

Company Registration No. SC 12921

**Scottish Daily Record and Sunday Mail
Limited**

Report and Financial Statements

52 weeks ended 1 January 2006



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Scottish Daily Record and Sunday Mail Limited

Report and financial statements

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Scottish Daily Record and Sunday Mail Limited

Officers and registered office

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

Scottish Daily Record and Sunday Mail Limited

Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 1 January 2006.

Principal activity

The principal activity of the company is the publishing of newspapers

Review of activities

The company's results for the 52 week period are set out on page 7. The directors are satisfied with the performance of the company and look forward to the future with optimism

Results and dividends

The profit on ordinary activities before taxation amounted to £32,050,000 (53 weeks ended 2 January 2005 - £25,217,000) A dividend of £118,000,000 was paid during the period (53 weeks ended 2 January 2005 - £nil).

Directors

The current directors are listed on page 1. All directors served throughout the period

The ultimate parent company at 1 January 2006 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 period in the ordinary share capital of Trinity Mirror plc are:

	1 January 2006 Options	2 January 2005 Options
M T Hollinshead	69,655	103,821

The above options were held under share schemes at between 452.5p and 544 0p and exercisable between May 2003 and May 2013. The options may not be exercisable as performance conditions have not necessarily been met

The report and financial statements of the ultimate parent company details the interests of Sir A Grossart, P A Vickers and V L Vaghela 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 £3,914 (53 weeks ended 2 January 2005 - £6,153) were made during the period for charitable purposes. No political donations were made during the current or prior period

Scottish Daily Record and Sunday Mail Limited

Directors' report

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 42 days (2 January 2005 - 29 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

The company has elected, pursuant to Section 386 of the Companies Act 1985, to dispense with the obligation to appoint auditors annually. Accordingly Deloitte & Touche LLP will continue in office as auditors.

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



V L Vaghela
Director

23rd June 2006

Scottish Daily Record and Sunday Mail Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the financial statements for the company and the group in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period and comply with UK GAAP and the Companies Act 1985. 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 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, for safeguarding the assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities

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 52 weeks ended 1 January 2006 which comprise the profit and loss account, the statement of total recognised gains and losses, the reconciliation of movements in equity shareholders' funds, the balance sheet and the related notes 1 to 24. 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 annual report and the financial statements in accordance with applicable United Kingdom law and 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 United Kingdom 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 in accordance with the relevant framework 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 director's remuneration and transactions with the company is not disclosed.

We read the directors' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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.

Independent auditors' report to the members of Scottish Daily Record and Sunday Mail Limited

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 1 January 2006 and of its profit for the 52 week period then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Glasgow

14 July 2006

Scottish Daily Record and Sunday Mail Limited

Profit and loss account 52 weeks ended 1 January 2006

	Note	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 Restated (note 2) £'000
Turnover	3	114,874	114,903
Cost of sales		(69,351)	(68,883)
Gross profit		45,523	46,020
Administrative costs		(16,645)	(15,860)
Exceptional investments write off		(6,895)	-
Exceptional reorganisation costs		(1,057)	(1,045)
Total administrative costs		(24,597)	(16,905)
Selling and distribution costs		(4,069)	(4,009)
Other operating income		-	3
Operating profit	4	16,857	25,109
Income from fixed asset investments	6	31	148
Interest payable and similar charges	7	(44)	(40)
Interest received	8	1	-
Gain on sale of fixed assets	9	15,205	-
Profit on ordinary activities before taxation		32,050	25,217
Tax charge on profit on ordinary activities	10	(7,724)	(8,366)
Profit on ordinary activities after tax		24,326	16,851

All turnover and results arose from continuing operations

Scottish Daily Record and Sunday Mail Limited

Statement of total recognised gains and losses 52 weeks ended 1 January 2006

	52 weeks ended 1 January 2006 £	53 weeks ended 2 January 2005 Restated (note 2) £
Profit for the period	24,326	16,851
Dividends	(12,000)	-
	12,326	16,851
Prior period adjustment (see note 2)	(106,000)	-
	(93,674)	16,851
Total recognised (losses)/gains in the period	(93,674)	16,851

