

Company Registration No. SC 12921

**Scottish Daily Record and Sunday Mail
Limited**
Report and Financial Statements

52 weeks ended 30 December 2007

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Scottish Daily Record and Sunday Mail Limited

Report and financial statements for the 52 weeks ended 30 December 2007

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Scottish Daily Record and Sunday Mail Limited

Report and financial statements for the 52 weeks ended 30 December 2007

Officers and registered office

Directors

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 30 December 2007

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 30 December 2007 was Trinity Mirror plc. On 29 May 2007 the immediate parent company became MGL2 Limited, a company registered in England and Wales.

Review of activities

The result for the financial period is set out in the profit and loss account on page 6. The financial position of the company is set out on page 8. 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 £26,255,000 (52 weeks ended 31 December 2006 £20,999,000). A dividend of £nil was paid during the period (52 weeks ended 31 December 2006 £15,000,000).

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 27 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 the Business Review set out on pages 12 to 27 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 present membership of the Board is set out on page 1. There have been no changes to the membership of the Board since the period end.

On the 10 May 2007 Sir A Grossart resigned from the Board.

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

	30 December 2007 Options	31 December 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.

Scottish Daily Record and Sunday Mail Limited

Directors' report (continued)

Directors' and officers' liability insurance

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 £2,400 (52 weeks ended 31 December 2006 £1,300) 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 30 days (31 December 2006 27 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

Pension schemes the company participates in the pension schemes of the Group as described in Note 4 to the financial statements

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

23 April 2008

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 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 United Kingdom 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 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. The directors' 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 Daily Record and Sunday Mail Limited for the 52 weeks ended 30 December 2007 which comprise the Profit and Loss account, the Reconciliation of Movements in 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 the directors and auditors

The directors' responsibilities for preparing the report and 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 judgment 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 30 December 2007 and of its profit for the period 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

28 April 2008

Scottish Daily Record and Sunday Mail Limited

Profit and loss account

52 weeks ended 30 December 2007

	Note	52 weeks ended 30 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Turnover	2	111,427	107,361
Cost of sales		(67,018)	(66,863)
Gross profit		44,409	40,498
Administrative costs		(14,004)	(16,382)
Exceptional items		(21)	(550)
Total administrative costs		(14,025)	(16,932)
Selling and distribution costs		(4,139)	(4,182)
Operating profit	3	26,245	19,384
Income from fixed asset investments	5	14	24
Interest payable and similar charges	6	(4)	(6)
Gain on sale of fixed assets	7		1,597
Profit on ordinary activities before taxation		26,255	20,999
Tax on profit on ordinary activities	8	(8,275)	(6,400)
Profit for the financial period	18	17,980	14,599

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 shareholders' funds **52 weeks ended 30 December 2007**

	52 weeks ended 30 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Note		
Profit for the financial period	17,980	14,599
Share based payments credit/(charge) for the period	113	(49)
Dividends paid		(15,000)
Net increase/(reduction) to shareholders' funds	18,093	(450)
Opening shareholders' funds	18,824	19,274
Closing shareholders' funds	36,917	18,824

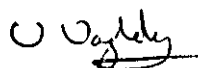
Scottish Daily Record and Sunday Mail Limited

Balance sheet 30 December 2007

	Note	30 December 2007 £'000	31 December 2006 £'000
Fixed assets			
Intangible assets	10	137	160
Tangible fixed assets	11	791	709
Investments	12	18,543	18,543
		<u>19,471</u>	<u>19,412</u>
Current assets			
Stocks	13	18	22
Debtors	14	148,709	95,221
Cash at bank and in hand		480	373
		<u>149,207</u>	<u>95,616</u>
Creditors, amounts falling due within one year	15	<u>(131,574)</u>	<u>(95,908)</u>
Net current assets/(liabilities)		<u>17,633</u>	<u>(292)</u>
Total assets less current assets		<u>37,104</u>	<u>19,120</u>
Provisions for liabilities	16	<u>(187)</u>	<u>(296)</u>
Net assets		<u><u>36,917</u></u>	<u><u>18,824</u></u>
Capital and reserves			
Called up share capital	17	1,022	1,022
Share premium account	18	18	18
Profit and loss account	18	35,877	17,784
Shareholders' funds		<u><u>36,917</u></u>	<u><u>18,824</u></u>

These financial statements were approved by the Board of Directors on 23 April 2008

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 30 December 2007

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

Acquired intangible assets relating to newspaper titles are separately identified and are stated at cost at the date of acquisition. The directors are of the opinion that, based on the age of the titles and their position in the market place, in current circumstances, the titles acquired have an indefinite economic life and have therefore not been amortised but are subject to annual impairment reviews. For the purpose of impairment testing newspaper titles are tested annually or more frequently when there is an indication that the recoverable amount is less than the carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate. An impairment loss is recognised in the profit and loss account in the period it occurs and is not reversed in subsequent periods.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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:

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.

