

**SCOTTISH DAILY RECORD AND SUNDAY
MAIL LIMITED**

Report and Financial Statements

28 December 2003



SCOTTISH DAILY RECORD AND SUNDAY MAIL LIMITED

Officers and professional advisers	1
Directors' report	2
Independent auditors' report	5
Profit and loss account	6
Note of historical cost profits and losses	7
Reconciliation of movements in shareholders' funds	7
Balance sheet	8
Notes to the accounts	9

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir A Grossart
M T Hollinshead
P A Vickers
V L Vaghela

SECRETARY

T M Secretaries Limited

REGISTERED OFFICE

One Central Quay
Glasgow
G3 8DA

BANKERS

Royal Bank of Scotland plc
10 Gordon Street
Glasgow
G1 3PL

SOLICITORS

Mc Grigor Donald
Pacific House
70 Wellington Street
Glasgow
G2 6SB

AUDITORS

Deloitte & Touche LLP
Manchester

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 28 December 2003.

PRINCIPAL ACTIVITY

The principal activity of the company is the publishing of newspapers.

REVIEW OF ACTIVITIES

The company's results for the year are set out on page 5. The directors are satisfied with the performance of the company and look forward to the future with optimism.

On 30th December 2002, the trade and associated assets of First Press Publishing Limited, a fellow subsidiary were transferred to Scottish Daily Record and Sunday Mail Limited. Also on this date, the company transferred some of its own trade and assets to Saltire Press a fellow group subsidiary which was previously non trading.

RESULTS AND TRANSFER TO RESERVES

The profit on ordinary activities before taxation amounted to £24,172,000 (year ended 29 December 2002 - £24,888,000). No dividend was paid during the year (year ended 29 December 2002 - £nil). The retained profit for the financial year of £17,338,000 (year ended 29 December 2002 - £16,969,000) has been transferred to reserves.

DIRECTORS

The current directors are listed on page 1. All directors served throughout the year, except as noted:

Sir A Grossart
M T Hollinshead
P A Vickers
M D Haysom (resigned 10 April 2003)
V L Vaghela (appointed 1 July 2003)

The ultimate parent company at 28 December 2003 was Trinity Mirror plc.

The Directors have no interests in other companies other than those disclosed below:

The interests and options of the director who is not a director of Trinity Mirror plc at the end of the financial year in the ordinary share capital of Trinity Mirror plc are:

	28 December 2003 Options	29 December 2002 Options
M T Hollinshead	28,262	28,262

The above options were held under share schemes at 544p and exercisable between May 2003 and May 2010.

The report and financial statements of the ultimate parent company details the interests of Sir A Grossart, P A Vickers, V L Vaghela and M D Haysom in the shares of that company.

INSURANCE OF DIRECTORS

Trinity Mirror plc maintains insurance for its directors, including directors of its subsidiary undertakings, in respect of their duties.

POLITICAL AND CHARITABLE DONATIONS

Contributions of £1,200 (year ended 29 December 2002 - £29,000) were made during the year for charitable purposes. No political donations were made during the year.

DIRECTORS' REPORT (CONTINUED)

CREDITOR PAYMENT POLICY

It is the policy of the company to agree suitable terms and conditions for its business transactions with suppliers. These terms and conditions range from standard written terms to individually drafted contracts. Once such terms are agreed it is the company's policy to fully adhere to them, including payment schedules, provided the supplier has also complied with the terms and conditions. The company's suppliers are paid by MGN Limited, a fellow subsidiary undertaking, as part of a centralised accounts payable function. The average payment period disclosed by MGN Limited is 45 days (29 December 2002 - 28 days).

EMPLOYEE RELATED MATTERS

Disabled Persons

The company's policy is to give fair and equal consideration to the recruitment, employment and career development of disabled persons where suitable opportunities arise, and to provide such training and other assistance as may be necessary and practicable. Employees who become disabled and unable to continue in their existing jobs are given the opportunity to be retrained for suitable alternative employment.

Employee Involvement

Communication and participation of employees is achieved through both formal and informal channels. The means of communication range from formal union procedures to staff briefings and formal and informal management briefings. Where appropriate, communication is by personal letter or circular to employees individually.

