charitable purposes during 2012 totalled £64,000 (2011 £66,000)

In addition, the Group, through its publications, encourages readers to support a number of worthy causes, resulting in substantial sums being raised

Qualifying third-party indemnity provisions
It has been the practice of the Company to indemnify its directors in accordance with the Company's Articles of Association and to the maximum extent permitted by law Indemnities which constitute qualifying third party indemnity provisions as defined by section 234 of the Companies Act 2006 have been in place throughout the year and as at the date of this report remain in force Under those indemnities the Company has indemnified the directors, in accordance with the Company's Articles of Association, in respect of liabilities that may attach to them in their capacity as directors of the Company or of associated companies

Auditors
The Company's auditors, Ernst & Young LLP, have indicated their willingness to continue in office and, in accordance with section 485 of the Companies Act 2006, a resolution proposing their reappointment will be put to the members at the forthcoming Annual General Meeting

Annual General Meeting
Notice of an Annual General Meeting of the Company to be held on 23 April 2013 is set out on page 89

By order of the Board

JO Ellison
Secretary
28 February 2013

Directors' remuneration report

Remuneration committee

The remuneration committee is chaired by Richard Jewson, who is both the Chairman and a non-executive director of the Company

Peter Troughton, Mike Walsh and Richard Wyatt also served as members of the committee throughout the year All members of the committee are non-executive directors The committee met on five occasions in 2012

Policy on remuneration of executive directors

The remuneration committee determines an overall remuneration package for each executive director of the Company, with the intention of attracting and retaining high-quality executives capable of enabling the Group to achieve its objectives

In determining the elements of those packages the remuneration committee pays particular attention to remuneration levels in the industry and may take advice from external remuneration and other consultants where it considers it appropriate to do so During the year the remuneration committee used the services of MM&K Limited ("MM&K") in relation to the benchmarking of directors' pay and benefit levels against a peer group of media and industry companies MM&K also administers the all employee share incentive plan on behalf of the Group

The main elements of the remuneration packages of the executive directors of the Company are

(a) Basic salary

Basic salary is subject to annual review by the remuneration committee with reference to such external data as the committee considers relevant

(b) Annual bonus (non-pensionable)

Each of the executive directors of the Company participates in an annual cash bonus scheme The payment of any such bonus is dependent in part upon the extent to which certain financial targets of the Group are met, or exceeded, in relation to the particular year Payment of the balance depends on the extent to which the director achieves, or exceeds, personal goals in the year in question

The targets and goals for each director are determined by the remuneration committee at the beginning of the financial year, and any such bonus is paid annually in arrears

(c) Long-term incentive plans ("LTIPs")

The shareholder approved LTIPs are designed to align closely the interests of participating senior managers with those of shareholders by setting performance targets measured over a three-year period for each plan cycle The rules of each of the LTIPs stipulate the conditions that must be met and/or the circumstances that must arise in order for restrictions to be lifted or for the options to become exercisable For all plans, the conditions that must be met are based on the financial performance of the Group as measured by the Group's adjusted earnings per share aggregated over a period of three years Any awards that do not meet the conditions within the specified timeframe are forfeited or lapse The maximum number of shares/options that may be awarded to any participant in any one year cannot exceed 100% of the participant's annual salary excluding bonuses

Awards under The Archant 2011 Long-Term Incentive Plan ("2011 LTIP") are in the form of options and comprise two main elements

(i) an HM Revenue & Customs ("HMRC") approved option granted at the market price of the shares on the date of award The maximum award of the approved options is £30,000 per person being held at any one time This element also comprises a discretionary taxable cash bonus equivalent to the value of the exercisable approved option to enable participants to exercise their options at nil cost to them (with the exception of any tax liability due on the cash bonus), and

(ii) nil-cost options which are granted to individuals who are eligible for a grant that is in excess of the HMRC approved option limit of £30,000

No awards were made under the 2011 LTIP in 2012

Awards under the 2006 LTIP were made in the form of restricted shares Since the approval of the 2011 LTIP no awards have been granted under the 2006 LTIP

(d) Employee share schemes

From time to time the Company offers an HMRC approved share incentive plan ("the SIP") Executive directors are entitled to participate in the SIP on the same basis as other eligible employees

Directors' remuneration report

(e) HMRC approved pension

Each of the executive directors is a member of the Archant Pension & Life Assurance Scheme ("the Scheme") and is either a member of the Defined Benefit Section or the Defined Contribution Section of the Scheme (further information is given in Note 29 to the financial statements)

For the Defined Benefit Section, members who commenced pensionable service prior to 31 May 1989 were not subject to the statutory pensionable earnings cap introduced from 1 June 1989, nor to the scheme-specific earnings cap introduced from 6 April 2006 after the abolition of the statutory pensions earnings cap From 1 December 2009, members' pensionable earnings were capped at the level of pensionable earnings over the 12 months to 1 December 2009 (the "2009 Cap") Any pension benefits on pensionable earnings above this capped level are provided through a Defined Contribution arrangement

The Senior Management Defined Benefit Section provides a pension of up to one-thirtieth of the participant's final pensionable salary for each year of pensionable service, so that members with at least 20 years' pensionable service can achieve a pension of two-thirds final pensionable salary (subject to the 2009 Cap) at the normal retirement age of 65 Benefits cannot exceed the maximum lifetime allowance laid down by HMRC

The Defined Contribution Section provides a pension at retirement based on the value of the member's fund, including investment returns, the type of annuity chosen and annuity rates in place at that time

From 1 May 2009 the Company introduced SMART, a salary sacrifice arrangement whereby each Scheme member was given the option to have their pension contributions paid by the Group and the member's contractual pay was reduced by the amount of these contributions Each executive director opted to have their contributions paid by salary sacrifice

Adrian Jeakings is a member of the Senior Management Defined Benefit Section of the Scheme and was subject to the statutory pensionable earnings cap up to 5 April 2006, the scheme-specific earnings cap and the 2009 Cap The Company has agreed to pay Adrian Jeakings a non-pensionable supplement of 25 per cent of pensionable earnings above such caps

Johnny Hustler is a member of the Senior Management Defined Benefit Section of the Scheme and has not been subject to the statutory earnings cap or the scheme-specific earnings cap but is subject to the lifetime limit and the 2009 Cap Member pension contributions on any pensionable earnings above the 2009 Cap are under SMART into the Defined Contribution top-up arrangement which the Company matches at a rate of 1 5 times

Brian McCarthy is a member of the Senior Management Defined Contribution Section of the Scheme and opted to have his contributions paid under SMART, the Company matches these contributions at a rate of 2 5 times

For the executive directors the Scheme has taken out a life insurance policy under which a lump sum of four times "Reference Salary" (member's salary before any reduction for salary sacrifice) is payable on death in service Spouses' and/or dependents' pensions are also payable for death in service

The Company may provide an immediate pension to, or other benefits to acquire a pension for, executive directors retiring on the grounds of either permanent total or permanent partial incapacity

(f) Other benefits

In common with those other senior executives of the Group, the executive directors are offered a company car or are paid an annual cash sum as determined by the committee in lieu of the provision of a car

Each of the executive directors may elect to have the Group make the benefits of private health insurance available for themselves and, if they so choose, their spouse/partner and/or children

Directors' remuneration report

Policy on remuneration of non-executive directors
Subject to the restrictions contained in the Articles of Association of the Company, the fees of non-executive directors are determined by the Chairman and executive directors in the light of such external advice as they consider appropriate to take and recommendations made to them by the Chairman and Chief Executive The Chairman's fee is determined by the remuneration committee in his absence

Service contracts

(a) Executive directors
It is the policy of the Company that contracts with executive directors should continue until aged between 60 and 65, subject to earlier termination by either party on 12 months' notice in writing, save where the agreement may be terminated summarily for a significant and/or specified breach

(b) Non-executive directors
It is the policy of the Company to engage non-executive directors on fixed term contracts for periods of three years Such contracts, which are generally renewable, are, however, subject to termination on one month's notice, or three months' notice in the case of the Chairman

Directors' emoluments

	Salary/fees	Performance-related bonus	Other benefits	Total	
	2012 £000	2012 £000	2012 £000	2012 £000	2011 £000
RW Jewson	109	-	-	109	109
SC Alleyne[1]	23	-	-	23	
SC Copeman	25	-	-	25	25
JAE Hustler[2]	146	36	11	193	190
AD Jeakings[3]	284	98	15	397	440
BG McCarthy	162	58	13	233	232
PJC Troughton	29	-	-	29	29
MJ Walsh	25	-	-	25	25
REJ Wyatt	25	-	-	25	25
JF de Moller[4]	-	-	-	-	8
Total	828	192	39	1,059	1,083

[1] SC Alleyne was appointed to the Board with effect from 1 February 2012
[2] JAE Hustler's contractual working days per week changed in April 2011 from four days to five days and from August 2011 onwards reverted to four days In June 2012 Mr Hustler's contractual working days reverted to five days per week
[3] Highest-paid serving director as at 31 December 2012
[4] JF de Moller resigned from the Board with effect from 13 April 2011

Adrian Jeakings has been permitted to retain those fees payable to him in respect of his directorship of PA Group Limited and receives no remuneration in relation to acting as a governor of Norwich School, a director of Norwich School Limited or as a member of the Board of the Newspaper Society

Directors' remuneration report

Directors' accrued pension entitlements

Adrian Jeakings and Johnny Hustler were both members of the Group's Senior Management Defined Benefit Section of the Scheme during 2012

The following table shows the members' contributions, the increase/decrease in accrued entitlement during the period and the accrued entitlement at the end of the period

	Age at 31 December 2012	Accrued pension 31 December 2011 £000	Real increase / (decrease) in accrued pension £000	Inflation £000	Increase / (decrease) in accrued pension in the year £000	Accrued pension 31 December 2012 £000
AD Jeakings	54	37 9	3 1	1 0	4 1	42 0
JAE Hustler	57	92 3	(1 4)	2 4	1 0	93 3

The following table sets out the transfer value of the directors' accrued benefits, calculated in a manner determined by the Trustee Company of the Scheme having taken advice from the Scheme Actuary

	Transfer value 31 December 2011 £000	Transfer value of real increase / (decrease) in accrued pension net of contributions £000	Other changes to transfer value £000	Increase in transfer value in the period net of contributions £000	Contributions* £000	Transfer value 31 December 2012 £000
AD Jeakings	958 7	60 0	93 7	153 7	7 5	1,119 9
JAE Hustler	1,846 7	(22 5)	127 0	104 5	8 6	1,959 8