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts

52 weeks ended 30 December 2007

1 Accounting policies (continued)

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, 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 (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.

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts

52 weeks ended 30 December 2007

3. Operating profit

Operating profit is stated after charging/(crediting)

	52 weeks ended 30 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Depreciation owned assets	288	340
Amortisation of goodwill	6	7
Operating lease rentals other	1,606	1,692
Exceptional items		
Share based payments – unused amounts reversed	(60)	
Reorganisation costs	81	550
	<u> </u>	<u> </u>

The auditors' remuneration of £48,500 (52 weeks ended 31 December 2006 £50,000) has been borne and not recharged by another group company Fees for other services provided were £24,000 (52 weeks ended 31 December 2006 £24,000)

4 Information regarding directors and employees

Staff costs excluding directors are as follows

	52 weeks ended 30 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Wages and salaries	17,891	18,170
Social security costs	1,652	1,673
Pension cost	1,218	1,284
Share based payments charge	113	
	<u> </u>	<u> </u>
	<u>20,874</u>	<u>21,127</u>

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts

52 weeks ended 30 December 2007

4. Information regarding directors and employees (continued)

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

	52 weeks ended 30 December 2007 No.	52 weeks ended 31 December 2006 No.
Production and editorial	302	308
Selling and distribution	106	127
Administration	71	72
	<u>479</u>	<u>507</u>

The above excludes 92 (52 weeks ended 31 December 2006 56) casual workers due to the impracticality of determining regular and occasional workers

Directors' emoluments

Three (52 weeks ended 31 December 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 31 December 2006 £nil).

The emoluments of the remaining director was

	52 weeks ended 30 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Emoluments	376	272
Pension contributions	22	22
	<u>398</u>	<u>294</u>

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts

52 weeks ended 30 December 2007

4. Information regarding directors and employees (continued)

Pensions

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

The 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

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 the 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 £1,154,000 (52 weeks ended 31 December 2006 £1,306,000)

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

Investment return	7.30% pa
Pay increases	4.10% pa
Pension increases	3.00% pa – 3.25% pa
Price inflation	2.75% pa

Accrued pension costs at 30 December 2007 were £nil (31 December 2006 £nil)

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

The company also contributes to the Trinity Mirror Pension plan, a defined contribution scheme for which the pension cost for the period ended 30 December 2007 was £86,000 (52 weeks ended 31 December 2006 £110,000). At 30 December 2007 there were no outstanding/prepaid contributions (31 December 2006 £nil)

5. Income from fixed asset investments

	52 weeks ended 30 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Dividends received from investments	14	24

6. Interest payable and similar charges

	52 weeks ended 30 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Loan notes	4	6

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts

52 weeks ended 30 December 2007

7. Gain on sale of fixed assets

	52 weeks ended 30 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Gain on sale of land		1,597

8. Tax on profit on ordinary activities

	52 weeks ended 30 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Tax charge in period		
Current tax:		
Current tax charge for period		1,298
Group relief payable	7,925	4,500
Adjustment to prior period	264	293
	8,189	6,091
Deferred tax:		
Deferred tax charge for the current period	57	309
Adjustment to prior period	(15)	
Effect of change in tax laws	36	
Effect of change in tax rate	8	
Total tax charge	8,275	6,400

Included within the corporation tax charge is a tax credit of £6,300 (52 weeks ended 31 December 2006 £165,000) in respect of exceptional items shown in the profit and loss account before operating profit (see note 3)

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts

52 weeks ended 30 December 2007

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 31 December 2006 30%) The actual rate of current tax for the period differs from 30% for the reasons set out in the following reconciliation

	52 weeks ended 30 December 2007 %	52 weeks ended 31 December 2006 %
UK standard rate of corporation tax	30.0	30.0
Expenses not deductible for tax purposes	0.4	0.3
Non taxable items		(1.2)
Capital allowances in excess of depreciation	0.1	0.2
Other short term timing differences	(0.3)	(1.7)
Prior period adjustment	1.0	1.4
Actual rate of current tax for the period	31.2	29.0

9 Dividends

	52 weeks ended 30 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Dividends paid		
		15,000

A dividend of £11 per share has been paid in the 52 week period ended 30 December 2007 (52 weeks ended 31 December 2006 £14.68)

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts

52 weeks ended 30 December 2007

10. Intangible assets

	30 December 2007 £'000	31 December 2006 £'000
Cost		
At beginning of period	189	189
Written off	(52)	
At end of period	137	189
Amortisation		
At beginning of period	29	22
Charge for the period	6	7
Written off	(35)	
At end of period		29
Net Book Value		
At end of period	137	160
At beginning of period	160	167