Employee Share Award Scheme

The company participates in the employee share award scheme of Trinity Mirror plc and its subsidiary undertakings (the "Group").

Pension schemes

The company participates in the pension schemes of the Group as described in Note 5 to the financial statements.

AUDITORS

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company 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; and
- prepare the financial statements on a going concern basis.

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

Approved by the Board of Directors
and signed on behalf of the Board



V L Vaghela

Director

10th September 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCOTTISH DAILY RECORD AND SUNDAY MAIL LIMITED

We have audited the financial statements of Scottish Daily Record and Sunday Mail Limited for the year ended 28 December 2003 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the reconciliation of movements in shareholders' funds, the balance sheet and the related notes 1 to 21. 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 judgements 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 of the state of the company's affairs as at 28 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Manchester

17 September 2004

PROFIT AND LOSS ACCOUNT
Year ended 28 December 2003

		Year ended 28 December 2003 £'000	Year ended 29 December 2002 £'000
	Note		
TURNOVER	2	107,874	106,829
Cost of sales		(61,538)	(63,138)
GROSS PROFIT		46,336	43,691
Net operating expenses	3	(20,887)	(19,025)
Exceptional items	4	(1,323)	-
Other operating income	4	6	-
OPERATING PROFIT	4	24,132	24,666
Income from fixed asset investments	6	48	270
Interest payable and similar charges	7	(8)	(48)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		24,172	24,888
Tax credit/(charge) on profit on ordinary activities	8	(6,834)	(7,919)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE FINANCIAL YEAR	16	17,338	16,969

All turnover and results arose from continuing operations.

There are no recognised gains or losses other than the profit for the current and prior years. Accordingly, a statement of total recognised gains and losses has not been presented.

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 28 December 2003

	Year ended 28 December 2003 £'000	Year ended 29 December 2002 £'000
Reported profit on ordinary activities before taxation	24,172	24,888
Realisation of land and buildings revaluation gains of earlier years	6,449	-
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	-	454
Historical cost profit on ordinary activities before taxation	<u>30,621</u>	<u>25,342</u>
Historical cost profit for the year after taxation and dividends	<u>37,011</u>	<u>17,423</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 28 December 2003

	Year ended 28 December 2003 £'000	Year ended 29 December 2002 £'000
Profit for the financial year	17,338	16,969
Net additions to shareholders' funds	<u>17,338</u>	<u>16,969</u>
Opening shareholders' funds	78,646	61,677
Closing shareholders' funds	<u>95,984</u>	<u>78,646</u>

BALANCE SHEET
28 December 2003

	Note	28 December 2003 £'000	29 December 2002 £'000
FIXED ASSETS			
Intangible Assets	9	46	-
Tangible assets	10	14,156	60,215
Investments	11	7,505	7,505
		<u>21,707</u>	<u>67,720</u>
CURRENT ASSETS			
Stocks	12	26	26
Debtors	13	563,227	475,564
Property held for resale		1,000	1,335
Cash at bank and in hand		626	1,632
		<u>564,879</u>	<u>478,557</u>
CREDITORS: amounts falling due within one year	14	<u>(490,502)</u>	<u>(459,284)</u>
NET CURRENT ASSETS		<u>74,377</u>	<u>19,273</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		96,084	86,993
PROVISIONS FOR LIABILITIES AND CHARGES	15	<u>(100)</u>	<u>(8,347)</u>
NET ASSETS		<u>95,984</u>	<u>78,646</u>
CAPITAL AND RESERVES			
Called up share capital	16	1,022	1,022
Share premium account	17	18	18
Revaluation reserve	17	-	6,449
Profit and loss account	17	94,944	71,157
EQUITY SHAREHOLDERS' FUNDS		<u>95,984</u>	<u>78,646</u>

These financial statements were approved by the Board of Directors on 10th September 2004.

Signed on behalf of the Board of Directors



V L Vaghela

Director

NOTES TO THE ACCOUNTS

Year ended 28 December 2003

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

Basis of preparation

The financial statements are prepared under the historical cost convention.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of newspapers and advertising space sold and sundry goods and services supplied.