*These include notional contributions paid under SMART

The transfer values disclosed above do not represent a sum paid or payable to the individual director, but they represent liabilities of the pension scheme The above figures exclude additional voluntary contributions

Other pension provisions

The Company contributed £28,420 (2011 £28,420) to Brian McCarthy's Defined Contribution pension fund during the year This figure excludes contributions under SMART

Contributions made by the Company during the year in respect of pension arrangements for Adrian Jeakings in addition to the Scheme were £nil (2011 £6,775 which was paid into a SIPP) Adrian Jeakings was paid 25% of pensionable earnings above the 2009 Cap (£40,650) as a cash supplement (2011 £33,875)

In 2012 both Johnny Hustler and the Company paid Defined Contribution top-up payments on his pensionable earnings above the 2009 Cap Mr Hustler's contribution was matched at a rate of 1 5 times, equating to an employer contribution rate of 10 5% The Company paid £1,959 Defined Contribution top-up payments in 2012 (2011 £1,430)

Directors' remuneration report

Directors' interests in shares

The interests in the shares of the Company of those individuals who were directors at the year end were as follows

	20p ordinary shares at 1 January 2012	20p ordinary shares at 31 December 2012
RW Jewson	35,697	35,697
SC Alleyne	-	-
SC Copeman	57,222 24,500 [1,2]	57,222 24,500 [1,2]
JAE Hustler[4]	8,826 30,800 [3]	8,826 14,000 [3]
AD Jeakings[4]	21,602 84,000 [3]	21,602 42,000 [3]
BG McCarthy[4]	4,728 44,800 [3]	4,728 22,400 [3]
PJC Troughton	91,755	91,755
MJ Walsh	5,000	5,000
REJ Wyatt	10,000	100

[1] Non beneficial
[2] Joint with others
[3] Restricted shares awarded under 2006 LTIP (see page 48) and subject to risk of forfeiture
[4] The director was invited to participate in the SIP on the same basis as other eligible employees As a result, the director has obtained, and as at 31 December 2012 retained, the awards of shares under the SIP, as shown on page 47 No awards have been made under the SIP since 2008

Directors' remuneration report

Share incentive plan

Date of Award	6 October 2003	17 June 2004	28 June 2005	31 May 2006	30 May 2007	30 May 2008
Price paid for Partnership Shares (pence per Share)	1000	1250	1500	1325	1150	800
AD Jeakings						
Partnership Shares		6	5	5	6	9
Matching Shares		12	10	10	12	18
Free Shares		22	19	22	25	36
Total	-	40	34	37	43	63
BG McCarthy						
Partnership Shares			5	5	6	9
Matching Shares			10	10	12	18
Free Shares	-	-	19	22	25	36
Total	-	-	34	37	43	63
JAE Hustler						
Partnership Shares	7	6	5	5	6	
Matching Shares	14	12	10	10	12	
Free Shares	28	22	19	22	25	36
Total	49	40	34	37	43	36
Total	**49**	**80**	**102**	**111**	**129**	**162**

All such shares, none of which are included in the numbers set out in the principal table, are currently held by the SIP Trustee pursuant to the rules of the SIP

No sum was paid or payable in respect of the Matching shares or the Free shares

As far as the Company is aware, none of the directors of the Company at 31 December 2012 had any interests in any shares in the Company or any of its subsidiaries at 1 January 2012, 31 December 2012 or 28 February 2013 save as disclosed above and in the section on page 48 headed 'Long-term incentive plans'

Options and invitations to subscribe held by directors

Save as disclosed in the section on page 48 headed 'Long term incentive plans' as far as the Company is aware no director had options outstanding over any share in the Company at any time during 2012 and none has been granted any option over any such share since the end of that year

Directors' remuneration report

Long-term incentive plans

Grant of options made under the 2011 LTIP to those individuals who were directors of the Company at any time during the year and which remained outstanding at any time during the year were as follows

	Awards held at 1 Jan 2012	Granted during period	Exercised during period	Awards held at 31 Dec 2012	Market price on exercise	Exercise price £	Date from which exercisable	Date of expiry of options
AD Jeakings	41,000		-	41,000		4 00	16 June 2014	16 June 2021
JAE Hustler	20,000		-	20,000		4 00	16 June 2014	16 June 2021
BG McCarthy	22,000	-	-	22,000		4 00	16 June 2014	16 June 2021

Awards of restricted shares made under the 2006 LTIP to those individuals who were directors of the Company at any time during the year and which remained outstanding at any time during the year were as follows

	Cycle ending 31 Dec	Date of award	Market price at time of award Pence per share	Awards held at 1 Jan 2012 Number of 20p ordinary shares	Awarded during the year Number of 20p ordinary shares	Forfeited during the year Number of 20p ordinary shares	Awards outstanding at 31 Dec 2012 Number of 20p ordinary shares
AD Jeakings	2011	06 05 09	350	42,000	-	42,000	-
	2012	14 05 10	525	42,000	-		42,000
JAE Hustler	2011	06 05 09	350	16,800		16,800	-
	2012	14 05 10	525	14,000			14,000
BG McCarthy	2011	06 05 09	350	22,400		22,400	
	2012	14 05 10	525	22,400		-	22,400

Where reference is made in this document to market price at a date prior to 8 June 2004 this is the price which, at the relevant time, the Board had indicated it was willing to offer for sale shares which a shareholder had asked it to offer for sale pursuant to Article 39 of the Articles Where reference is made in this document to market price at a date on or after 8 June 2004 this is the price at which shares had most recently been traded via the Matched Bargain Facility operated in respect of shares in the Company Any values of shares in Archant referred to in this document have been calculated solely by reference to such prices

Approved by the Board and signed on its behalf by

RW Jewson
Chairman
28 February 2013

Independent auditor's report to the members of Archant Limited (company number 4126997)

We have audited the financial statements of Archant Limited for the year ended 31 December 2012 which comprise the Group profit and loss account, the Group statement of total recognised gains and losses, the Group reconciliation of movements in shareholders' funds, the Group and Company balance sheets, the Group statement of cash flows and the related notes 1 to 29 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
As explained more fully in the Directors' responsibilities statement set out on page 40, 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 Group's and 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 Report and financial statements to identify material inconsistencies with the audited financial statements 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 Group's and of the Company's affairs as at 31 December 2012 and of the Group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Company 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

Tony McCartney
Senior statutory auditor
for and on behalf of
Ernst & Young LLP
Statutory Auditor
Cambridge
28 February 2013

Group profit and loss account

for the year ended 31 December 2012

	Notes	2012 £000	2011 £000
Group turnover			
Continuing operations		131,366	135,057
Operating profit before amortisation and exceptional items			
Continuing operations		6,301	10,415
Amortisation of goodwill and other intangible assets	11	(4,560)	(4,616)
Impairment of intangible assets	3	(4,815)	
Restructuring costs	3	(1,312)	(3,095)
Group operating (loss)/profit	2	(4,386)	2,704
Income from investments	5	19	25
Interest payable	6	(5,571)	(1 648)
Other finance expense	29	(783)	(60)
(Loss)/profit from ordinary activities before taxation		(10,721)	1,021
Tax on (loss)/profit from ordinary activities	7	(4,053)	(2,549)
Loss from ordinary activities after taxation		(14,774)	(1,528)
Minority interests		205	66
Loss for the financial year attributable to members of the Company		(14,569)	(1,462)
Earnings/(loss) per share – Basic	10	(106 4p)	(10 6p)
Continuing operations	10	(106 4p)	(10 6p)
Diluted	10	(106 4p)	(10 6p)
Adjusted	10	19 8p	43 1p

There is no material difference between the profits calculated on an historical cost basis and those presented above

Group statement of total recognised gains and losses

for the year ended 31 December 2012

	Note	2012 £000	2011 £000
Loss for the financial year attributable to members of the parent company		(14,569)	(1,462)
Actuarial losses recognised on defined benefit pension schemes	29	(34)	(15,790)
Movement on deferred tax asset associated with pension scheme deficit		10	4,269
Change in deferred tax asset on pension scheme deficit arising from a change in the rate of corporation tax		(594)	(606)
Total recognised gains and (losses) relating to the year		(15,187)	(13,589)

Group reconciliation of movements in shareholders' funds

for the year ended 31 December 2012

	Note	2012 £000	2011 £000
Opening shareholders' funds		40,174	57,060
Total recognised gains and losses		(15,187)	(13,589)
Dividends	9	(2,752)	(2,779)
Issue of new shares		10	-
Purchases of own shares		(7)	(518)
Total movements in the year		(17,936)	(16,886)
Closing shareholders' funds		22,238	40,174

Balance sheets

as at 31 December 2012

	Notes	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Fixed assets					
Intangible assets	11	45,711	54,595	-	
Tangible assets	12	28,960	32,318	1	
Investments	13	91	43	166,863	166,863
		74,762	86,956	166,864	166,863
Current assets					
Stocks	14	1,267	1,359	-	
Debtors	15	19,297	21,368	85,806	85,492
Cash at bank and in hand	16	3,663	4,194	7	9
		24,227	26 921	85,813	85,501
Creditors – amounts falling due within one year	17	34,622	27,815	3,017	6,840
Net current (liabilities)/assets		(10,395)	(894)	82,796	78,661
Total assets less current liabilities		64,367	86,062	249,660	245 524
Creditors – amounts falling due after more than one year	18	18,515	21,237	205,210	213,320
Provisions for liabilities	20	751	1,956	-	500
Net assets excluding pension scheme liability		45,101	62,869	44,450	31,704
Defined benefit pension liability	29	22,857	22,709	-	
Net assets including pension scheme liability		22,244	40,160	44,450	31,704
Capital and reserves					
Called-up share capital	21	2,873	2,872	2,873	2 872
Share premium account	22	2,625	2,616	2,625	2,616
Revaluation reserve	22	255	285	-	
Other reserves	22	2,647	2,654	(5,072)	(5,065)
Profit and loss account	22	13,838	31,747	44,024	31,281
Shareholders' funds		22,238	40,174	44,450	31,704
Minority interests		6	(14)	-	
		22,244	40,160	44,450	31,704