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 were fully written off during the year. 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 30 December 2007**

11 Tangible fixed assets

	Plant and machinery £'000	Fixtures, fittings and motor vehicles £'000	Total £'000
Cost			
At 1 January 2007	5,327	1,232	6,559
Additions	222	148	370
	<u>5,549</u>	<u>1,380</u>	<u>6,929</u>
At 30 December 2007			
Depreciation			
At 1 January 2007	4,706	1,144	5,850
Charge for the period	268	20	288
	<u>4,974</u>	<u>1,164</u>	<u>6,138</u>
At 30 December 2007			
Net book value			
At 30 December 2007	<u>575</u>	<u>216</u>	<u>791</u>
At 31 December 2006	<u>621</u>	<u>88</u>	<u>709</u>

12 Investments

	30 December 2007 £'000	31 December 2006 £'000
Cost		
Investments in group undertakings		
At beginning and end of period	<u>25,438</u>	<u>25,438</u>
Provisions for impairment		
At beginning of period	(6,895)	
Written off		(6,895)
At end of period	<u>(6,895)</u>	<u>(6,895)</u>
Net book value at end of period	<u>18,543</u>	<u>18,543</u>
Net book value at beginning of period	<u>18,543</u>	<u>25,438</u>

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts

52 weeks ended 30 December 2007

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	Dormant	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

	30 December 2007 £'000	31 December 2006 £'000
Raw materials and consumables	18	22

14. Debtors

	30 December 2007 £'000	31 December 2006 £'000
Trade debtors	6,979	6,764
Amounts owed by immediate parent company	17,963	19,448
Amounts owed by fellow subsidiaries	121,561	67,405
Deferred tax asset	64	150
Other debtors	93	88
Prepayments and accrued income	2,049	1,366
	148,709	95,221

Scottish Daily Record and Sunday Mail Limited

Notes to the accounts

52 weeks ended 30 December 2007

14. Debtors (continued)

Deferred taxation	30 December 2007 £'000	31 December 2006 £'000
At beginning of period	150	459
Elimination of deferred tax asset relating to industrial buildings allowance	(36)	
Effect of change in rate of corporation tax	(8)	
Revised opening balance	106	459
Adjustment to prior period	15	
Charge for current period	(57)	(309)
At end of period	<u>64</u>	<u>150</u>

A recent change in legislation regarding industrial buildings allowances has reduced the deferred tax liability at 30 December 2007 by £36,000, and this is reflected in the tax charge in the profit and loss account. The opening deferred tax provision has been remeasured due to the reduction in the standard rate of corporation tax from 30% to 28% from 1 April 2008, resulting in a credit of £8,000 to the profit and loss account.

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

	£'000	£'000
Capital allowances in excess of depreciation	(43)	(33)
Other short term timing differences	107	183
	<u>64</u>	<u>150</u>

15 Creditors: amounts falling due within one year

	30 December 2007 £'000	31 December 2006 £'000
Loan notes	56	71
Trade creditors	651	340
Amounts owed to ultimate parent company	18,555	28,320
Amounts owed to fellow subsidiaries	104,830	59,236
Corporation tax payable	2,541	2,913
Other taxation and social security	454	516
Accruals and deferred income	4,487	4,512
	<u>131,574</u>	<u>95,908</u>

Loan notes of £56,400 (31 December 2006: £71,000) 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 30 December 2007

16. Provisions for liabilities

	Share based payments £'000	Property £'000	Restructuring £'000	Total £'000
At 1 January 2007	73	100	123	296
Additions	7		81	88
Unused reversed in period	(60)			(60)
Utilised in period		(100)	(37)	(137)
At 30 December 2007	20		167	187

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

The property provision related to future committed costs related to occupied property. These costs crystallised 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 2008

17 Called up share capital

	30 December 2007 £'000	31 December 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	Distributable Reserves £'000	Non Distributable Reserves £'000	Total £'000
At 1 January 2007	18	4,859	12,925	17,802
Profit for the financial period		17,980		17,980
Share based payments		113		113
At 30 December 2007	18	22,952	12,925	35,895

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

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Notes to the accounts

52 weeks ended 30 December 2007

19. Operating lease commitments

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

	Land and buildings	
	30 December	31 December
	2007	2006
	£'000	£'000
Operating leases which expire		
Within one year	3	94
Between two and five years		
After five years	1,586	1,510
	<u>1,589</u>	<u>1,604</u>

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 30 December 2007 this amounted to £455 million (31 December 2006 £467 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 30 December 2007 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 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.