SCORE PRESS LIMITED

Company Registration No SC152233

Report and Financial Statements

31 December 2008

SCORE PRESS LIMITED

Report and Financial Statements
For the year ended 31 December 2008

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Officers and Professional Advisers

DIRECTORS

T J Bowdler CBE (resigned 31 December 2008)
S R Paterson
J A Fry (appointed 5 January 2009)

SECRETARY

P R Cooper

REGISTERED OFFICE

108 Holyrood Road
Edinburgh
EH8 8AS

BANKERS

The Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh
EH2 2AD

SOLICITORS

MacRoberts
152 Bath Street
Glasgow
G2 4TB

INDEPENDENT AUDITORS

Deloitte LLP
Edinburgh, United Kingdom

SCORE PRESS LIMITED

Directors' Report
For the year ended 31 December 2008

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

The directors' report has been prepared under the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

ACTIVITIES, RESULTS AND FUTURE PROSPECTS

The principal activity of the company is to act as a holding company of subsidiaries publishing local newspapers. The result for the year is shown in the profit and loss account on page 6. The company has recorded a loss for the financial year of £32,266,000 (2007: £36,000). This was due to an impairment of the investments that the company holds, based on the trading conditions in 2008, as disclosed in note 7 of these accounts.

The financial position of the company is set out in the balance sheet on page 8. The directors do not expect any change in the activities of the business in the foreseeable future.

Johnston Press plc provides the company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the directors believe that performance indicators and principal risks or uncertainties specific to the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual report of Johnston Press plc reviews these matters on a group basis.

GOING CONCERN

The directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Johnston Press plc Group has recently renegotiated its financing facilities of which the company is a guarantor to. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current committed facilities. Although the company is in a net current liability position, this is due to amounts owing to fellow group undertakings within the next 12 months, the demand for repayment of which is wholly within the control of the group.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

DIVIDENDS

No dividends have been paid or proposed by the directors (2007: £ nil).

POST BALANCE SHEET DATE EVENTS

Security
As discussed further in note 15, on 28 August 2009, the company entered into a security agreement with the Johnston Press plc Group's lenders, to provide fixed and floating charges over the assets of the company.

Impairment
The impairment of investments in subsidiary undertakings which is recognised in these financial statements arose from difficult trading conditions during 2008 which have continued into 2009. Within the Group, a further impairment charge against publishing titles of £126 million was recorded in the Group's consolidated financial statements for the six months ended 30 June 2009. The financial effect on the investment in subsidiaries held by the company will be assessed as part of the company's impairment review for the year ended 31 December 2009.

There are no other significant post balance sheet events which affect the financial statements of the company.

DIRECTORS

The directors who served during the year and to the date of this report are shown on page 1.

DIRECTORS' LIABILITY

As permitted by the Companies Act 2006, the company has insurance cover for the directors against liabilities in relation to the Company.

Directors' Report (continued)
For the year ended 31 December 2008

INDEPENDENT AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP have indicated their willingness to continue in office and a resolution to reappoint Deloitte LLP as the auditors of the company will be proposed at the next Annual General Meeting.

Approved by the Board of Directors and signed by order of the Board

John Fry

J A Fry
Director
30 September 2009

Statement of Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCORE PRESS LIMITED

We have audited the financial statements of Score Press Limited for the year ended 31 December 2008 which comprise the profit and loss account, the note of historical cost profits and losses, the balance sheet, and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Edinburgh, United Kingdom

7 October 2009

Profit and loss account
For the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Administrative expenses		(36)	(36)
Operating loss	2	(36)	(36)
Interest receivable and similar income	4	1,730	1,027
Interest payable and similar charges	4	(1,000)	(1,027)
Foreign exchange gain		1,280	-
Impairment of investments	7	(33,667)	
Loss on ordinary activities before taxation	2	(31,693)	(36)
Tax on loss on ordinary activities	5	(573)	-
Loss for the financial year		(32,266)	(36)

All results are derived wholly from continuing operations.

There have been no recognised gains or losses other than the loss for the current and preceding financial years and, accordingly, no statement of total recognised gains and losses is shown.