RW Jewson
Chairman

BG McCarthy
Finance Director

28 February 2013

Group statement of cash flows
for the year ended 31 December 2012

	Notes	2012 £000	2011 £000
Cash flow from operating activities	24	7,572	13,095
Returns on investments and servicing of finance	25	(1,055)	(1,355)
Taxation		(11)	(338)
Capital expenditure and financial investment	25	(1,298)	(1,789)
Acquisitions and disposals	25	(266)	(72)
Equity dividends paid	9	(2,752)	(2,779)
Cash inflow before use of liquid resources and financing		2,190	6,762
Financing	25	(1,619)	(4,518)
Increase in cash	26	571	2,244

Reconciliation of net cash flow to movement in net debt (Note 26)

	2012 £000	2011 £000
Increase in cash	571	2,244
Cash flow from decrease in loans	1,000	4,000
Loan issue costs	622	-
Change in net debt resulting from cash flows	2,193	6,244
Amortisation of loan issue costs	(513)	(374)
Change in net debt	1,680	5,870
Net debt at 1 January	(17,387)	(23,257)
Net debt at 31 December	(15,707)	(17,387)

Notes to the financial statements

for the year ended 31 December 2012

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention modified by the revaluation of certain freehold and leasehold properties, and in accordance with UK Generally Accepted Accounting Practice

The Group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, its exposures to liquidity, interest rate, foreign exchange, credit and price risk, and details of its financial instruments, are described in the Financial review on pages 8 to 11 and Note 23 to the financial statements

The Group has considerable financial resources and facilities available, together with secure long-term contracts with principal suppliers The Group's budgeting and forecasting processes include the preparation of forecast cash flows, based on expected trading results, the Group's overall working capital requirements and other non-trading cash items, including capital expenditure, interest, debt and taxation These forecasts indicate that the Group has an adequate level of facilities to meet its forecast cash requirements, and as a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future Accordingly, the directors have continued to adopt the going concern basis in preparing the financial statements

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings drawn up to 31 December each year No profit and loss account is presented for the Company, as permitted by section 408 of the Companies Act 2006

Entities in which the Group holds an interest on a long-term basis and are jointly controlled by the Group and one or more other venturers under a contractual arrangement are treated as joint ventures In the Group financial statements, joint ventures are accounted for using the gross equity method

Intangible fixed assets

(a) Newspaper and magazine titles

On the acquisition of a business the cost of investment is allocated between net tangible assets, goodwill and newspaper or magazine titles on a fair value basis The fair value of newspaper titles is assessed by the directors at the date of acquisition, supported by a comparative view of similar transactions within the newspaper industry The fair value of magazine titles is limited to an amount that does not create or increase any negative goodwill arising on the acquisition

Newspaper and magazine titles are amortised on a straight line basis over their estimated useful lives, subject to a maximum of 20 years

The carrying value of newspaper and magazine titles is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Newspaper and magazine titles created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred

Newspaper and magazine titles acquired prior to 31 December 1997 were classified as goodwill and written off directly to reserves

(b) Goodwill

Goodwill arising on acquisitions prior to 31 December 1997 was set off directly against reserves and has not been reinstated on implementation of FRS 10

Goodwill arising on acquisitions since 1 January 1998 is capitalised, classified as an asset on the balance sheet, and amortised on a straight line basis over its useful economic life, subject to a maximum of 20 years It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves is taken into account in determining the profit or loss on sale or closure

Notes to the financial statements
for the year ended 31 December 2012

1. Accounting policies (continued)

Tangible fixed assets
Freehold properties are carried at their frozen 1996 valuations, as permitted by FRS 15 "Tangible Fixed Assets", as adjusted for subsequent additions, disposals, depreciation and impairment, if any

All other assets are stated at cost less accumulated depreciation and impairment if any Such cost includes the cost of refurbishing or replacing part of an asset when that cost is incurred, provided that the recognition criteria are met

Freehold land is not depreciated Depreciation and amortisation is provided on all other assets on a straight line basis estimated to write off the cost or valuation of those assets, less their estimated residual values, over their useful lives at the following rates

Freehold buildings	2%
Leasehold buildings – long	2%
– short	Period of lease
Plant, equipment and vehicles	Between 7% and 33%

Website development costs
Costs incurred in the development and maintenance of websites are expensed as incurred, and are only capitalised if the criteria specified in UITF 29 "Website development costs" are met

Leases
Assets acquired under finance leases are capitalised in the balance sheet and depreciated over the shorter of their respective lease terms and the estimated useful lives of the assets

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease

Stocks
Stocks are stated at the lower of cost and net realisable value Cost includes all costs incurred in bringing each product to its present location and condition

Raw materials, consumables and goods for resale are stated at purchase cost on a first-in, first-out basis

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when the replacement assets are sold,
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material

Foreign currency transactions
Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date All exchange differences are taken to the profit and loss account

The trading results of foreign subsidiary undertakings are translated into sterling at average rates for the year All other exchange differences are taken to the profit and loss account

Notes to the financial statements

for the year ended 31 December 2012

1. Accounting policies (continued)

Pensions

The defined benefit pension scheme operated by the Group requires contributions to be made to separately administered funds The scheme was closed to new members in February 1998 from which time membership of a defined contribution plan is available

The cost of providing benefits under the defined benefit scheme is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice Past service costs are recognised in profit or loss on a straight line basis over the vesting period or immediately if the benefits have vested When a settlement or curtailment occur the change in the present value of the scheme liabilities and the fair value of the scheme assets reflects the gain or loss which is recognised in the profit and loss account Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction

The interest element of the defined benefit cost represents the change in present value of the scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year The expected return on scheme assets is based on an assessment made at the beginning of the year of long term market returns on scheme assets, adjusted for the effect on the fair value of scheme assets of contributions received and benefits paid during the year The difference between the expected return on scheme assets and the interest cost is recognised in the profit and loss account as other finance income or expense

Actuarial gains and losses are recognised in full in the Group statement of total recognised gains and losses in the period in which they occur Any difference between the expected return on scheme assets and that actually achieved and any differences that arise from experience or assumption changes are also charged through the Group statement of total recognised gains and losses

The defined benefit pension asset or liability in the Group balance sheet comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds) less any past service cost not yet recognised and less the fair value of scheme assets out of which the obligations are to be settled directly, net of deferred tax Fair value is based on market price information and in the case of quoted securities is the published bid price The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme

The Group operates a defined contribution pension scheme, which is open to eligible employees The Group's contributions are charged to the profit and loss account in the year in which they are payable

Additionally, the Group contributes to two small Group personal pension plans for certain employees who are not participants in one of the Group's pension schemes

The Group also makes provision for the capital value of unfunded pensions to certain current and former employees in accordance with independent actuarial advice

Segment reporting

Group activities are predominantly UK based and comprise a single trade of publishing newspapers and magazines in print, online and through mobile technologies, and printing newspapers As the directors believe that the geographical markets do not differ substantially from one another, no segmental reporting by business segment or geographical area has been separately disclosed

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities Revenue is shown net of value added tax, trade discounts and anticipated returns after eliminating sales within the Group

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as follows

- Advertising and circulation revenues are recognised on publication or display
- Subscription revenues are recognised over the periods to which the subscriptions relate
- Printing and contract publishing revenues are recognised on delivery of the publication
- Other revenues are recognised when the goods or services have been supplied or provided to the customer, and there is a contractual obligation for the customer to pay for those goods or services

Notes to the financial statements

for the year ended 31 December 2012

1. Accounting policies (continued)

Share-based payments – equity-settled transactions

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 reference to the price at which shares in the Company have most recently traded through the matched bargain facility

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and the management's best estimate of the achievement or otherwise of non market conditions and of the number of equity instruments that will ultimately vest The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity

Notes to the financial statements

for the year ended 31 December 2012

2. Group operating profit

	Notes	2012 £000	2011 £000
Turnover from continuing operations		131,366	135,057
Operating costs			
Change in stocks of finished goods and goods for resale		(2)	5
Raw materials and consumables		10,966	10,398
Staff costs	4	56,154	55,862
Depreciation of tangible fixed assets	12	4,689	4,703
Amortisation of intangible assets	11	4,560	4,616
(Profits)/losses on disposal of tangible fixed assets		(81)	36
Profit on disposal of fixed asset investments		-	(66)
Rental of property		1,268	1,584
Rental of plant and equipment		2,227	2,214
Auditors' remuneration			
Group audit		90	130
Tax compliance		128	-
Other services		53	424
Other operating charges		49,573	49,352
		129,625	129,258
Operating profit before impairment and exceptional items		1,741	5,799
Impairment of intangible assets	3, 11	(4,815)	-
Exceptional items	3	(1,312)	(3,095)
Operating (loss)/profit		(4,386)	2,704

Notes to the financial statements

for the year ended 31 December 2012

3. Exceptional items

	Note	Cash flow impact 2012 £000	Cash flow impact 2011 £000	Profit and loss account 2012 £000	Profit and loss account 2011 £000
Recognised in arriving at operating profit					
Impairment of intangible assets	11	-		(4,815)	-
Restructuring costs		(1,557)	(2,603)	(978)	(2,447)
Group legal restructuring		(425)	(216)	-	(648)
Costs incurred in preparation for pensions auto enrolment		(125)		(125)	-
Claim from The Dublin Daily News Limited		(176)		224	
Costs incurred on exceptional tax matters		(233)	-	(433)	-
		(2,516)	(2,819)	(6,127)	(3,095)
Recognised below operating profit					
Accrued interest on late payment of corporation tax		-		(4,057)	-
Total exceptional items		(2,516)	(2,819)	(10,184)	(3,095)

Restructuring costs

The restructuring costs arise from redundancies and related property exit and relocation costs resulting from a number of initiatives to improve the productivity of the operating divisions

Group legal restructuring

During 2011, the Group undertook a legal restructuring to substantially reduce the number of active companies in the Group The simplified structure has greater flexibility for changes in management responsibilities and has reduced the costs of regulatory compliance

Costs incurred in preparation for pensions auto enrolment

The government has introduced auto enrolment for pensions, which takes effect for the Group from September 2013 These costs have been incurred in preparation to ensure that the Group will comply with this new legislation by September 2013

Claim from The Dublin Daily News Limited

In July 2003 The Dublin Daily News Limited ("DDN"), a newspaper publishing company based in Dublin in which the Group had taken a 20% holding, ceased trading

The Company received a statement of claim dated 8 February 2008 from the liquidator of DDN seeking judgement in the sum of approximately €500,000 plus costs in relation to non-cash consideration for the issue to the Company of shares in DDN In November 2012, a final settlement of this claim was negotiated and agreed at an amount less than that provided in prior years' financial statements

