

Company Registration No. SC 12921

**Scottish Daily Record and Sunday Mail
Limited**

Report and Financial Statements

52 weeks ended 31 December 2006

THURSDAY



S7ZPYU3I

SCT 25/10/2007 591
COMPANIES HOUSE

Scottish Daily Record and Sunday Mail Limited

Report and financial statements for the 52 weeks ended 31 December 2006

Contents	Page
Officers and registered office	1
Directors' report	2
Statement of directors' responsibilities	5
Independent auditors' report	6
Profit and loss account	7
Reconciliation of movement in equity shareholders' funds	8
Balance sheet	9
Notes to the financial statements	10

Scottish Daily Record and Sunday Mail Limited

Report and financial statements for the 52 weeks ended 31 December 2006

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 31 December 2006

Principal activity

The principal activity of the company is the publishing of newspapers within the Nationals division of Trinity Mirror plc group. The ultimate parent company at 31 December 2006 was Trinity Mirror plc. The immediate parent company at 31 December 2006 was Mirror Group Limited. On 29 May 2007 the immediate parent company became MGL2 Limited.

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 £20,999,000 (52 weeks ended 1 January 2006 £32,050,000). A dividend of £15,000,000 was paid during the period (52 weeks ended 1 January 2006 £118,000,000).

Principal risks and uncertainties

Trinity Mirror plc manages the group's risk at a group level, rather than at an individual statutory entity level. For this reason, the directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of the business. The principal risks and uncertainties of the group which include those of the company are discussed on page 25 of the Trinity Mirror plc annual report which does not form part of this report.

Key performance indicators

Trinity Mirror plc manages the group's operations on a divisional basis. For this reason the directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance and position of the business. The development, performance and position of the Nationals division of Trinity Mirror plc, which includes the company, is discussed in Business Review set out on pages 8 to 25 of the Trinity Mirror plc annual report, which does not form part of this report.

Financial Risk Management

The company is exposed to financial risk through its financial assets and liabilities. The most important components of financial risk are interest rate risk, currency risk, liquidity, cash flow risk and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risks the directors consider relevant to this company are credit risk and liquidity risk. These risks are mitigated by the credit control procedures in place.

Directors

The current directors are listed on page 1. All directors served throughout the period. The Directors have no interests in any group companies other than those disclosed below.

The interests and options of one 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

	31 December 2006 Options	1 January 2006 Options
M T Hollinshead	69,655	69,655

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.

Scottish Daily Record and Sunday Mail Limited

Directors' report (continued)

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 £1,300 (52 weeks ended 1 January 2006 £3,914) were made during the period for charitable purposes. No political donations were made during the current or prior period

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 27 days (1 January 2006 42 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 4 to the financial statements

Scottish Daily Record and Sunday Mail Limited

Directors' report (continued)

Independent auditors

The directors at the date of this report confirm that

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to make themselves 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

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

Approved and signed on behalf of the Board of Directors



V Vaghela

Director

21 September 2007

Scottish Daily Record and Sunday Mail Limited

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,
- state whether applicable UK 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 that 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 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 31 December 2006 which comprise the Profit and Loss account, the Reconciliation of Movements in Equity Shareholders' Funds, the Balance Sheet and the related notes 1 to 22. 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 director 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 2006 and of its profit for the 52 weeks 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 & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Glasgow, United Kingdom

25 September 2007

Scottish Daily Record and Sunday Mail Limited

Profit and loss account 52 weeks ended 31 December 2006

	Note	52 weeks ended 31 December 2006 £'000	52 weeks ended 1 January 2006 £'000
Turnover	2	107,361	114,874
Cost of sales		(66,863)	(69,351)
Gross profit		40,498	45,523
Administrative costs		(16,382)	(16,645)
Exceptional investments write off			(6,895)
Exceptional reorganisation costs		(550)	(1,057)
Total administrative costs		(16,932)	(24,597)
Selling and distribution costs		(4,182)	(4,069)
Operating profit	3	19,384	16,857
Income from fixed asset investments	5	24	31
Interest payable and similar charges	6	(6)	(44)
Interest receivable			1
Gain on sale of fixed assets	7	1,597	15,205
Profit on ordinary activities before taxation		20,999	32,050
Tax on profit on ordinary activities	8	(6,400)	(7,724)
Profit for the financial period		14,599	24,326