Note of historical cost profits and losses
For the year ended 31 December 2008

	2008 £'000	2007 £'000
Loss on ordinary activities before taxation	(31,693)	(36)
Difference between historical cost depreciation charge and the actual depreciation charge for the year	36	36
Historical cost loss on ordinary activities before taxation	(31,657)	-
Historical cost loss for the year after taxation	(32,230)	-

SCORE PRESS LIMITED

Balance sheet
At 31 December 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Tangible assets	6	1,376	1,412
Investments	7	98,081	131,748
		99,457	133,160
CURRENT ASSETS			
Debtors – due within one year	8	40,472	37,401
Cash at bank and in hand		-	61
		40,472	37,462
CREDITORS: Amounts falling due within one year	9	(94,719)	(93,146)
NET CURRENT LIABILITIES		(54,247)	(55,684)
NET ASSETS		45,210	77,476
CAPITAL AND RESERVES			
Called-up share capital	10	2	2
Share premium	11	78,192	78,192
Revaluation reserve	11	1,375	1,411
Profit and loss account	11	(34,359)	(2,129)
SHAREHOLDERS' FUNDS	12	45,210	77,476

These financial statements were approved by the Board of Directors on 30 September 2009.

Signed on behalf of the Board of Directors

John Fry

J A Fry

Director

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the current and preceding year, is set out below:

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The financial statements are prepared on the going concern basis as disclosed in the directors' statement of going concern set out in the directors' report.

Consolidation

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Johnston Press plc, which prepares consolidated financial statements that are publicly available. Accordingly, group financial statements have not been prepared and information in these financial statements is presented for the individual company rather than for the group.

Cash flow statement

The company is exempt from the requirements of FRS 1 (revised) to include a cash flow statement because it is a subsidiary of Johnston Press plc whose financial statements contain a consolidated cash flow statement and are available to the public.

Tangible fixed assets and depreciation

Tangible fixed assets comprises of heritable property which is recorded at cost, net of depreciation and any provision for impairment and land which is not depreciated.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Heritable property	2.5% straight line basis

Investments

Investments are stated at cost less provision for any impairment.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

1. ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Gains or losses on exchange are included in the profit and loss account.

Related party transactions

The company is exempt under FRS 8 from the requirement to include details of transactions with related parties who are fellow group undertakings.

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss for the year is stated after charging:

	2008 £'000	2007 £'000
Depreciation expense	(36)	(36)
Foreign exchange gain	1,280	-
Impairment of investments (note 7)	(33,667)	-

The auditors' remuneration in the current and prior year was borne by another group undertaking. The directors estimate that the amount relating to the company's statutory audit was £3,000 (2007: £3,000).

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Employees

There were no employees during the current or prior year.

Directors' Remuneration

None of the directors received or accrued any remuneration in respect of their services to the company in either year.

4. FINANCE INCOME AND CHARGES

	2008 £'000	2007 £'000
Interest receivable and similar income		
Interest receivable on intercompany loan notes	1,730	1,027
Interest payable and similar charges		
Interest payable on intercompany loan notes	(1,000)	(1,027)

5. TAX ON LOSS ON ORDINARY ACTIVITIES

The tax charge comprises:

	2008 £'000	2007 £'000
Current tax		
UK corporation tax	573	-
Total tax on loss on ordinary activities	573	-

The differences between the current tax of zero and the amount calculated by applying the standard rate of UK corporation tax of 28.5% (2007– 30%) to the loss before tax is as follows:

	2008 £'000	2007 £'000
Loss on ordinary activities before tax	(31,693)	(36)
Tax on loss on ordinary activities at standard UK corporation tax rate of 28.5% (2007 - 30%)	(9,033)	(11)
Effects of:		
Expenses not deductible for tax purposes	9,606	11
Total current tax charge for the year	573	-

The company earns its profits primarily in the UK therefore the tax rate used for tax on loss on ordinary activities is the standard rate for UK corporation tax. For 2008, this rate is 28.5% being the blended rate of 30% for the first quarter and 28% for quarters two to four. The 2007 corporation tax rate for the full year was 30%.

6. TANGIBLE FIXED ASSETS

The movement in the year was as follows:

	Heritable property £'000	Total £'000
Cost		
At 1 January 2008 and 31 December 2008	1,485	1,485
Depreciation		
At 1 January 2008	73	73
Charge for the year	36	36
At 31 December 2008	109	109
Net book value		
At 31 December 2008	1,376	1,376
At 31 December 2007	1,412	1,412

7. FIXED ASSET INVESTMENTS

Investments in subsidiary undertakings

	Investments in subsidiary undertakings £'000
Cost	
At 1 January 2008 and 31 December 2008	131,748
Provision for impairment	
At 1 January 2008	-
Impairment provision recognised during period	(33,667)
At 31 December 2008	(33,667)
Net book value	
At 31 December 2008	98,081
At 31 December 2007	131,748

The company tests investments in subsidiary undertakings on an annual basis, comparing cost to the net assets of the associated subsidiaries. As a result of the test in the current year, the company recorded an impairment charge of £33,667,000, primarily due to the trading conditions experienced in 2008.