Costs incurred on exceptional tax matters

The Group has incurred costs related to a tax matter dating back as far as 2003, for which provision for potential tax liabilities and interest of £3,695 000 and £4,057,000 respectively has been made This follows the result of a test case taken by another company to a Tax Tribunal whose decision was published late in 2012 Despite the Group's facts being substantially diffferent, this decision places uncertainty on the strength of the Group's case and the Board has therefore concluded that it is now appropriate to make full accounting provision for these amounts

All exceptional items recognised in arriving at operating profit arise from the continuing operations of the Group

4. Staff costs

Average monthly number of staff	Group 2012	Group 2011	Company 2012	Company 2011
Publishing and printing	1,797	1,898	-	
Group head office	25	31	25	31
	1,822	1,929	25	31
Full-time equivalents	1,702	1,777	23	28

Pay and benefits	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Wages and salaries	46,569	47,118	1,612	1,538
Social security costs	4,554	4,616	206	191
Other pension costs	5,031	4,128	348	260
	56,154	55,862	2,166	1,989

The average monthly number of staff shown above for the Group head office includes six (2011 five) non-executive directors of the Company

Directors' emoluments and other benefits are disclosed in the Directors' remuneration report on page 42

Share-based payments

The Group operates two Long term Incentive Plans and a Share Incentive Plan all of which may result in eligible employees of the Group receiving part of their remuneration in the form of shares in the Company ("equity-settled transactions")

The expense recognised for share-based payments in respect of employee services received during the year ended 31 December 2012 is £nil for both the Group and the Company (2011 £nil for both the Group and the Company)

2011 long-term incentive plan (2011 LTIP)

The 2011 LTIP was approved by shareholders at the AGM on 13 April 2011

In any financial year, an employee may be granted approved share options and nil-cost options over shares in Archant Limited, the final vesting of which is subject to continued employment within the Group and satisfaction of the performance conditions

For the options granted, the proportion that vests will be determined by the Group's adjusted earnings per share, aggregated over a three-year period, measured against targets set at the beginning of the plan cycle

No options were granted during 2012

The approved share options and nil-cost options can be exercised between the third and tenth anniversary of grant The Remuneration Committee may award a participant a conditional discretionary bonus award, payable in cash, whose maximum gross amount is equivalent to the value of the approved share options subject to the bonus award on the grant date

Notes to the financial statements
for the year ended 31 December 2012

4. Staff costs (continued)

Share options issued under the 2011 LTIP	Number of shares	Weighted average exercise price
Outstanding at 31 December 2011	159,000	4 00
Lapsed during the year	(9,000)	4 00
Outstanding at 31 December 2012	150,000	4 00

It is not anticipated that the performance conditions will be met, and no provision has been made for the cost of any options outstanding at the year end which may be exercised in future years

2006 long-term incentive plan (2006 LTIP)
No awards have been made under the 2006 LTIP since the approval of the 2011 LTIP on 13 April 2011 For awards made under the 2006 LTIP, the vesting of shares is subject to continued employment within the Group and satisfaction of the performance conditions as determined by the Group's adjusted earnings per share, aggregated over a three-year period, measured against targets set at the beginning of the plan cycle

At 31 December 2012, there were 142,700 shares held by the LTIP Trustee which could potentially vest in 2013 It is not anticipated that these shares will vest, and no provision has been made for the cost of any shares which may vest in 2013

Share incentive plan (SIP)
The SIP is an HMRC approved scheme Eligible employees may be invited from time to time to purchase shares ('Partnership Shares') in the Company, and may be awarded further shares, either conditional on the purchase of Partnership Shares ('Matching Shares') and/or unconditionally ('Free Shares') All SIP shares are held by the SIP Trustee on behalf of the participating employees

The Company funds the SIP Trustee to purchase Matching Shares and Free Shares on behalf of participants in accordance with the rules of the SIP (the "Rules") The shares so acquired are valued by reference to the price at which shares in the Company have most recently traded through the matched bargain facility The value of Matching and Free shares awarded is recognised in the profit and loss account in the year that the award is made The SIP Trustee also acquires, without cost, shares as a result of their forfeiture by SIP participants in accordance with the Rules

5. Income from investments

	2012 £000	2011 £000
Interest and dividends received		
Listed investments	19	1
Other interest	-	24
	19	25

6. Interest payable

	2012 £000	2011 £000
Bank overdrafts and loans	1,000	1,266
Amortisation of loan issue costs	513	374
Interest on late payment of corporation tax	4,058	
Other interest	-	8
	5,571	1,648

Notes to the financial statements
for the year ended 31 December 2012

7. Tax on (loss)/profit from ordinary activities

(a) Tax on (loss)/profit from ordinary activities:
The taxation charge is made up as follows

	Note	2012 £000	2011 £000
Current tax			
UK corporation tax		60	(1,479)
Tax overprovided in prior years		(470)	(70)
Exceptional tax provided in respect of prior years		3,695	-
Current tax on (loss)/profit from ordinary activities	7(b)	3,285	(1,549)
Deferred tax			
Origination and reversal of timing differences		188	3,499
Origination and reversal of pension scheme timing differences		156	354
Adjustments in respect of prior years		287	(207)
Adjustment arising from change in rate of corporation tax		137	452
Total deferred tax		768	4,098
Tax on (loss)/profit from ordinary activities		4,053	2,549

(b) Factors affecting tax charge
The tax assessed on the (loss)/profit from ordinary activities for the year is higher (2011 lower) than the standard rate of corporation tax in the UK of 24 5% (2011 26 5%) The differences are reconciled below

	Note	2012 £000	2011 £000
(Loss)/profit from ordinary activities before tax		(10,721)	1,021
(Loss)/profit from ordinary activities multiplied by standard rate of corporation tax in the UK		(2,627)	271
Expenses not deductible for tax purposes		274	619
Ineligible amortisation of goodwill and intangible assets		1,330	956
Ineligible impairment of intangible assets		547	
Decelerated/(accelerated) capital allowances		1,179	(445)
Other timing differences		(162)	(322)
Trading losses and loan relationship deficits not recognised		1,604	
Utilisation of tax losses		(2,085)	(2,558)
Tax overprovided in previous years		(470)	(70)
Exceptional tax provided in respect of previous years		3,695	
Total current tax	7(a)	3,285	(1,549)

7. Tax on profit from ordinary activities (continued)

(c) Factors that may affect future tax charges

The Finance Act 2012 enacted on 17 July 2012 reduced the main rate of UK Corporation Tax to 24% from 1 April 2012 and to 23% from 1 April 2013 Deferred tax has been restated accordingly at 23% in these financial statements

The UK government has proposed reducing the UK corporation tax rate by a further 1% per annum to 21% from 1 April 2014 This reduction had not been substantively enacted at the balance sheet da e and consequently its effect is not included in these financial statements The effect of this announced reduction would be to reduce the deferred tax asset by approximately £730,000

The above changes to the rates of corporation tax will impact on the amount of future cash tax payments to be made by the Company

No provision has been made for deferred taxation where potentially taxable gains have been rolled over into replacement assets Such gains would become taxable only if the assets were sold without it being possible to claim rollover relief The amount not provided is £332,000 (2011 £361,000) It is not envisaged that any tax will become payable in this respect in the foreseeable future

The Group has tax losses arising in the UK of approximately £8,100,000 (2011 £21,000,000) that are available indefinitely for offset against future taxable profits of the company in which the losses arose A deferred tax asset has been recognised in respect of these losses as on the basis of all available evidence it is regarded as more likely than not that there will be suitable taxable profits against which these losses can be utilised

In addition, the Group has further tax losses arising in the UK of approximately £8,800,000 (2011 £8,900,000) that are available indefinitely for offset against future taxable profits of those newapaper and magazine portfolios in which the losses arose Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, and they have arisen in newspaper and magazine portfolios that continue to incur losses

The Group also has non-trade loan relationship deficits and management expenses carried forward of approximately £5,300,000 (2011 £nil) A deferred tax asset has been recognised on £2,000,000 of these deficits as on the basis of all available evidence it is regarded as more likely than not that there will be suitable taxable non-trade income against which these deficits can be utilised

The market value of the Group's listed investments and the directors' valuation of the Group's unlisted investments are in excess of their book values as disclosed in Note 13 If they were sold at those values there would be a liability to tax of a maximum of £233,000 (2011 £269,000) on the capital gain arising from the sale

(d) Deferred taxation asset

The deferred taxation included in the balance sheet is as follows

		Group		Company	
	Notes	2012 £000	2011 £000	2012 £000	2011 £000
Included in debtors	15	1,544	2,156	7	7
Included in defined benefit pension liability	29	6,828	7,568		
		8,372	9 724	7	7

The movements in the amounts recognised for deferred tax are as follows

	Group £000	Company £000
At 31 December 2011 including deferred tax on defined benefit pension liability	9,724	7
Deferred tax charge in Group profit and loss account	(768)	
Amounts charged to statement of total recognised gains and losses	(584)	
At 31 December 2012 including deferred tax on defined benefit pension liability	8,372	7

Notes to the financial statements

for the year ended 31 December 2012

7. Tax on profit from ordinary activities (continued)

(d) Deferred taxation asset (continued)

Deferred taxation recognised in the financial statements and the amounts not provided are as follows

	Group				Company			
	Recognised		Not provided		Recognised		Not provided	
	2012 £000	2011 £000	2012 £000	2011 £000	2012 £000	2011 £000	2012 £000	2011 £000
(Accelerated)/decelerated capital allowances	(827)	(3,184)			2	2	-	
Capital gains rolled over, less capital losses carried forward			(262)	(285)	-	-		
Losses carried forward	1,765	5,246	2,014	2,221		-		-
Loan relationship deficits and management expenses carried forward	458	-	786	113			104	113
Pension costs	6,828	7,568	-		-	-	-	-
Other timing differences	148	94		-	5	5	-	-
	8,372	9,724	2,538	2,049	7	7	104	113

8. (Loss)/profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £15,495,000 (2011 loss £4,797,000)

9. Dividends

	2012 £000	2011 £000
Declared and paid during the year		
Equity dividends on ordinary shares		
Final dividend for 2011 13 7p (final dividend for 2010 13 7p)	1,877	1,902
Interim dividend for 2012 6 4p (interim dividend for 2011 6 4p)	875	877
	2,752	2,779
Proposed for approval at the Annual General Meeting and not recognised as a liability at 31 December		
Equity dividends on ordinary shares		
Final dividend for 2012 0 0p (2011 13 7p)		1,877