The prior year results have been restated to reflect the adoption of FRS 21 'Events after the balance sheet date' in the period. The impact of the adoption of FRS 21 on the financial statements is explained in note 2

Reconciliation of movement in equity shareholders' funds 52 weeks ended 1 January 2006

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 Restated (note 2) £'000
Profit/(loss) for the financial period	24,326	(89,149)
Prior period adjustment (see note 2)	-	106,000
	24,326	16,851
Long Term Incentive Plans	113	-
Dividends	(118,000)	-
	(93,561)	16,851
Net (reduction) / addition to equity shareholders' funds	(93,561)	16,851
Opening equity shareholders' funds	112,835	95,984
	112,835	95,984
Closing equity shareholders' funds	19,274	112,835

Scottish Daily Record and Sunday Mail Limited

Balance sheet 1 January 2006

		1 January 2006 £'000	2 January 2005 Restated (note 2) £'000
	Note		
Fixed assets			
Intangible assets	12	167	175
Tangible assets	13	781	13,723
Investments	14	18,543	25,438
		<u>19,491</u>	<u>39,336</u>
Current assets			
Asset held for resale		400	1,000
Stocks	15	27	49
Debtors	16	58,434	585,911
Cash at bank and in hand		1,103	1,089
		<u>59,964</u>	<u>588,049</u>
Creditors: amounts falling due within one year	17	<u>(59,009)</u>	<u>(514,450)</u>
Net current assets		<u>955</u>	<u>73,599</u>
Total assets less current liabilities		<u>20,446</u>	<u>112,935</u>
Provisions for liabilities and charges	18	<u>(1,172)</u>	<u>(100)</u>
Net assets		<u>19,274</u>	<u>112,835</u>
Capital and reserves			
Called up share capital	19	1,022	1,022
Share premium account	20	18	18
Profit and loss account	20	18,234	111,795
Equity shareholders' funds		<u>19,274</u>	<u>112,835</u>

These financial statements were approved by the Board of Directors on 23rd June 2006

Signed on behalf of the Board of Directors



V L Vaghela
Director

Scottish Daily Record and Sunday Mail Limited

Notes to the financial statements 52 weeks ended 1 January 2006

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and have been consistently applied in the current and prior period. The particular accounting policies adopted are described below.

Basis of accounting

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.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially 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 when, 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 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.

No provision is made for deferred tax on investment revaluations.

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.

Intangible fixed assets - goodwill

Goodwill arising from the purchase of businesses and magazine titles is capitalised as an intangible fixed asset in the period 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 less accumulated depreciation. The transitional arrangements of Financial Reporting Standard 15 "Tangible Fixed Assets" ("FRS 15") were adopted in respect of certain freehold buildings included within "land and buildings" where the valuation has been frozen at modified historical cost.

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	3 to 20 years
Motor vehicles	4 years
Fixtures and fittings	5 to 15 years

Scottish Daily Record and Sunday Mail Limited

Notes to the financial statements 52 weeks ended 1 January 2006

1. Accounting policies (continued)

Investments

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

Operating leases

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. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

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 period

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 period. Differences between contributions payable in the period 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.

Employee benefits – share based payments

Equity-settled share based payments are measured at cost expensed on a straight-line basis over the vesting period

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards.

-FRS 21 'Events after the Balance Sheet date'; and

-the presentation requirements of 'FRS 25 'Financial Instruments: Disclosure and Presentation'.

Scottish Daily Record and Sunday Mail Limited

Notes to the financial statements 52 weeks ended 1 January 2006

1. Accounting policies (continued)

Changes in accounting policies (continued)

FRS 21 'Events after the Balance Sheet date'

The change in accounting policy has resulted in a prior year adjustment of £106,000,000 being required (see note 2)

FRS 25 'Financial Instruments: Disclosure and Presentation'

The adoption of FRS 25 "Financial Instruments: Disclosure and Presentation" has also resulted in a change in accounting policy in respect of shares classified wholly as equity. In accordance with FRS 25, dividend payments on equity shares are debited directly to equity rather than being recognised as income or expenditure in 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, Companies Act 1985) on the grounds that it is a wholly owned subsidiary of Trinity Mirror plc, a company registered in England and Wales. 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. Prior period adjustment

As detailed above, a prior period adjustment has arisen from a change in accounting policy and the prior year comparatives have been restated to reflect the changes required pursuant to FRS 21, "Events after the balance sheet date", and FRS 25, "Financial Instruments: Disclosure and Presentation", both of which became effective for accounting periods beginning on or after 1 January 2005. The impact of this adjustment is to increase reserves at 2 January 2005 by £106,000,000 and to reduce amounts due to fellow subsidiaries by a corresponding amount.