Deferred taxation

Deferred taxation is provided in full at the anticipated tax rates on timing differences arising from the different treatment of items for accounting and taxation purposes. No provision is made for deferred tax on investment revaluations. A deferred tax asset is regarded as recoverable and therefore recognised only when 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. The company has elected not to discount the deferred tax assets and liabilities.

Intangible fixed assets - goodwill

Goodwill arising from the purchase of businesses and magazine titles is capitalised as an intangible fixed asset in the year in which it arises and is amortised over its estimated useful life of 10 years.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation. The transitional arrangements of Financial Reporting Standard 15 "Measurement of tangible Fixed Assets" ("FRS 15") are being adopted in respect of certain freehold buildings included within "land and buildings" where the valuation has been frozen as modified historical cost.

Further details are given in note 9. Depreciation is provided on all assets on a basis that will write off, by equal annual instalments, the cost or valuation less estimated residual values of these assets over their expected useful lives. No depreciation is provided on freehold land or assets in the course of construction. Depreciation periods applied are as follows:

Buildings	50 years
Plant and machinery	5 to 20 years
Motor vehicles	4 years
Fixtures and fittings	5 to 15 years

Investments

Fixed asset investments are stated at cost less provisions for impairment in value.

NOTES TO THE ACCOUNTS (continued)

Year ended 28 December 2003

1. ACCOUNTING POLICIES (continued)

Finance and operating leases

Where the company has substantially all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as a finance lease. Other leases are treated as operating leases. Future instalments payable under finance leases, net of finance charges, are included in creditors with the corresponding asset values recorded in tangible fixed assets and depreciated over the shorter of their estimated useful lives or their lease terms. Payments are apportioned between the finance element, which is charged to the profit and loss account as interest, and the capital element, which reduces the outstanding obligation for future instalments. Operating lease payments are charged to the profit and loss account in equal amounts over the period of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Libel litigation

Accruals are made for legal costs in respect of libel litigation in progress. Provision is made for estimated damages where it is judged probable that damages will be payable.

Pension scheme arrangements

The company contributes to the MGN Pension Scheme, a defined benefit scheme.

The MGN Pension Scheme operates for employees of a number of Trinity Mirror group companies and as such, Scottish Daily Record and Sunday Mail Limited is unable to identify its share of the underlying assets and liabilities of the Scheme. Under Financial Reporting Standard 17 "FRS 17" the actual cost of providing pensions to the company will be charged to the profit and loss account as incurred during the year.

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated to sterling at rates of exchange ruling at the end of the period. Differences on exchange arising from this translation are taken to the profit and loss account.

Consolidated financial statements and cash flows

Group consolidated financial statements are not prepared as the company is exempt from preparing consolidated financial statements (under s228, CA85) on the grounds that it is a wholly owned subsidiary of Trinity Mirror plc, a company registered in England and Wales. Consequently the financial statements reflect the company as an individual undertaking. As the company is a wholly owned subsidiary, the cash flows of the company are included in the consolidated cash flow statement of its parent undertaking which are publicly available. Consequently the company is exempt under the provisions of Financial Reporting Standard 1 (revised) - "Cash Flow Statements", from publishing a separate cash flow statement.

2. TURNOVER

Turnover is comprised substantially of sales in the United Kingdom and is derived from its principal activity newspaper publishing.

NOTES TO THE ACCOUNTS (continued)
Year ended 28 December 2003

3. NET OPERATING EXPENSES

	Year ended 28 December 2003 £'000	Year ended 29 December 2002 £'000
Distribution costs	3,778	3,570
Administration expenses	17,109	15,455
	<u>20,887</u>	<u>19,025</u>

4. OPERATING PROFIT

Operating profit is stated after charging:

	Year ended 28 December 2003 £'000	Year ended 29 December 2002 £'000
Depreciation - owned assets	903	4,169
- leased assets	-	377
Amortisation of goodwill	6	-
Operating lease rentals - plant and machinery	-	52
- other	220	220
Exceptional items:		
Profit on sale of fixed assets	(650)	(660)
Redundancy	1,974	-
	<u>1,974</u>	<u>-</u>

The auditors' remuneration has been borne by Trinity Mirror plc for the statutory audit of the Group as a whole, and is not recharged to the company. Fees for other services provided were £nil (year ended 29 December 2002 - £17,000).