There are no dividends accrued as liabilities at either year end

Under the rules of the 2006 LTIP no dividend shall be payable on restricted shares held by participants The trustees of the Archant Employee Benefit Trust have given a continuing waiver on the dividends payable on shares that they hold in the Company From 1 October 2011, the SIP Trustee has also given a continuing waiver on the dividends payable on unallocated shares held by the SIP Trust

Notes to the financial statements

for the year ended 31 December 2012

10. (Loss)/earnings per ordinary share

The calculations of both basic loss per ordinary share and diluted cost per ordinary share are based on losses of £14,569,000 (2011 loss £1,462,000) and on 13,698,000 (2011 13,798,000) ordinary shares, being the weighted average number of shares in issue during the year, excluding the shares held by the Employee Trusts, and the restricted shares issued under the 2006 LTIP

No restricted shares issued under the 2006 LTIP or share options granted under the 2011 LTIP have been included as dilutive potential ordinary shares in 2011 or 2012 as they do not increase loss per share and are so not dilutive

As in previous years, adjusted earnings per share have also been disclosed as the directors consider that this alternative measure gives a more comparable indication of the Group's underlying trading performance

The adjusted earnings per share has been calculated by using the profits/(losses) attributable to shareholders, adjusted as follows

	2012 £000	2012 Pence per share	2011 £000	2011 Pence per share
Loss attributable to shareholders/loss per share	(14,569)	(106 4)	(1,462)	(10 6)
Exceptional items	1,312	9 6	3 095	22 4
Amortisation of goodwill and other intangible assets	4,560	33 3	4,616	33 4
Impairment of intangible assets	4,815	35 2		-
Tax impact of exceptional items, impairment and exceptional interest	(1,298)	(9 5)	(750)	(5 4)
Exceptional interest accrual on prior year corporation tax liabilities	4,057	29 6		-
Exceptional corporation tax charge for prior years	3,695	27 0		-
Deferred tax adjustment arising on change in rate of corporation tax	137	1 0	452	3 3
Adjusted earnings per share	2,709	19 8	5,951	43 1

11. Intangible fixed assets

Group	Films £000	Newspaper titles £000	Magazine titles £000	Goodwill £000	Total £000
Cost					
At 31 December 2011	4,100	112,489	59,515	6,749	182,853
Acquisitions				491	491
At 31 December 2012	**4,100**	**112,489**	**59,515**	**7,240**	**183,344**
Amortisation					
At 31 December 2011	2,487	90,587	30,703	4 481	128,258
Provided during the year		1 586	2,605	369	4,560
Impairment		3,276	1,144	395	4,815
At 31 December 2012	**2,487**	**95,449**	**34,452**	**5,245**	**137,633**
Net book value					
At 31 December 2012	**1,613**	**17,040**	**25,063**	**1,995**	**45,711**
At 31 December 2011	1,613	21,902	28,812	2,268	54,595

Goodwill arising on the acquisition of subsidiary undertakings is being amortised evenly over the directors' estimate of its useful economic life, subject to a maximum of 20 years

Newspaper titles are amortised evenly over the directors' estimates of their useful economic lives, subject to a maximum of 20 years

Magazine titles are amortised evenly over the directors' estimates of their useful economic lives, subject to a maximum of 20 years

The Group owns the copyright and physical material of two films The films are carried at estimated net realisable value, calculated as the minimum value of future royalties receivable The carrying value is matched by interest free loans, secured on the films and repayable out of film receipts up to 14 December 2013

The carrying values of all intangible assets are reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying values may not be recoverable

Impairment of intangible fixed assets
Newspaper titles, magazine titles and goodwill are allocated, at acquisition, to the Income Generating Units (IGUs) that are expected to benefit from that business combination The recoverable amounts of the IGUs are determined from value-in-use calculations The key assumptions for the value-in-use calculations are those regarding the growth rates, expected changes to revenues and direct costs during the period, and the discount rates applied These assumptions have been reviewed during the year in light of the current economic environment The value-in-use calculation uses post-tax cash flow projections based on the financial budgets approved by the Board for 2013 The growth rates for cash flows beyond 2013 assume an annual RPI increase only and no underlying growth Changes in revenues and direct costs are based on past practices and expectations of market development Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the IGUs The cost of capital and therefore the discount rate applied to future cash flows was unchanged at 11 7%

The Group prepares discounted cash flow forecasts derived from the most recent financial budgets approved by management for the next year and extrapolates cash flows for 20 years from the date of testing based on an estimated annual growth rate of 2 5% A discounted residual value of one times the final year's cash flow is included in the forecast The present value of the cash flows is then compared to the carrying value of the asset

11. Intangible fixed assets (continued)

Impairment of intangible fixed assets (continued)
Given the current difficult trading climate, and the anticipated timing and extent of the recovery, certain of the Group's newspaper titles have been impaired The carrying value for the newspaper titles published by the London and Kent business units before any impairment charge were £15,905,000 and £2,359,000 respectively The values in-use have been calculated as £13,961,000 and £1,026,000 respectively, resulting in impairment charges of £1,944,000 and £1,333,000 respectively In addition, certain of the Group's magazine titles have been impaired The magazines concerned had aggregate carrying values of £1,264,000, and values in-use calculated at £120,000, resulting in impairment charges of £1,144,000 Some of the Group's goodwill has also been impaired Goodwill with a carrying value of £395,000 has a calculated values-in-use of £nil, resulting in an impairment charge of £395,000 (2011 no impairment charge)

The Group has conducted a sensitivity analysis on the impairment test of each IGU's carrying value A decrease in the long term growth rate of 0 5% would result in a further impairment for the Group of £811,000, and an increase in the discount rate of 0 25% would result in a further impairment of £589,000 A terminal value of five times the final year's cash flow would result in a lower impairment charge by £737,000

12. Tangible fixed assets

Group	Freehold land and buildings £000	Leasehold buildings £000	Plant, equipment and vehicles £000	Total £000
Cost or valuation				
At 31 December 2011	16,426	1,035	54,398	71,859
Additions		14	1,380	1,394
Disposals	(75)	(142)	(41)	(258)
At 31 December 2012	**16,351**	**907**	**55,737**	**72,995**
Depreciation				
At 31 December 2011	3 950	789	34,802	39,541
Charge for year	307	85	4 297	4,689
Disposals	(16)	(139)	(40)	(195)
At 31 December 2012	**4,241**	**735**	**39,059**	**44,035**
Net book value				
At 31 December 2012	**12,110**	**172**	**16,678**	**28,960**
At 31 December 2011	12,476	246	19,596	32,318

Included in freehold land and buildings is land valued at £3,383,000 (2011 £3,408,000), which is not depreciated

Following the closure of the Ipswich Print Centre in early 2009, the Group entered into a joint venture arrangement in December 2010 to develop the freehold property at Lower Brook Street, Ipswich The Group is progressing towards submitting an application for outline planning permission, but development will only proceed when there is a forward sale agreement

Notes to the financial statements
for the year ended 31 December 2012

12. Tangible fixed assets (continued)

Company	Plant, equipment and vehicles £000	Total £000
Cost		
At 31 December 2011	10	10
Additions	1	1
At 31 December 2012	11	11
Depreciation		
At 31 December 2011 and 2012	10	10
Net book value		
At 31 December 2012	1	**1**
At 31 December 2011		

The cost or valuation of land and buildings at 31 December 2012 comprises

Group	Freehold £000	Leasehold Long £000	Leasehold Short £000
At valuation – 1996	12,313	126	
At cost	4,038		781
	16,351	126	781

After taking appropriate professional advice from Ernest Webster FRICS, chartered surveyor, the directors revalued the Group's freehold and long leasehold properties at 31 December 1996 Certain Group properties identified as potential disposals were valued at open market value The remaining Group properties were valued at open market value for existing use Subsequent additions are shown at cost

The historical cost of freehold and leasehold land and buildings is as follows

Group	Freehold 2012 £000	Freehold 2011 £000	Leasehold 2012 £000	Leasehold 2011 £000
Cost	**15,717**	15 761	**916**	1,043
Aggregate depreciation	**5,047**	4,831	**738**	741

Depreciation on freehold and leasehold properties for the year has been based on the 1996 revalued amounts Based on cost the consolidated charge would have been lower by £8,000 (2011 £8,000)

Notes to the financial statements

for the year ended 31 December 2012

13. Investments

Group	Listed £000	Unlisted £000	Total £000
Cost			
At 31 December 2011	8	60	68
Additions during the year		48	48
At 31 December 2012	**8**	**108**	**116**
Provisions			
At 31 December 2011 and 2012	**-**	**25**	**25**
Net book value			
At 31 December 2012	**8**	**83**	**91**
At 31 December 2011	8	35	43

Company	Subsidiary undertakings £000	Listed £000	Unlisted £000	Total £000
Cost				
At 31 December 2011 and 2012	**177,321**	**8**	**60**	**177,389**
Provisions				
At 31 December 2011 and 2012	**10,501**	**-**	**25**	**10,526**
Net book value				
At 31 December 2012	**166,820**	**8**	**35**	**166,863**
At 31 December 2011	166 820	8	35	166 863

The market value of the listed investments at 31 December 2012 was £53,000 (2011 £37,000) for both the Group and the Company Unlisted investments, which consist entirely of equity share capital, are valued by the directors at £1,052,000 (2011 £1,082,000) for the Group and £1,004,000 (2011 £1,082,000) for the Company

In arriving at market or directors' valuations, no provision has been made for taxation which would be chargeable, amounting to a maximum of £233,000 (2011 £269,000), in the event of disposals at these values

Notes to the financial statements
for the year ended 31 December 2012

13. Investments (continued)

The Company's principal trading subsidiary undertakings, all of which are unlisted companies, are set out below Archant BHGC Limited is a company limited by guarantee given by Archant Holdings Limited The Group owns 90 0% of Mustard TV Limited and 66 6% of PlanningFinder Limited All other subsidiary undertakings are wholly owned With the exception of The British Connection, Inc , which is incorporated in the United States of America, all subsidiary undertakings are incorporated in England

Those companies in which the equity is held by a subsidiary undertaking are marked with an asterisk