3. Turnover

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

Scottish Daily Record and Sunday Mail Limited

Notes to the financial statements **52 weeks ended 1 January 2006**

4. Operating profit

Operating profit on ordinary activities is stated after charging

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
Depreciation - owned assets	774	927
Amortisation of goodwill	8	8
Operating lease rentals	248	210
Exceptional items:		
Investments written off	6,895	-
Reorganisation costs	1,057	1,045
	<u> </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 £24,000 (53 weeks ended 2 January 2005 - £24,000)

5. Staff costs and directors' emoluments

Staff costs excluding directors are as follows

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
Wages and salaries	19,196	18,973
Social security costs	1,866	1,788
Pension cost	1,304	1,357
	<u> </u>	<u> </u>
	22,366	22,118
	<u> </u>	<u> </u>

Scottish Daily Record and Sunday Mail Limited

Notes to the financial statements **52 weeks ended 1 January 2006**

5. Staff costs and directors' emoluments (continued)

The average weekly number of employees during the period is set out below.

	52 weeks ended 1 January 2006 No.	53 weeks ended 2 January 2005 No.
Production and editorial	328	350
Selling and distribution	155	136
Administration	81	84
	<u>564</u>	<u>570</u>

The above excludes 72 (53 weeks ended 2 January 2005: 103) casual workers due to the impracticality of determining regular and occasional workers

Directors' emoluments

Three (53 weeks ended 2 January 2005 - three) 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.

Four of the directors were members of the group's defined benefit pension arrangements (53 weeks ended 2 January 2005 - four).

One of the directors exercised part of their share options in the ultimate parent company during the period (53 weeks ended 2 January 2005 - one), with an aggregate gain of £52,957 (53 weeks ended 2 January 2005 - £28,787)

The emoluments of the remaining other director was.

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
Emoluments of directors	229	225
Pension contributions	21	11
	<u>250</u>	<u>236</u>

Scottish Daily Record and Sunday Mail Limited

Notes to the financial statements 52 weeks ended 1 January 2006

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.

The pension costs of this scheme are assessed across its membership as a whole, and it is not possible to determine the share of the scheme's assets and liabilities that relates to Scottish Daily Record and Sunday Mail Limited. Accordingly, the requirements of FRS17 "Retirement Benefits" relating to multi-employer schemes apply and the company accounts for the scheme as if it were a defined contribution scheme. The pension costs included in the profit and loss account are £1,326,000 (2005: £1,357,000). In accordance with FRS17, a valuation of the whole scheme was prepared as at 31 December 2005, using actuarial bases and assumptions consistent with the requirements of that standard, and showed scheme assets representing 78% of scheme liabilities. Further information on the scheme and the actuarial valuations is given in the financial statements of Trinity Mirror plc

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 1 January 2006 were £nil (53 weeks ended 2 January 2005 - £nil)

The financial statements of the ultimate parent company, Trinity Mirror plc, contain full disclosure details of the scheme. The financial statements of Trinity Mirror plc are publicly available

The company also contributes to the Trinity Mirror Pension plan, a defined contribution scheme for which the pension cost for the period ended 1 January 2006 was £71,000 (53 weeks ended 2 January 2005: £41,000). At 2 January 2005 there were no outstanding/prepaid contributions (53 weeks ended 2 January 2005: £nil)

Scottish Daily Record and Sunday Mail Limited

Notes to the financial statements **52 weeks ended 1 January 2006**

6. Income from fixed asset investments

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
Dividends received from investments	31	148

7. Interest payable and similar charges

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
Loan notes	7	15
Other interest	37	25
	44	40

8. Interest received

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
Interest received on sale of land	1	-

9. Gain on sale of fixed assets

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
Gain on sale of land	2,280	-
Gain on sale of property	12,925	-
	15,205	-

The gain on the sale of land relates to an asset previously reclassified from fixed assets to current assets based on the presumption that it would be sold within one year. In substance, this asset is a fixed asset and it is therefore deemed to be appropriate to record the disposal as a gain on sale of fixed assets.