All turnover and results arose from continuing operations

There are no recognised gains or losses in the current or prior period other than the profit set out above. Accordingly, a statement of total recognised gains and losses has not been presented

Scottish Daily Record and Sunday Mail Limited

Reconciliation of movement in equity shareholders' funds 52 weeks ended 31 December 2006

	52 weeks ended 31 December 2006 £'000	52 weeks ended 1 January 2006 £'000
Profit for the financial period	14,599	24,326
Share based payments (debit)/credit for the period	(49)	113
Dividends paid	(15,000)	(118,000)
Net reduction to shareholders' funds	(450)	(93,561)
Opening shareholders' funds	19,274	112,835
Closing equity shareholders' funds	18,824	19,274

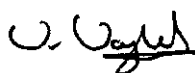
Scottish Daily Record and Sunday Mail Limited

Balance sheet 31 December 2006

	Note	31 December 2006 £'000	1 January 2006 £'000
Fixed assets			
Intangible assets	10	160	167
Tangible assets	11	709	781
Investments	12	18,543	18,543
		<u>19,412</u>	<u>19,491</u>
Current assets			
Asset held for resale			400
Stocks	13	22	27
Debtors	14	95,221	58,434
Cash at bank and in hand		373	1,103
		<u>95,616</u>	<u>59,964</u>
Creditors: amounts falling due within one year	15	<u>(95,908)</u>	<u>(59,009)</u>
Net current (liabilities)/assets		<u>(292)</u>	<u>955</u>
Total assets less current liabilities		<u>19,120</u>	<u>20,446</u>
Provisions for liabilities	16	<u>(296)</u>	<u>(1,172)</u>
Net assets		<u>18,824</u>	<u>19,274</u>
Capital and reserves			
Called up share capital	17	1,022	1,022
Share premium account	18	18	18
Profit and loss account	18	17,784	18,234
Equity shareholders' funds		<u>18,824</u>	<u>19,274</u>

These financial statements were approved by the Board of Directors on 21 September 2007

Signed on behalf of the Board of Directors



V Vaghela
Director

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts

52 weeks ended 31 December 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 substantively enacted by the balance sheet date.

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 period in which it arises and is amortised over its estimated useful life of 10 years. An intangible fixed asset is not amortised when the directors conclude that it has an indefinite useful economic life.

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

Investments

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

Operating leases

Operating lease payments are charged to the profit and loss account in equal amounts over the period of the lease.

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts

52 weeks ended 31 December 2006

1. Accounting policies (continued)

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, and to the Trinity Mirror Pension Plan, a defined contribution scheme.

The MGN Pension Scheme operates for employees of a number of Trinity Mirror plc 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, "Retirement Benefits", contributions paid by the company are charged to the profit and loss account as incurred during the period.

For the Trinity Mirror Pension Plan, 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.

Share-based payments

Equity settled share based payments are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period based on the estimate of shares that will eventually vest and adjusted for the effect of non market based vesting conditions. The shares offered under such schemes are shares in Trinity Mirror plc, the ultimate parent company.

Consolidated financial statements and cash flows

The company is exempt under Section 228 of the Companies Act 1985 from preparing group financial statements for the company and its subsidiaries, as the company is a wholly owned subsidiary of a company incorporated in Great Britain. Therefore, these financial statements represent those of the company and not the group. The company is a wholly owned subsidiary, and the cash flows of the company are included in the consolidated cash flow statement of its parent undertaking which is publicly available. Consequently the company is exempt under the provisions of Financial Reporting Standard 1, "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.