NOTES TO THE ACCOUNTS (continued)
Year ended 28 December 2003

5. STAFF COSTS AND DIRECTORS' EMOLUMENTS

Staff costs excluding directors are as follows:

	Year ended 28 December 2003 £'000	Year ended 29 December 2002 £'000
Wages and salaries	17,911	16,041
Social security costs	1,597	1,454
Pension cost	1,250	1,163
	<u>20,758</u>	<u>18,658</u>

The average weekly number of employees during the year is set out below:

	No	No (restated)
Production and editorial	330	328
Selling and distribution	120	111
Administration	83	70
	<u>533</u>	<u>509</u>

The comparatives for the average number of employees have been restated to reflect the actual number of employees. Previously, full time staff equivalent numbers were reported. The change in disclosure results in the 2002 staff numbers moving from 468 to 509.

The above excludes 90 (2002: 115) casual workers due to the impracticality of determining regular and occasional workers.

Directors' emoluments

Four (year ended 29 December 2002 - four) of the directors were remunerated by the parent company Trinity Mirror plc for their services to the group as a whole. It is impractical to allocate the cost to each company. Their emoluments are disclosed in the financial statements of Trinity Mirror plc.

Five of the directors were members of the group's defined benefit pension arrangements (year ended 29 December 2002 - Five).

One of the directors exercised part of their share options in the ultimate parent company during the year (year ended 29 December 2002 - one), with an aggregate gain of £89,419 (2002 - £1,591).

The emoluments of the remaining other director was:

	Year ended 28 December 2003 £'000	Year ended 29 December 2002 £'000
Emoluments of directors	195	171
Pension contributions	70	-
	<u>265</u>	<u>171</u>

NOTES TO THE ACCOUNTS (continued)
Year ended 28 December 2003

5. STAFF COSTS AND DIRECTORS' EMOLUMENTS (CONTINUED)

Pensions

The company contributes to the MGN Pension Scheme, a defined benefit multi employer scheme.

The scheme provides benefits based on final pensionable pay and is set up under a trust which holds the assets of the scheme separately from the company. It has not been possible to split out from the scheme the amounts for this company.

The pension cost is assessed in accordance with the advice of qualified actuaries using the projected unit method. The last formal actuarial valuation of the MGN Pension Scheme was prepared as at 31 December 2002. At the date of the updated valuation the actuarial value of the assets in the scheme was sufficient to cover 84% of the accrued benefits of the members, after allowing for projected salaries on the basis of the following assumptions:

Pension increases (1992 – 1997)	3.0%pa
Pension increases (1997 onwards)	3.5%pa
Pay increases	3.8%pa
Overall investment return	5.5%pa post – retirement/7.0%pa pre-retirement
Dividend yield	3.88%pa
Price inflation	3.50%pa

The implications of the deficit for the employer are an increase in the future service contribution rate of 1.1% to 11.1% effective from 1 January 2004 and a deficit payment of £3.0m per annum for 10 years paid by monthly instalments from 1 January 2004 and subject to annual review.

Accrued pension costs at 28 December 2003 were £nil (year ended 29 December 2002 - £nil).

The company also contributes to the Trinity Mirror Pension plan, a defined contribution scheme for which the pension cost for the year ended 28 December 2003 was £6,821 (2002: £nil). At 28 December 2003 there were no outstanding/prepaid contributions (2002: £nil)

6. INCOME FROM INVESTMENTS

	Year ended 28 December 2003 £'000	Year ended 29 December 2002 £'000
Dividends receivable from subsidiary undertakings	48	270

7. INTEREST PAYABLE

	Year ended 28 December 2003 £'000	Year ended 29 December 2002 £'000
Finance leases	-	35
Loan notes	8	13
	8	48

NOTES TO THE ACCOUNTS (continued)
Year ended 28 December 2003

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

	Year ended 28 December 2003 £'000	Year ended 29 December 2002 £'000
Tax charge in year		
Profit on ordinary activities before tax	24,172	24,888
Current tax:		
Corporation tax charge for current period	30	27
Group relief payable	6,522	6,964
Adjustment to prior year	(5)	1,206
Deferred tax:		
Deferred tax charge for the current year	226	650
Adjustment to prior year	61	(928)
	<u>6,834</u>	<u>7,919</u>