The remaining balance of £400,000 remains within current assets as an asset held for resale, based on the fact that the remainder is expected to be sold on 31 December 2006.

Scottish Daily Record and Sunday Mail Limited

Notes to the financial statements **52 weeks ended 1 January 2006**

10. Tax charge on profit on ordinary activities

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
Tax charge in period		
Profit on ordinary activities before tax	32,050	25,217
Current tax:		
Corporation tax charge for current period	7,414	7,669
Group relief payable	-	-
Adjustment to prior period	6	619
Deferred tax		
Deferred tax charge for the current period	285	19
Adjustment to prior period	19	59
	<u>7,724</u>	<u>8,366</u>

Included within the corporation tax charge for the period is a tax credit of £317,100 (53 weeks ended 2 January 2005 tax credit £313,500) in respect of exceptional items shown in the profit and loss account before operating profit (see note 4). No tax charge arises in respect of the gain on the sale of fixed assets shown in the profit and loss account after operating profit (see note 9).

Reconciliation of current tax charge

The standard rate of current tax for the period, based on the UK standard rate of corporation tax is 30% (53 weeks ended 2 January 2005 - 30%). The current tax charge for the period is less than 30% (53 weeks ended 2 January 2005 - was more than 30%) for the reasons set out in the following reconciliation.

	1 January 2006	2 January 2005
UK standard rate of corporation tax	30.0%	30.0%
Permanent items	7.0%	0.5%
Non-taxable items	(12.9%)	-%
Capital allowances in excess of depreciation	0.3%	(0.4%)
Other short term timing differences	(1.2%)	0.3%
Prior period adjustment	-%	2.5%
	<u>23.2%</u>	<u>32.9%</u>
Total current tax charge for period		

Scottish Daily Record and Sunday Mail Limited

Notes to the financial statements 52 weeks ended 1 January 2006

11. Dividends

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
Dividends paid	118,000	-

A dividend of £11 74 per share has been paid in the 52 week period ended 1 January 2006.

A dividend of £103 70 per share was proposed in the 53 week period ended 2 January 2005, and paid in the current period. See note 2 for details of the prior period adjustment

12. Intangible fixed assets

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
Cost		
At beginning of period	189	52
Additions	-	137
At end of period	189	189
Amortisation		
At beginning of period	14	6
Charge for the period	8	8
At end of period	22	14
Net Book Value		
At beginning of period	175	46
At end of period	167	175

Intangible fixed assets represent publishing rights relating to the Scottish Rugby Magazine and the East End Independent. The publishing rights relating to the Scottish Rugby Magazine are being written off over 10 years which is the directors' estimate of the expected useful life. There is no amortisation on the publishing rights of the East End Independent since the directors' believe it to have an indefinite life

Scottish Daily Record and Sunday Mail Limited

Notes to the financial statements 52 weeks ended 1 January 2006

13. Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings & motor vehicles £'000	Total £'000
Cost or valuation				
At 2 January 2005	14,118	4,737	1,148	20,003
Additions	-	333	73	406
Disposals	(14,118)	-	-	(14,118)
At 1 January 2006	-	5,070	1,221	6,291
Depreciation				
At 2 January 2005	1,261	3,940	1,079	6,280
Charge for the period	283	438	53	774
Disposals	(1,544)	-	-	(1,544)
At 1 January 2006	-	4,378	1,132	5,510
Net book value				
At 1 January 2006	-	692	89	781
At 2 January 2005	12,857	797	69	13,723

14. Investments

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
Cost		
Investments in group undertakings		
At beginning of period	25,438	7,505
Additions	-	18,000
Disposals	-	(67)
At end of period	25,438	7,505
Provisions for impairment		
At beginning of period	-	-
Written off	(6,895)	-
At end of period	(6,895)	-
Net book value at end of period	18,543	25,438
Net book value at beginning of period	25,438	7,505

Scottish Daily Record and Sunday Mail Limited

Notes to the financial statements 52 weeks ended 1 January 2006

14. Investments (continued)

Investments are stated at cost less any provision for diminution in value. Following the trade of First Press Publishing Limited and Insider Publications Limited transferring to the Scottish Daily Record and Sunday Mail Limited in prior periods, the directors performed an impairment review and concluded that £6,895,000 should be written off.