7. FIXED ASSET INVESTMENTS (CONTINUED)

The company had investments in the following undertakings at the end of the year. To avoid excessive length, details of investments in companies which are dormant, or otherwise insignificant, have been omitted.

Subsidiary undertakings	Country of incorporation	Type of shares	Principal activity	Percentage holding	Holding type
Morton Newspapers Ltd	United Kingdom	Ordinary	Publisher	100%	Direct
Angus County Press Ltd	United Kingdom	Ordinary	Publisher	100%	Direct
Montrose Review Press Ltd	United Kingdom	Ordinary	Dormant	100%	Direct
Bute Newspapers Ltd	United Kingdom	Ordinary	Publisher	100%	Direct
Galloway Gazette Ltd	United Kingdom	Ordinary	Publisher	100%	Direct
Stornoway Gazette Ltd	United Kingdom	Ordinary	Publisher	100%	Direct
Score Press Ireland Ltd	Ireland	Ordinary	Holding Co	100%	Direct
Johnston Press Ireland Ltd*	Ireland	Ordinary	Holding Co	100%	Direct
Clonnad Ltd*	Ireland	Ordinary	Holding Co	100%	Direct
Leitrim Observer Ltd*	Ireland	Ordinary	Publisher	100%	Indirect
Kilkenny People Publishing Ltd*	Ireland	Ordinary	Publisher	100%	Indirect
Longford Leader Ltd*	Ireland	Ordinary	Publisher	100%	Indirect
Leinster Leader Ltd*	Ireland	Ordinary	Publisher	100%	Indirect

* Owned through intermediate holding company.

8. DEBTORS

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Loan note due from subsidiary undertaking	24,867	23,587
Amounts owed by group undertakings	15,585	13,794
Deferred tax asset	20	20
	40,472	37,401

The deferred tax asset arises due to short term timing differences that are expected to reverse against future taxable profits.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Other creditors and accruals	68	68
Loan notes payable	20,000	20,000
Corporation tax payable	573	-
Amounts owed to group undertakings	74,078	73,078
	94,719	93,146

The loan notes payable were issued during 2006 to Johnston Press plc as partial consideration for the acquisition of The Leinster Leader Limited. Immediately following this acquisition, The Leinster Leader Limited was sold to Score Press Ireland, a fellow group undertaking, for a consideration of £20,000,000 in loan notes payable and £78,193,000 new share capital. Both the loan notes payable and receivable attract interest at 5% per annum and are unsecured. Interest payable and receivable is included within intercompany creditors and debtors respectively.

10. CALLED-UP SHARE CAPITAL

	2008 £'000	2007 £'000
Authorised:		
5,000 ordinary shares of £1 each	5	5
Allotted, called-up and fully paid:		
2,000 ordinary shares of £1 each	2	2

11. RESERVES

The movement in the year was as follows:

	Share Premium £'000	Profit and loss account £'000	Revaluation reserve £'000	Total £'000
At 1 January 2008	78,192	(2,129)	1,411	77,474
Loss for the financial year	-	(32,266)	-	(32,266)
Transfer from revaluation reserve to profit and loss account	-	36	(36)	-
At 31 December 2008	78,192	(34,359)	1,375	45,208

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £'000	2007 £'000
Opening shareholders' funds	77,476	77,512
Loss for the financial year	(32,266)	(36)
Closing shareholders' funds	45,210	77,476

13. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Value added tax

The company is registered for VAT purposes in a group of undertakings, which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group, and failure by other members of the group to meet their VAT liabilities would give rise to additional liabilities for the company. At 31 December 2008 the total liability of the group amounted to £2,947,379 (2007:£7,285,759). The directors are of the opinion that no liability is likely to arise from the failure of these companies.

14. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The company's immediate and ultimate parent company is Johnston Press plc.

The only group in which the results of the company are consolidated is that headed by Johnston Press plc. The financial statements of Johnston Press plc are available to the public and may be obtained from Johnston Press plc, 108 Holyrood Road, Edinburgh, EH8 8AS.

15. POST BALANCE SHEET DATE EVENTS

On 28 August 2009, the company entered into a security agreement with the Johnston Press plc Group's lenders. The company has provided a fixed charge over the assets of the company, including investments, fixed assets, goodwill, intellectual property and a floating charge over its present and future undertakings. Further details of the new finance arrangements of Johnston Press plc and its subsidiaries are contained in the interim report of Johnston Press plc to 30 June 2009.

Within the Group, a further impairment charge against publishing titles of £126 million was recorded in the Group's consolidated financial statements for the six months ended 30 June 2009. The financial effect on the investment in subsidiaries held by the company will be assessed as part of the company's impairment review for the year ended 31 December 2009.