Reconciliation of current tax charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2002 - 30%). The current tax charge for the year is less than 30% (2002 - was more than 30%) for the reasons set out in the following reconciliation:

	2003	2002
UK standard rate of corporation tax	30.0%	30.0%
Permanent items	(0.3%)	1.0%
Capital allowances in excess of depreciation	(2.4%)	(2.9)%
Other short term timing differences	(0.2%)	(0.1)%
Prior year adjustment	-%	4.8%
Total current tax charge for year	<u>27.1%</u>	<u>32.8%</u>

9. INTANGIBLE FIXED ASSETS

	28 December 2003 £'000	29 December 2002 £'000
Cost		
At beginning of year	-	-
Additions	52	-
At end of year	<u>52</u>	<u>-</u>
Amortisation		
At beginning of year	-	-
Charge for the year	6	-
At end of year	<u>6</u>	<u>-</u>
Net Book Value		
At beginning of year	<u>-</u>	<u>-</u>
At end of year	<u>46</u>	<u>-</u>

NOTES TO THE ACCOUNTS (continued)

Year ended 28 December 2003

Intangible fixed assets represent the goodwill transferred from First Press Publishing Limited a fellow group subsidiary in the year. The goodwill relates to the purchase of the trade and assets of the business of the Scottish Rugby Magazine, promoting corporate and sporting events. The goodwill is being written off over 10 years which is the directors' estimate of the expected useful life.

NOTES TO THE ACCOUNTS (continued)
Year ended 28 December 2003

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings & motor Vehicles £'000	Total £'000
Cost or valuation				
At 29 December 2002	40,886	54,008	1,242	96,136
Additions	36	467	-	503
Disposals	(26,804)	(50,222)	(79)	(77,105)
	<u>14,118</u>	<u>4,253</u>	<u>1,163</u>	<u>19,534</u>
At 28 December 2003				
Depreciation				
At 29 December 2002	1,116	33,919	886	35,921
Charge for the year	265	512	126	903
Disposals	(403)	(31,009)	(34)	(31,446)
	<u>978</u>	<u>3,422</u>	<u>978</u>	<u>5,378</u>
At 28 December 2003				
Net book value				
At 28 December 2003	<u>13,140</u>	<u>831</u>	<u>185</u>	<u>14,156</u>
At 29 December 2002	<u>39,770</u>	<u>20,089</u>	<u>356</u>	<u>60,215</u>

The net book value of plant and machinery includes £nil (29 December 2002 - £4,711,000) in respect of assets held under finance leases. These assets held under finance leases were disposed of during the year.

The freehold land and buildings sold in the year were revalued properties with a net book value of £26,401,000.

These properties were valued at £27,600,000 on 31 December 1999 by Montagu Evans Limited, Consultant Surveyors and Valuers. The transitional arrangements of FRS 15 were adopted in respect of these freehold land and buildings where the valuation has not been updated since 1999. The value of these assets is now frozen as modified historical cost.

The basis of valuation was depreciated replacement cost. This method of valuation was deemed by the directors to be the most appropriate as there was no readily obtainable market value for the buildings in their existing use.

If these properties had not been revalued they would have been included at the following amounts:

	28 December 2003 £'000	29 December 2002 £'000
Cost	-	23,852
Aggregate depreciation on cost	-	(3,900)
	<u>-</u>	<u>19,952</u>

NOTES TO THE ACCOUNTS (continued)
Year ended 28 December 2003

11. INVESTMENTS IN SHARES

	28 December 2003 £'000	29 December 2002 £'000
Investments in group undertakings	7,505	7,505

Investments are stated at cost, with no provision for diminution in value considered necessary. All companies are registered in Scotland. All investments are in the ordinary shares of the companies as set out below.