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	Non-trading	100%
Metropolitan Free Newspapers Limited	Holding company	100%
Saltire Press Limited	Trading company	100%
Newsday Limited	Dormant	100%
Scotfree Limited	Dormant	100%
<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%

15. Stocks

	1 January 2006 £'000	2 January 2005 £'000
Raw materials and consumables	27	49

16. Debtors

	1 January 2006 £'000	2 January 2005 £'000
Trade debtors	4,309	2,109
Amounts owed by group undertakings		
Immediate parent company	25,436	-
Fellow subsidiaries	22,031	580,940
Deferred tax asset	459	763
Other debtors	3,659	186
Other taxation and social security	-	374
Prepayments and accrued income	2,540	1,539
	<u>58,434</u>	<u>585,911</u>

Scottish Daily Record and Sunday Mail Limited

Notes to the financial statements 52 weeks ended 1 January 2006

16. Debtors (continued)

Deferred Taxation

	1 January 2006 £'000	2 January 2005 £'000
At 2 January 2005	763	831
Current period tax charge	(285)	(19)
Transfer to group subsidiary	-	10
Adjustment to prior period	(19)	(59)
At 1 January 2006	<u>459</u>	<u>763</u>

The amounts for the deferred tax asset in the accounts are as follows

	£'000	£'000
Capital allowances in excess of depreciation	(72)	(187)
Other short term timing differences	531	950
	<u>459</u>	<u>763</u>

17. Creditors: amounts falling due within one year

	1 January 2006 £'000	2 January 2005 Restated (note 2) £'000
Loan notes	203	231
Trade creditors	248	348
Amounts owed to group undertakings		
Ultimate parent company	21,415	48,439
Fellow subsidiaries	26,089	453,877
Corporation tax payable	5,981	6,106
Other taxation and social security	1,012	-
Other creditors	-	3
Accruals and deferred income	4,061	5,446
	<u>59,009</u>	<u>514,450</u>

Loan notes of £203,000 (53 weeks ended 2 January 2005 £231,000) are unsecured, repayable on 30 June 2009 and bear interest 3% over LIBOR

18. Provisions for liabilities and charges

Scottish Daily Record and Sunday Mail Limited

Notes to the financial statements 52 weeks ended 1 January 2006

	Share-based payments £'000	Property £'000	Restructuring £'000	Total £'000
At 2 January 2005	-	100	-	100
Additions	15	-	1,057	1,072
At 1 January 2006	15	100	1,057	1,172

The share-based payments provision relates to National Insurance obligations attached to the future crystallisation of Long Term Incentive Plan awards

The property provision relates to future committed costs related to occupied property.

The restructuring provision relates to the non-recurring restructuring severance costs incurred in delivery of cost-reduction measures.

19. Called up share capital

	1 January 2006 £'000	2 January 2005 £'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

20. Reserves

	Share Premium Account £'000	Profit and Loss Account Distributable Reserves £'000	Non- Distributable Reserves £'000
At January 2005 (restated – note 2)	18	111,795	-
Profit for the financial period	-	11,401	12,925
Long Term Incentive Plans	-	113	-
Dividends	-	(118,000)	-
	18	5,309	12,925

Non distributable reserves relate to the gain on sale of property to a fellow subsidiary as detailed in note 9.

Scottish Daily Record and Sunday Mail Limited

Notes to the financial statements 52 weeks ended 1 January 2006

21. Financial commitments

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

	Land and buildings	
	1 January 2006 £'000	2 January 2005 £'000
Operating leases which expire		
Within one year	4	20
Between two and five years	10	10
After five years	1,682	180

Capital commitments

At 1 January 2006 the company had no capital commitments (2 January 2005 - £nil)

22. 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 1 January 2006 this amounted to £457m (2 January 2005 - £451m). Consequently, the company is dependent on the support of Trinity Mirror plc.

23. 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 24.

24. 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.