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts 52 weeks ended 31 December 2006

3. Operating profit

Operating profit is stated after charging

	52 weeks ended 31 December 2006 £'000	52 weeks ended 1 January 2006 £'000
Depreciation owned assets	340	774
Amortisation of goodwill	7	8
Operating lease rentals other	1,692	248
Exceptional items		
Investments written off		6,895
Reorganisation costs	550	1,057
	<u>550</u>	<u>1,057</u>

The auditors' remuneration of £50,000 (52 weeks ended 1 January 2006 £32,000) for the statutory audit of the company's financial statements for the current and previous period have been borne and not recharged by another group undertaking Fees for other services provided were £24,000 (52 weeks ended 1 January 2006 £24,000)

4 Information regarding directors and employees

Staff costs excluding directors are as follows

	52 weeks ended 31 December 2006 £'000	52 weeks ended 1 January 2006 £'000
Wages and salaries	18,170	19,196
Social security costs	1,673	1,866
Pension cost	1,284	1,304
	<u>21,127</u>	<u>22,366</u>

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts

52 weeks ended 31 December 2006

4. Information regarding directors and employees (continued)

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

	52 weeks ended 31 December 2006	52 weeks ended 1 January 2006
	No.	No.
Production and editorial	308	328
Selling and distribution	127	155
Administration	72	81
	<u>507</u>	<u>564</u>

The above excludes 56 (52 weeks ended 1 January 2006 72) casual workers due to the impracticality of determining regular and occasional workers

Directors' emoluments

Three (52 weeks ended 1 January 2006 three) of the directors were remunerated by the ultimate 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.

The remaining director is a member of the group's defined benefit pension arrangements in the current and prior period.

The remaining director exercised no share options in the ultimate parent company during the period (52 weeks ended 1 January 2006 aggregate gain of £52,957).

The emoluments of the remaining director was

	52 weeks ended 31 December 2006 £'000	52 weeks ended 1 January 2006 £'000
Emoluments	272	229
Pension contributions	22	21
	<u>294</u>	<u>250</u>

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts

52 weeks ended 31 December 2006

4 Information regarding directors and employees (continued)

Pensions

The company contributes to the MGN Pension Scheme, a defined benefit scheme, and to the Trinity Mirror Pension Plan, a defined contribution scheme

The MGN Pension Scheme provides benefits based on final pensionable pay and is set up under a trust which holds the financial assets of the scheme separately from the company and which are controlled by trustees. Currently it is not possible to identify the company's share of those assets. The company pays contributions to the scheme at a fixed contribution rate, which is charged directly to the profit and loss account. Contributions to the scheme for the period were £1,306,000 (52 weeks ended 1 January 2006 £1,325,000). Accrued pension costs at 31 December 2006 were £nil (1 January 2006 £nil).

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 1 January 2005 using the following assumptions:

Pension increases (1992 – 1997)	3.00% pa
Pension increases (1997 onwards)	3.25% pa
Pay increases	4.10% pa
Expected return on assets	7.30% pa
Price inflation	2.75% pa

Contributions to the Trinity Mirror Pension Plan were £110,000 (52 weeks ended 1 January 2006 £71,000). At 31 December 2006 there was £nil of outstanding or prepaid contributions (1 January 2006 £nil). The accounts of the ultimate parent company, Trinity Mirror plc, contain full disclosure details of the schemes.

5. Income from fixed asset investments

	52 weeks ended 31 December 2006 £'000	52 weeks ended 1 January 2006 £'000
Dividends received from investments	24	31

6. Interest payable and similar charges

	52 weeks ended 31 December 2006 £'000	52 weeks ended 1 January 2006 £'000
Loan notes	6	7
Other interest		37
	6	44

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts

52 weeks ended 31 December 2006

7. Gain on sale of fixed assets

	52 weeks ended 31 December 2006 £'000	52 weeks ended 1 January 2006 £'000
Gain on sale of land	1,597	2,280
Gain on sale of property		12,925
	<u>1,597</u>	<u>15,205</u>

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. This asset has now been fully disposed of.