Name of Undertaking	Activity	% of nominal value of issued shares held
<i>Direct interests in Group undertakings</i>		
First Press Publishing Limited	Non-trading	100%
Insider Publications Limited	Trading company	100%
Metropolitan Free Newspapers Limited	Holding company	100%
Saltire Press Limited	Trading company	100%
Newsday Limited	Dormant	100%
Scotfree Limited	Dormant	100%
Scottish Opinion Limited	Joint venture	51%
<i>Indirect interests in Group undertakings</i>		
Glaswegian Publications Limited	Dormant	100%
The Edinburgh and Lothians Post Limited	Dormant	100%
Dundonian Publications Limited	Dormant	100%
Aberdonian Publications Limited	Dormant	100%

NOTES TO THE ACCOUNTS (continued)
Year ended 28 December 2003

12. STOCKS

	28 December 2003 £'000	29 December 2002 £'000
Raw materials and consumables	26	26

13. DEBTORS

	28 December 2003 £'000	29 December 2002 £'000
Trade debtors	1,837	890
Amounts owed by group undertakings		
Ultimate parent company	847	-
Fellow subsidiaries	557,717	472,975
Deferred tax asset (see note 15)	831	-
Other debtors	317	233
Prepayments and accrued income	1,678	1,466
	563,227	475,564

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28 December 2003 £'000	29 December 2002 £'000
Loan notes	381	444
Trade creditors	731	698
Amounts owed to group undertakings		
Ultimate parent company	-	170
Fellow subsidiaries	465,586	432,415
Corporation tax payable	2,226	2,267
Other taxation and social security	2,217	2,322
Other creditors	318	318
Accruals and deferred income	19,043	20,650
	490,502	459,284

NOTES TO THE ACCOUNTS (continued)
Year ended 28 December 2003

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Property provisions £'000	Deferred taxation £'000	Total £'000
At 29 December 2002	100	8,247	8,347
Current period charge	-	287	287
Transfer from fellow group subsidiary	-	(9,365)	(9,365)
At 28 December 2003	100	(831)	(731)

The property provisions will be utilised over the life of the building.

The deferred tax asset at the end of the year is included within debtors (see note 13).

The amounts for the deferred tax (asset)/liability in the accounts is as follows:

	28 December 2003 £'000	29 December 2002 £'000
Capital allowances in excess of depreciation	61	9,233
Other short term timing differences	(892)	(986)
	(831)	8,247

16. CALLED UP SHARE CAPITAL

	28 December 2003 £'000	29 December 2002 £'000
Authorised:		
1,022,100 ordinary shares of £1 each	1,022	1,022
Called up, allotted and fully paid:		
1,022,084 ordinary shares of £1 each	1,022	1,022

17. RESERVES

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 29 December 2002	18	6,449	71,157
Retained profit for the financial year	-	-	17,338
Realised revaluation surplus on disposal of assets	-	(6,449)	6,449
At 28 December 2003	18	-	94,944

NOTES TO THE ACCOUNTS (continued)
Year ended 28 December 2003

18. FINANCIAL COMMITMENTS

The company had annual commitments under operating leases in respect of land and buildings and motor vehicles as follows:

	Land and Buildings		Other	
	28 December 2003 £'000	29 December 2002 £'000	28 December 2003 £'000	29 December 2002 £'000
Operating leases which expire:				
Within one year	220	3	-	-
Between two and five years	794	16	-	52
After five years	788	201	-	-

Capital Commitments

At 28 December 2003 the company had no capital commitments (year ended 29 December 2002 - £nil).

19. CONTINGENT LIABILITIES

The company, together with certain of its fellow subsidiaries in the United Kingdom, has guaranteed the loans (including the US Private Placement) and bank overdraft of the ultimate parent company with certain of the group's bankers. At 28 December 2003 this amounted to £570m (year ended 29 December 2002 -£614m). Consequently, the company is dependent on the support of Trinity Mirror plc.

20. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary within the group, and utilises the exemption contained in Financial Reporting Standard 8 - "Related Party Disclosures", not to disclose any transactions with entities that are part of the group. The address at which the group consolidated financial statements are publicly available is shown in Note 20.

21. ULTIMATE PARENT COMPANY AND IMMEDIATE PARENT COMPANY

The ultimate parent company and controlling party is Trinity Mirror plc, and the immediate parent company is Mirror Group Limited. Trinity Mirror plc, registered in England and Wales, is the largest and smallest company which produces consolidated financial statements. The consolidated financial statements of Trinity Mirror plc may be obtained from The Company Secretary, Trinity Mirror plc, One Canada Square, Canary Wharf, London, E14 5AP.