Subsidiary undertakings	Company registration number	Activity
Archant BHGC Limited	7783475	Holding company
Archant Community Media Holdings Limited*	4243174	Holding company
Archant Community Media Limited*	19300	Newspaper and magazine publishing, printing and contract publishing
The British Connection, Inc*	Not applicable	Magazine distribution
Archant Properties Limited*	2562545	Property
Archant Holdings Limited	4040110	Holding company
Local Vouchers Limited*	7384584	Discount vouchers
Mustard TV Limited*	7982360	Local television broadcaster
PlanningFinder Limited*	6171969	Online planning searches

On 1 June 2012, the Group acquired the remaining 50% of Local Vouchers Limited for a consideration of £266,000 satisfied in cash

On 5 November 2012, the Group also invested £150,000 to acquire 90% of Mustard TV Limited, a new company set up to launch a local TV channel in Norwich

Under the terms of the shareholders' agreement, the Group is committed to invest a further £300,000 in Mustard TV Limited in 2013 The minority shareholders are also committed to invest further sums and the Group's investment will remain at 90%

The Group also has an option to acquire the shares in PlanningFinder Limited not already owned by the Group The earliest date this option can be exercised is in April 2014

For all UK subsidiary undertakings listed above, other than Archant Community Media Limited, in accordance with section 479C of The Companies Act 2006 the Company has guaranteed all outstanding liabilities to which those subsidiary undertakings are subject at 31 December 2012 until they are satisfied in full Accordingly, each of those UK subsidiaries is exempt under section 479A from the requirements of the Companies Act 2006 relating to the audit of accounts

Notes to the financial statements
for the year ended 31 December 2012

14. Stocks

	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Raw materials	1,247	1,341		
Finished goods and goods for resale	20	18	-	
	1,267	1,359	-	

15. Debtors

	Note	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Due within one year					
Trade debtors		13,194	14 934	-	-
Amounts owed by subsidiary undertakings			-	37	-
Other debtors		1,580	1,145	54	-
Prepayments and accrued income		2,979	3,133	85	421
Corporation tax recoverable		-	-	1,326	785
		17,753	19,212	1,502	1,206
Due after more than one year					
Amounts owed by subsidiary undertakings			-	84,297	84,279
Deferred tax asset	7(d)	1,544	2,156	7	7
		1,544	2,156	84,304	84,286
Total debtors		19,297	21,368	85,806	85,492

16. Cash at bank and in hand

	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Cash at bank and in hand	3,663	4,194	7	9

Notes to the financial statements

for the year ended 31 December 2012

17. Creditors: amounts falling due within one year

	Note	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Bank loans and overdrafts	19	855	1,957	2,317	5,024
Trade creditors		5,406	5,557	-	
Amounts owed to subsidiary undertakings		-		-	128
Corporation tax		7,819	4 544	-	
Tax and social security		2,508	2,923		
Film finance loans		1,613			
Other creditors		2,816	1,849	3	2
Accruals and deferred income		10,281	7,278	697	1,686
Subscriptions in advance		3,324	3,707	-	
		34,622	27,815	3,017	6,840

The loans relating to film finance are interest free and repayable out of film receipts prior to 14 December 2013, and so have been reclassified to amounts falling due within one year They are secured by charges on the copyright and physical material relating to two films owned by the Group and shown under that heading in intangible fixed assets

18. Creditors: amounts falling due after more than one year

	Note	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Bank loans and facilities	19	18,515	19,624	18,515	19,624
Film finance loans		-	1,613	-	
Amounts owed to subsidiary undertakings		-		186,695	193,696
		18,515	21,237	205,210	213,320

All liabilities falling due in more than one year mature between two and five years

19. Bank loans, overdrafts and facilities

The bank loans, overdrafts and facilities comprise

Amounts falling due within one year

	Group		Company	
	2012 £000	2011 £000	2012 £000	2011 £000
Bank overdrafts			1,462	3,067
Employee Benefit Trust overdraft	855	1,957	855	1,957
	855	1,957	2,317	5,024

Amounts falling due after more than one year

	Group		Company	
	2012 £000	2011 £000	2012 £000	2011 £000
Term revolving advances facility	19,000	20,000	19,000	20,000
Arrangement fees	(485)	(376)	(485)	(376)
	18,515	19,624	18,515	19,624

During 2012, the Group negotiated a new bank term revolving advances facility expiring on 31 March 2016, to replace the previous facility which had been due to expire in April 2013 At the same time, the Group also agreed new bank overdraft facilities

The Employee Benefit Trust has a bank overdraft facility of £1m and any overdraft under this facility is guaranteed by the Company The Group has a bank overdraft facility of £3m and any overdrafts under this facility are secured by a floating charge over the undertaking, property, assets and rights of certain companies in the Group, together with cross guarantees from certain companies in the Group

The Company has a term revolving advances facility expiring on 31 March 2016 for a maximum amount of £30m The maximum amount on this facility will be reduced to £28m on 30 June 2013, and will be further reduced to £24m by equal annual reductions on 30 June in each of years 2014 and 2015 The undrawn committed facilities available at 31 December 2012, in respect of which all conditions precedent had been met at that date, were £14m (2011 £27m) Provided that the Company continues to comply with the conditions of the facility, the Company has the right to draw down sums up to the amount of the facility for periods ending on or before the expiry date

The bank loans and overdrafts are shown net of bank facility arrangement fees of £485,000 (2011 £376,000)

Sums drawn down under the revolving advances facility are secured by a floating charge over the undertaking, property, assets and rights of certain companies in the Group, together with cross guarantees from certain companies in the Group

20. Provisions for liabilities

The movements in provisions are as follows

Group	Dilapidations and onerous leases £000	Other provisions £000	Total £000
At 31 December 2011	1,132	824	1,956
Arising during the year	84		84
Released	(37)	(262)	(299)
Utilised	(428)	(462)	(890)
Transferred to accruals	-	(100)	(100)
At 31 December 2012	751	-	751

Company	Dilapidations and onerous leases £000	Other provisions £000	Total £000
At 31 December 2011	-	500	500
Released	-	(224)	(224)
Utilised	-	(176)	(176)
Transferred to accruals	-	(100)	(100)
At 31 December 2012	-	-	-

Provisions for dilapidations are made in accordance with independent professional advice If the leases run to expiry, without earlier break clauses being exercised, or without the leases being renewed for a further term, these obligations will mostly be settled within five years, with the remaining liabilities due in various years up to 2036

Provisions for onerous leases are made where the properties concerned are vacant or sub-let at less than full rental, and are based on assumptions about the Group's ability to sub-let the properties through to lease expiry, or to exit the leases early The timing of the settlement of these obligations is dependent on the termination of the various leases If the leases run to expiry, or the exercise of earlier break clauses, these obligations will be settled within three years

21. Called-up share capital

	Allotted, called-up and fully paid 2012 £000	2011 £000
Ordinary shares of 20p each 14 366,822 issued (2011 – 14,361,822 issued)	2,873	2,872

Movement in ordinary shares	Number
Shares in issue at 1 January 2012	14 361,822
Shares issued for cash on 13 March 2012 at £2 00 to a senior executive pursuant to the authority given by shareholders on 13 April 2011	5 000
Shares in issue at 31 December 2012	14,366,822

22. Movements on reserves

	Group £000	Company £000
Share premium		
At 31 December 2011	2,616	2,616
Arising on share issue	9	9
At 31 December 2012	**2,625**	**2,625**
Revaluation reserve		
At 31 December 2011	285	
Transfer to profit and loss account	(30)	-
At 31 December 2012	**255**	-
Other reserves		
(a) Special reserve		
At 31 December 2011 and 2012	**2,350**	-
(b) Capital reserve		
At 31 December 2011 and 2012	**5,369**	-
(c) Own shares held		
At 31 December 2011	(5,065)	(5,065)
Purchase of own shares	(7)	(7)
At 31 December 2012	**(5,072)**	**(5,072)**
Total other reserves		
At 31 December 2012	**2,647**	**(5,072)**
At 31 December 2011	2,654	(5,065)
Profit and loss account		
At 31 December 2011	31,747	31,281
(Loss)/profit from ordinary activities after taxation	(14 569)	15,495
Equity dividends paid	(2,752)	(2,752)
Other net recognised gains and losses in the year		
Net movement in pension scheme deficit	(618)	
Transfer from revaluation reserve	30	
At 31 December 2012	**13,838**	**44,024**
Total reserves		
At 31 December 2012	**19,365**	**41,577**
At 31 December 2011	37,302	28,832

Notes to the financial statements

for the year ended 31 December 2012

22. Movements on reserves (continued)

The special reserve was created in 2001 on the cancellation of the preference shares in Eastern Counties Newspapers Group Limited (now Archant Community Media Limited) ("ECNG") to protect the creditors of ECNG at the date of cancellation The special reserve can be released to distributable reserves when all of the creditors of ECNG at the date of cancellation have been satisfied

The capital reserve comprises the balance of the share premium account in the former holding company on 1 March 2002

Own shares held comprise shares held by the trustees of the EBT, the LTIP Trust and the SIP Trust other than shares being held as a bare trustee Own shares held comprised 669,916 shares with a nominal value of 20p each, acquired at an average cost of £7 57 each (2011 663,594 shares at £7 63) Purchases of shares in the Company by the EBT have been funded by a bank overdraft guaranteed by the Company and by a loan from the Company, and purchases by the LTIP and SIP have been funded by cash contributions from the Company and its subsidiaries The trusts provide sources of shares for use in connection with the SIP and the 2006 LTIP

All expenses incurred by the trusts are settled directly by the Company, and charged in the financial statements as incurred

The cumulative amount of goodwill written off to the profit and loss account at 31 December 2012 in the consolidated financial statements is £8,032,000 (2011 £8,032,000)

23. Financial risk management

The Group currently derives its funding from share capital, retained profits and bank borrowing

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern To maintain or adjust the capital structure, the Group may adjust the dividends paid to shareholders, return capital to shareholders or issue new shares

The Board retains responsibility for the agreement of the terms of any new or renewed borrowing facilities Cash is managed centrally, and the Group's treasury objective is to minimise borrowing costs and maximise returns on funds, subject to short term liquidity requirements

Financial risk factors

The Group's principal financial risks are liquidity risk and interest rate risk The Group has limited exposure to foreign exchange risk, credit risk and price risk The Group's overall risk strategy seeks to minimise potential adverse effects on the Group's performance