8. Tax on profit on ordinary activities

	52 weeks ended 31 December 2006 £'000	52 weeks ended 1 January 2006 £'000
Tax charge in period		
Profit on ordinary activities before tax	<u>20,999</u>	<u>32,050</u>
Current tax:		
Corporation tax charge for current period	1,298	7,414
Group relief payable	4,500	
Adjustment to prior period	293	6
Deferred tax:		
Deferred tax charge for the current period	309	285
Adjustment to prior period		19
	<u>6,400</u>	<u>7,724</u>

Included within the corporation tax charge is a tax credit of £165,000 (52 weeks ended 1 January 2006 £317,000) in respect of exceptional items shown in the profit and loss account before operating profit (see note 3). 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 7).

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts

52 weeks ended 31 December 2006

8 Tax on profit on ordinary activities (continued)

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% (52 weeks ended 1 January 2006 30%) The current tax charge for the period differs from 30% for the reasons set out in the following reconciliation

	52 weeks ended 31 December 2006 £'000	52 weeks ended 1 January 2006 £'000
UK standard rate of corporation tax	30.0%	30.0%
Permanent items	0.3%	7.0%
Non taxable items	(1.2)%	(12.9)%
Capital allowances in excess of depreciation	0.2%	0.3%
Other short term timing differences	(1.7)%	(1.2)%
Prior period adjustment	1.4%	0%
Total current tax charge for period	29.0%	23.2%

9. Dividends

	52 weeks ended 31 December 2006 £'000	52 weeks ended 1 January 2006 £'000
Dividends paid	15,000	118,000

A dividend of £14.68 per share has been paid in the 52 week period ended 31 December 2006 (52 weeks ended 1 January 2006 £115.45)

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts **52 weeks ended 31 December 2006**

10 Intangible fixed assets

	31 December 2006 £'000	1 January 2006 £'000
Cost		
At beginning of period	189	189
Additions		
At end of period	<u>189</u>	<u>189</u>
Amortisation		
At beginning of period	22	14
Charge for the period	7	8
At end of period	<u>29</u>	<u>22</u>
Net Book Value		
At end of period	<u>160</u>	<u>167</u>
At beginning of period	<u>167</u>	<u>175</u>

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 accounts **52 weeks ended 31 December 2006**

11. Tangible fixed assets

	Plant and machinery £'000	Fixtures, fittings and motor vehicles £'000	Total £'000
Cost			
At 2 January 2006	5,070	1,221	6,291
Additions	257	11	268
At 31 December 2006	5,327	1,232	6,559
Depreciation			
At 2 January 2006	4,378	1,132	5,510
Charge for the period	328	12	340
At 31 December 2006	4,706	1,144	5,850
Net book value			
At 31 December 2006	621	88	709
At 1 January 2006	692	89	781

12. Investments

	31 December 2006 £'000	1 January 2006 £'000
Cost		
Investments in group undertakings		
At beginning and end of period	25,438	25,438
Provisions for impairment		
At beginning of period	(6,895)	
Written off		(6,895)
At end of period	(6,895)	(6,895)
Net book value at end of period	18,543	18,543
Net book value at beginning of period	18,543	25,438

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts

52 weeks ended 31 December 2006

12 Investments (continued)

Investments are stated at cost less any provision for impairment

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	Dormant	100%
Insider Publications Limited	Dormant	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>		
Insider Group Limited	Dormant	100%
Glaswegian Publications Limited	Dormant	100%
The Edinburgh and Lothians Post Limited	Dormant	100%
Dundonian Publications Limited	Dormant	100%
Aberdonian Publications Limited	Dormant	100%