Liquidity risk

Liquidity risk results from having insufficient financial resources to meet day-to-day fluctuations in working capital and cash flow Ultimate responsibility for liquidity risk management rests with the Board The Group manages liquidity risk by maintaining adequate reserves, by regularly monitoring forecast and actual cash flows and by maintaining a mixture of long-term and short term committed facilities that are designed to ensure the Group has sufficient available funds for operations and planned expansions At 31 December 2012, the amount available under the term facility was £30m reducing to £28m on 30 June 2013 The term facility expires on 31 March 2016 In addition, the Group has an overdraft facility of £3m and the EBT has a further overdraft facility of £1m The overdraft facilities of the Group and the EBT are repayable on demand £14m of these facilities remained undrawn at the year end, and the Group considers that it should be able to operate within the level of its current facilities

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates, which debts are managed centrally

The Group has adopted a policy to manage its interest cost using a mix of fixed and variable rate debts Since 15 December 2011 all of the Group's long-term debt obligations have carried floating interest rates

The Group's bank borrowing facilities contain financial covenants based on cash flow cover, interest cover and the ratio of debt to adjusted EBITDA Throughout the year the Group maintained adequate headroom against these covenants and is expected to do so into the foreseeable future

23. Financial risk management (continued)

Foreign exchange risk
The Group has a subsidiary undertaking in the United States of America, which is limited in scale and largely self-financing Therefore the Group has no foreign currency borrowings to hedge the foreign currency investment The Group has limited exposure to foreign exchange risks with respect to transactions in US dollars and the Euro Due to the low exposure to currency risk, the Group does not use forward exchange contracts

Credit risk
The Group has no significant concentrations of credit risk The Group has implemented policies that require, where appropriate, credit checks on potential customers before sales commence

Price risk
The Group has an agreement to source all newsprint from a single major supplier and negotiates prices for newsprint at least 12 months in advance

24. Reconciliation of operating profit to operating cash flows

	2012 £000	2011 £000
Operating (loss)/profit	(4,386)	2,704
Depreciation of tangible fixed assets	4,689	4,703
Amortisation of intangible fixed assets	4,560	4,616
Impairment of intangible fixed assets	4,815	
(Profit)/loss on disposals of tangible fixed assets	(81)	36
Profit on disposal of fixed asset investments	-	(66)
Decrease in stocks	92	32
Decrease in debtors	1,459	374
(Decrease)/increase in creditors	(962)	2,532
Movements in provisions	(1,205)	995
Payment against provisions	(96)	(1,595)
Adjustment for FRS 17 pension funding	(1,313)	(1,236)
Cash flow from operating activities	7,572	13 095

Notes to the financial statements

for the year ended 31 December 2012

25. Analysis of cash flows for headings netted in the cash flow statement

	Note	2012 £000	2011 £000
Returns on investments and servicing of finance			
Interest received		-	24
Dividends received		19	1
Interest paid		(1,074)	(1,380)
		(1,055)	(1,355)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,394)	(1,876)
Sale of tangible fixed assets		144	21
Acquisition of fixed asset investments		(48)	-
Proceeds on sale of fixed asset investments		-	66
		(1,298)	(1,789)
Acquisitions and disposals			
Acquisitions of businesses	13	(266)	(77)
Bank and cash balances acquired with businesses		-	5
		(266)	(72)
Financing			
Issue of ordinary share capital		10	
Repayment of loan under bank revolving credit facility		(1,000)	(4,000)
Issue costs of new banking facilities		(622)	-
Purchase of own shares		(7)	(518)
		(1,619)	(4,518)

26. Analysis of net debt

	At 1 January 2012 £000	Cash flow £000	Other non-cash changes £000	At 31 December 2012 £000
Cash at bank and in hand	4,194	(531)		3,663
Archant EBT bank balances	(1,957)	1,102	-	(855)
Bank and cash balances	2,237	571		2,808
Bank loans	(20,000)	1 000		(19,000)
Loan issue costs	376	622	(513)	485
Total	(17,387)	2,193	(513)	(15,707)

27. Commitments under operating leases

At 31 December annual commitments under non-cancellable operating leases were as follows

Group	Land and buildings 2012 £000	Land and buildings 2011 £000	Plant, equipment and vehicles 2012 £000	Plant, equipment and vehicles 2011 £000
Operating leases which expire				
Within one year	145	386	42	90
Within two to five years	964	854	1,933	1 629
Over five years	157	206	-	-
	1,266	1,446	1,975	1,719

28. Contingent liabilities

The Company has a potential liability for rent and other outgoings on a small number of properties occupied by a former subsidiary, where the Company provided a guarantee that they would ensure that the subsidiary met their obligations under the lease The leases on the properties concerned expire in 2018 No claims have been received by the Company at the date of this report

29. Pension schemes

The principal pension scheme operated by the Group during 2011 and 2012 was the Archant Pension & Life Assurance Scheme ("the PLAS"), a hybrid scheme in the United Kingdom with a defined benefit section ("the DBS"), which includes a senior management section ("the SMS"), and a defined contribution section ("the DCS") The DBS was closed to new entrants in February 1998 from which time membership of the DCS has been available

The pension scheme assets are held in a separate trustee-administered fund to meet long term pension liabilities to past and present employees The directors of the Trustee Company (the "Trustee Directors") of the fund are required to act in the best interest of the fund's beneficiaries The Group has a policy that at least one-third of all Trustee Directors should be nominated by members of the fund, including at least one Trustee Director by current pensioners

The Group also pays ex gratia pensions on an unfunded basis to certain former employees and their dependents and, accordingly, provides for this liability, calculated in accordance with actuarial advice, in the financial statements

Defined contribution section

The Group provides retirement benefits to approximately 45% of current employees through the DCS

	2012 £000	2011 £000
Contributions payable for the year	2,932	2,643

In preparation for auto enrolment, introduced by the government and which takes effect for the Group from 1 September 2013, the Group closed the DCS to further contributions at 31 December 2012 A new defined contribution pension scheme (the Archant Pension Plan) has been set up from 1 January 2013 and contributions for the existing members of the DCS will be paid into the Archant Pension Plan Subject to agreement with the Trustee Directors, certain of the funds held by the DCS will be transferred to the Archant Pension Plan This transfer will not take place before April 2013

29. Pension schemes (continued)

Defined benefit section

The Group provides retirement benefits to some of its former and approximately 9% of current employees through the DBS In 2009 the Company amended the definition of Final Pensionable Salary such that Pensionable Earnings used to calculate Final Salary pension benefits became capped at the employees' Pensionable Earnings in the 12 months prior to 1 December 2009 Any pension benefits on Pensionable Earnings above the capped level of Pensionable Earnings are provided through a defined contribution arrangement Members of the DBS continue to accrue additional pensionable years of service at their current accrual rate for the purpose of calculating pension benefit The level of retirement benefit is based principally on years of pensionable service and final pensionable salary, subject to the 2009 Cap

The liabilities of the DBS are measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit method, an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings The accumulated benefit obligation is an actuarial measure of the present value of benefits for service already rendered and includes no assumption for future salary increases Following the capping of pensionable salaries in 2009, there is no difference between the calculations using the projected unit method and the accumulated benefit obligation method The DBS accumulated benefit obligation included in the balance sheet was £149 9m (2011 £140 2m)

An alternative method of valuation to the projected unit method is a solvency basis, often estimated using the cost of buying out benefits at the balance sheet date with a suitable insurer This amount represents the amount that would be required to settle the scheme liabilities at the balance sheet date rather than the Group continuing to fund the ongoing liabilities of the scheme The Group estimates the amount required to settle the scheme's liabilities at the balance sheet date is £89m (2011 £104m) in excess of the assets held by the scheme

The most recently completed triennial actuarial valuation was carried out as at 1 January 2011 ("the Valuation") by an independent actuary The financial assumptions adopted that have the most significant effect on the Valuation were

Annual rate of increase in	
Prices	3 3%
Salaries	0 0%
Pensions in payment	3 2%
Investment return – Pre-retirement	6 2%
– Post retirement	5 0%

At the time of the Valuation the assets of the scheme, which are held separately from those of the Group, were

Market value of the scheme's assets	£147 1m
Present value of the scheme's liabilities	£160 4m
Actuarial deficit	£13 3m
Actuarial value as a proportion of accrued benefit	91 7%

Contribution rates to the DBS are calculated as a percentage of pensionable earnings determined on the basis of the most recent Valuation and with the advice of independent actuaries, using the projected unit method

Following the Valuation, the Group has agreed to pay a shortfall recovery payment of at least £1 8m per annum for the years 2012 to 2020 inclusive The Group paid an additional cash contribution of £1 8m into the PLAS in 2012 (2011 £1 45m) From 1 January 2012, the Group also agreed to separately settle the administration costs of the DBS and SMS, including insurances and the Pension Protection Fund levy These costs were £771,000 for 2012 and are estimated at £660,000 for 2013

Following the Valuation the Group has agreed with the Trustee Directors to return the ongoing funding level of the scheme to 100% of the projected past service liabilities within a period of 10 years from the Valuation and to maintain funding at least at this level once the funding level of the scheme is 100% of the projected past service liabilities The next triennial valuation is due to be completed as at 1 January 2014 The deficit and regular contributions will be recalculated as part of this valuation

Notes to the financial statements

for the year ended 31 December 2012

29. Pension schemes (continued)

Defined benefit section (continued)

On 16 January 2009 the Company guaranteed the punctual performance of all obligations under the scheme of the Scheme's Participating Employers The guarantee will remain in place until the scheme becomes fully funded on the scheme-specific funding basis, as advised by the scheme actuary The Trustee Directors took the guarantee into consideration when setting the period of the scheme's deficit recovery plan, following the Valuation, and setting the scheme's investment strategy

The benefits payable by the scheme are expected to increase steadily over the next 30 years as active and deferred members reach retirement After that the benefits payable should drop off markedly as mortality rates increase

Pension disclosure under FRS 17

The following information shows the results for the PLAS measured in accordance with FRS 17

The Valuation has been updated to 31 December 2012 by an independent actuary

Assumptions

The major assumptions used by the actuary in updating the Valuation were

	2012 %	2011 %	2010 %
Rate of increase in salaries	0 00	0 00	0 00
Rate of increase in deferred pensions	2 15	2 30	2 85
Rate of increase of pensions in payment	2 85	3 00	3 35
Discount rate	4 29	4 66	5 46
Inflation	2 85	3 00	3 35
Expected long term rate of return			
Equities	5 62	5 55	6 82
Bonds and gilt securities	4 78	4 99	5 41
Other	0 50	0 50	0 50

An investigation of the scheme's mortality experience over the past three years was carried out as part of the Valuation The current assumed life expectations on retirement at age 65 are

	2012	2011
Retiring today		
Males	22 3	22 3
Females	24 2	24 2
Retiring in 20 years		
Males	24 4	24 4
Females	26 5	26 5

Notes to the financial statements
for the year ended 31 December 2012

29. Pension schemes (continued)

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 0 25%	Decrease by 3 6%
Rate of inflation	Increase by 0 25%	Increase by 2 1%
Life expectancy	Increase by 1 year	Increase by 1 8%

Employee benefit obligations

The amounts recognised in the balance sheet are as follows

	2012 %	2012 £000	2011 %	2011 £000
Global equities	49 6	76,299	49 1	68,683
Absolute return	23 3	35,872	23 7	33,159
Corporate and government bonds	17 7	27,155	17 9	25,064
High yield bonds	8 0	12,249	7 8	10,854
Bank and cash balances	1 4	2,193	1 5	2,050
Fair value of scheme assets	100 0	153,768	100 0	139,810
Present value of funded obligations		182,803		169,359
Present value of unfunded obligations		650		728
Total scheme obligations		183,453		170,087
Pension scheme deficit		29,685		30,277
Related deferred tax asset at 23% (2011 25%)		(6,828)		(7,568)
Net liability		22,857		22,709

The unfunded obligations are in respect of the ex gratia pensions paid by the Group The present value of these obligations has been calculated in accordance with FRS 17 by an independent actuary

29. Pension schemes (continued)

The amounts recognised in the profit and loss account are as follows

	2012 £000	2011 £000
Current service cost – DBS	1,471	1 297
Current service cost – DCS	2,932	2,643
Recognised in arriving at operating profit	4,403	3,940
Interest on funded obligations	6,405	7,004
Interest on unfunded obligations	34	38
Expected return on scheme assets	(5,656)	(6,982)
Other finance expense	783	60
Total recognised in the profit and loss account	5,186	4 000
Actual return on scheme assets	13,769	221

Changes in the present value of the scheme obligation are as follows

	2012 £000	2011 £000
Opening scheme obligation – DBS and DCS	169,359	160,497
Opening scheme obligation – unfunded obligations at present value	728	823
Total opening scheme obligation	170,087	161,320
Service cost	4,403	3,940
Interest cost	6,439	7,042
Actuarial losses – DBS and unfunded obligations	8,147	9,029
Contributions by employees	54	59
Change in DC fund values	3,096	(1,568)
Benefits paid	(8,773)	(9,735)
Closing scheme obligation	183,453	170,087

Notes to the financial statements
for the year ended 31 December 2012

29. Pension schemes (continued)

Changes in the fair value of scheme assets are as follows

	2012 £000	2011 £000
Opening fair value of scheme assets	139,810	145,544
Expected return	5,656	6,982
Actuarial gains/(losses)	8,113	(6,761)
Contributions by employer	5,812	5,289
Contributions by employees	54	59
Change in DC fund values	3,096	(1,568)
Benefits paid	(8,773)	(9 735)
Closing fair value of scheme assets	153,768	139,810

The Group expects to contribute between £3,500,000 and £4,000,000 to the DBS scheme in 2013

Cumulative actuarial gains and losses recognised in the Group statement of total recognised gains and losses (STRGL)

	2012 £000	2011 £000
Actual return less expected return on assets	8,113	(6,761)
Changes in assumptions	(8,147)	(9,029)
Net actuarial losses recognised in STRGL	(34)	(15,790)
At the beginning of the year	(40,756)	(24,966)
At the end of the year	(40,790)	(40,756)

Analysis of the movement in the balance sheet liability

	2012 £000	2011 £000
Shortfall in scheme at beginning of year	(30,277)	(15,776)
Movements		
Total recognised in the profit and loss account	(5,186)	(4,000)
Employer contributions	5,812	5,289
Actuarial losses	(34)	(15 790)
Shortfall in scheme at end of year	(29,685)	(30,277)

Notes to the financial statements

for the year ended 31 December 2012

29. Pension schemes (continued)

Amounts for the current and previous four years are as follows

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Present value of funded obligations	182,803	169,359	160,497	150,506	146,478
Present value of unfunded obligations	650	728	823	902	955
Total scheme obligations	183,453	170,087	161,320	151,408	147,433
Fair value of scheme assets	153,768	139 810	145,544	130,933	111,519
Pension scheme deficit	(29,685)	(30,277)	(15,776)	(20,475)	(35,914)
Experience adjustments on pension scheme liabilities	109	2,603		(31)	5,055
Experience adjustments on pension scheme assets	8,113	(6,761)	7,393	12,643)	(27,097)
Changes in assumptions					
Mortality	-	-			(10,820)
Demographics	-	(667)			
Discount rate	(9,687)	(17,221)	(4,466)	(1,300)	(990)
Inflation	1,431	6,256	879	(5,490)	3,290
Salary increase	-				2 833
Actuarial (losses)/gains recognised in equity	(34)	(15,790)	3,806	5,822	(27,729)

Five-year financial summary

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Turnover	131,366	135,057	139,253	141,973	175,115
Operating profit before exceptional items	6,301	10,415	14,752	15,116	22,162
Return on sales	*4 8%*	*7 7%*	*10 6%*	*10 6%*	*12 7%*
Share of operating results of associate	-	-	(202)	(196)	(158)
Amortisation and impairment of intangible fixed assets	(4,560)	(4,616)	(4,617)	(5,009)	(7,067)
Exceptional income	-		-	10,000	-
Exceptional costs	(10,184)	(3,095)	(1,963)	(16,927)	(38,087)
Income from investments, interest payable and FRS 17 financing costs	(2,278)	(1,683)	(2,244)	(2,310)	(2,065)
(Loss)/profit before tax	(10,721)	1,021	5,726	674	(25,215)
Tax	(4,053)	(2,549)	(1,271)	(3,848)	1,117
Effective rate of taxation	*137 8%*	*249 7%*	*22 2%*	*570 9%*	*4 4%*
(Loss)/profit after tax	(14,774)	(1,528)	4,455	(3,174)	(24 098)
Minority interests	205	66		-	
Dividends paid during the year	2,752	2,779	2 766	2,802	5,608
(Loss)/profit after tax and equity dividends paid	(17,321)	(4,241)	1,689	(5,976)	(29 706)
Basic earnings per share	(106 4p)	(10 6p)	32 0p	(22 8p)	(172 5p)
Diluted earnings per share	(106 4p)	(10 6p)	31 1p	(22 8p)	(172 5p)
Adjusted earnings per share	19 8p	43 1p	64 0p	64 7p	105 1p
Dividends declared per share[1]	6 4p	20 1p	20 1p	20 1p	26 4p
Dividend cover (based on dividends declared and adjusted EPS)	3 1	2 1	3 2	3 2	4 0
Net assets	22,244	40,160	57,060	53,127	55,043
Net debt	(15,707)	(17,387)	(23,257)	(27,517)	(34 621)
Exceptional items					
Reduction in defined benefit pension liabilities	-			10,000	
Total exceptional income	-			10,000	-
Impairment of intangible fixed assets	(4,815)		(500)	(12,363)	(33 615)
Impairment of goodwill in associate	-		-		(500)
Impairment of tangible fixed assets	-				(477)
Reorganisation and restructuring costs	(978)	(3,095)	(1,484)	(3,991)	(3,495)
Costs incurred to reduce defined benefit pension liabilities	-		21	(330)	
Costs incurred in preparation for pensions auto enrolment	(125)			-	
Claim from The Dublin Daily News Limited	224		-		
Tax compliance litigation	(433)		-	-	
Refinancing costs	-		-	(243)	-
Interest on late payment of corporation tax	(4,057)				
Total exceptional costs	(10,184)	(3,095)	(1,963)	(16,927)	(38,087)

[1] 2009 includes the 2010 first interim dividend in place of the final dividend for 2009

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at The Conference Centre at the John Innes Centre on Tuesday 23 April 2013 at noon, to consider and, if thought fit, pass the following resolutions

Ordinary resolutions

1 THAT the reports of the directors and auditors and the audited financial statements of the Company for the year ended 31 December 2012 be and are hereby received

2 THAT Mr R Jewson retiring as a director at this meeting be re-elected as a director of the Company

3 THAT Mr J Hustler retiring as a director at this meeting be re-elected as a director of the Company

4 THAT Mr R Wyatt retiring as a director at this meeting be re-elected as a director of the Company

5 THAT Ernst & Young LLP be re-appointed as auditors for the Company at a fee to be fixed by the directors

Special resolutions

6 THAT, subject to the passing of resolution 7, the directors be generally empowered pursuant to section 569 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560 of the Act) pursuant to authority conferred by Resolution 7 as if section 561 of the Act and the pre-emption provisions of the Company's Articles of Association did not apply to such allotment

7 THAT for the purposes only of the allotment of ordinary shares in the capital of the Company pursuant to an election made by the holders of such ordinary shares to receive additional ordinary shares in accordance with Article 132 of the Company's Articles of Association, the directors of the Company are generally and conditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") and in substitution for any existing authority conferred on them to allot ordinary shares in the Company up to an aggregate nominal amount of £790,000, such authority to continue for a period of five years from the date on which this resolution is passed, and further that, pursuant to and in accordance with section 570 of the Act, section 561 of the Act shall not apply to any allotment pursuant to that authority

BY ORDER OF THE BOARD
JO Ellison
Secretary
28 February 2013

Archant Limited
Prospect House
Rouen Road
Norwich NR1 1RE

Telephone 01603 772772
Facsimile 01603 613276
Registered number 4126997

Notes

1 Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the Annual General Meeting ("AGM") A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder A proxy need not be a shareholder of the Company A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company Secretary on 01603 772810

2 To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA no later than noon on Sunday 21 April 2013

3 The return of a completed proxy form will not prevent a shareholder attending the AGM and voting in person should they wish to do so

4 To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 6pm on Sunday 21 April 2013 (or, in the event of any adjournment, at 6pm on the date which is two days before the time of the adjourned meeting) Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the AGM

Calendar
for year to 31 December 2013

23 April	Annual General Meeting
29 June	Half-year end
2 August	Interim statement

REGISTRARS
Shareholders with questions regarding their shareholding should contact the Company's registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
BN99 6DA

0871 384 2641

Shareholders may access details of their shareholdings via the internet To register for the service go to www shareview co uk

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