13. Stocks

	31 December 2006 £'000	1 January 2006 £'000
Raw materials and consumables	22	27

14. Debtors

	31 December 2006 £'000	1 January 2006 £'000
Trade debtors	6,764	4,309
Amounts owed by group undertakings		
Immediate parent company	19,448	25,436
Fellow subsidiaries	67,405	22,031
Deferred tax asset	150	459
Other debtors	88	3,659
Prepayments and accrued income	1,366	2,540
	95,221	58,434

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts 52 weeks ended 31 December 2006

14. Debtors (continued)

Deferred Taxation	31 December 2006 £'000	1 January 2006 £'000
At beginning of period	459	763
Current period tax charge	(309)	(285)
Adjustment to prior period		(19)
At end of period	<u>150</u>	<u>459</u>

The amounts for the deferred tax asset in the financial statements are as follows

	£'000	£'000
Capital allowances in excess of depreciation	(33)	(72)
Other short term timing differences	<u>183</u>	<u>531</u>
	<u>150</u>	<u>459</u>

15. Creditors amounts falling due within one year

	31 December 2006 £'000	1 January 2006 £'000
Loan notes	71	203
Trade creditors	340	248
Amounts owed to group undertakings		
Ultimate parent company	28,320	21,415
Fellow subsidiaries	59,236	26,089
Corporation tax payable	2,913	5,981
Other taxation and social security	516	1,012
Accruals and deferred income	<u>4,512</u>	<u>4,061</u>
	<u>95,908</u>	<u>59,009</u>

Loan notes of £71,000 (1 January 2006 £203,000) are unsecured, repayable on 30 June 2009 and bear interest 3% over LIBOR

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts 52 weeks ended 31 December 2006

16. Provisions for liabilities

	Share based payments £'000	Property £'000	Restructuring £'000	Total £'000
At 2 January 2006	15	100	1,057	1,172
Additions	58		123	123
Utilised in period			(1,057)	(999)
At 31 December 2006	73	100	123	296

The share based payments provision relates to national insurance obligations attached to the future crystallisation of share based payments

The property provision relates to future committed costs related to occupied property these costs are expected to crystallise during 2007

The restructuring provision relates to the non recurring restructuring severance costs incurred in delivery of cost reduction measures These amounts are expected to be paid in full during 2007

17. Called up share capital

	31 December 2006 £'000	1 January 2006 £'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

18. Reserves

	Share Premium Account £'000	Profit and Loss Account Distributable Reserves £'000	Non Distributable Reserves £'000	Total £'000
At 2 January 2006	18	5,309	12,925	18,252
Profit for the financial period		14,599		14,599
Share based payments		(49)		(49)
Dividends paid		(15,000)		(15,000)
	18	4,859	12,925	17,802

Non distributable reserves relate to the gain on sale of property to a fellow subsidiary in the prior period

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts 52 weeks ended 31 December 2006

19. Operating lease commitments

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

	Land and buildings	
	31 December	1 January
	2006	2006
	£'000	£'000
Operating leases which expire		
Within one year	94	4
Between two and five years	0	10
After five years	1,510	1,682

20. 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 31 December 2006 this amounted to £467 million (1 January 2006 £457 million)

21. Ultimate parent company and immediate parent company

In the opinion of the directors, the company's ultimate parent company and controlling entity at 31 December 2006 was Trinity Mirror plc, a company incorporated in Great Britain and registered in England and Wales. Trinity Mirror plc is the parent undertaking of the largest and smallest group which includes the company and for which group financial statements are prepared. Copies of the group financial statements are available from its registered office at One Canada Square, Canary Wharf, London, E14 5AP.

The company's immediate parent undertaking is the Mirror Group Limited Limited, a company registered in England and Wales. On 29 May 2007 the immediate parent undertaking became MGL2 Limited a company registered in England and Wales.

22. 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 21.