

Company Registration No. SC 12921

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

52 weeks ended 2 January 2011



**Scottish Daily Record and Sunday Mail Limited (Registration No. SCO
12921)**

**Report and financial statements for the 52 weeks ended
2 January 2011**

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Scottish Daily Record and Sunday Mail Limited (Registration No. SCO 12921)

**Report and financial statements for the 52 weeks ended
2 January 2011**

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 (Registration No. SCO 12921)

Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 2 January 2011.

Principal activity

The principal activity of the company is the publishing of newspapers within the Nationals division of Trinity Mirror plc. The ultimate parent company at 2 January 2011 was Trinity Mirror plc.

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.

Dividends and transfer to reserves

The profit on ordinary activities before taxation amounted to £16,491,000 (53 weeks ended 3 January 2010: £14,342,000). A dividend of £nil was paid during the period (53 weeks ended 3 January 2010: £nil). The retained profit for the financial period of £11,813,000 (53 weeks ended 3 January 2010 retained profit: £10,195,000) has been transferred to reserves.

Principal risks and uncertainties

There is an ongoing process for the identification, evaluation and management of the significant risks faced by the company. The key risk facing the company is the impact the economy has on the company's revenues and on the group (Trinity Mirror Plc) financing facilities. The principal risks and uncertainties of the group which include those of the company are discussed on pages 29 to 30 of the Trinity Mirror plc annual report which does not form part of this report.

Key performance indicators

The key performance indicators that the company uses to review and monitor its businesses are primarily financial however, non financial indicators are also used. These include revenue, operating profit and operating margin, circulation volumes, unique users and reach. In a declining market, as has been experienced in 2010, the company seeks to target performance in line with or ahead of competitors or comparators taking account of the company's strategy. The development, performance and position of Trinity Mirror plc, which includes the company, is discussed in the Business Review set out on pages 20 to 30 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' and officers' liability insurance

During the year, the company has maintained adequate cover for its directors and officers under a Directors' and officers' liability insurance policy.

Creditor payment policy

It is the policy of the company to agree suitable terms and conditions for the 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 24 days (3 January 2010: 28 days).

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Directors' report (continued)

Political and charitable donations

Contributions of £nil (53 weeks ended 3 January 2010: £100) were made during the period for charitable purposes. No political donations were made during the current or prior period.

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.

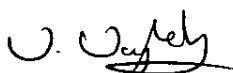
Pension schemes - the company participates in the pension schemes of the Group as described in Note 4 to the financial statements.

Auditor

The directors at the date of this report confirm that:

- as far as each of the directors are aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Company's auditors are unaware; and
- each of the directors has taken all steps he should have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved and signed on behalf of the Board of Directors



Vijay Vaghela

30 March 2011

Scottish Daily Record and Sunday Mail Limited (Registration No. SCO 12921)

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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Going concern basis

In determining whether the company's financial statements can be prepared on a going concern basis the directors have considered the factors likely to affect future development, performance and financial position including the matters disclosed in the Directors' report. The company is part of the Trinity Mirror group and the going concern review completed at the date of signing of the group accounts is set out on page 43 of the Trinity Mirror plc annual report which does not form part of this report. The going concern of the company is dependent on the going concern of the Trinity Mirror group.

In particular the company has considered:

- the implications of the challenging economic environment on the company's revenue and profits;
- the impact on the business of key suppliers being unable to meet their obligation to the company;
- the potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected; and
- the reliance on the group financing facilities.

At the date of signing of these financial statements the directors have considered all the factors impacting the company's and group's business, including downside sensitivities. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the company's financial statements.

Independent auditor's report to the members of Scottish Daily Record and Sunday Mail Limited (Registration No. SCO 12921)

We have audited the financial statements of Scottish Daily Record and Sunday Mail Limited for the period ended 2 January 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 2 January 2011 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



James Boyle CA
(Senior Statutory Auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Glasgow, United Kingdom
8 APRIL 2011

Scottish Daily Record and Sunday Mail Limited (Registration No. SCO 12921)

Profit and loss account

52 weeks ended 2 January 2011

	Note	52 weeks ended 2 January 2011 £'000	53 weeks ended 3 January 2010 £'000
Turnover	2	89,668	95,171
Cost of sales		(54,865)	(59,786)
Gross profit		34,803	35,385
Selling and distribution costs		(3,857)	(3,838)
Administrative costs	3	(14,455)	(17,204)
Operating profit	3	16,491	14,343
Interest payable and similar charges	5	-	(1)
Profit on ordinary activities before taxation		16,491	14,342
Tax on profit on ordinary activities	6	(4,678)	(4,147)
Profit for the financial period	15	11,813	10,195

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.

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**Reconciliation of movement in shareholders' funds
52 weeks ended 2 January 2011**

	52 weeks ended 2 January 2011 £'000	53 weeks Ended 3 January 2010 £'000
Profit for the financial period	11,813	10,195
Share-based payments credit for the period	97	132
Net increase to shareholders' funds	11,910	10,327
Opening shareholders' funds	65,445	55,118
Closing shareholders' funds	77,355	65,445

Scottish Daily Record and Sunday Mail Limited (Registration No. SCO 12921)

**Balance sheet
2 January 2011**

	Note	2 January 2011 £'000	3 January 2010 £'000
Fixed assets			
Intangible assets	7	137	137
Tangible fixed assets	8	4,922	1,064
Investments	9	18,543	18,543
		<u>23,602</u>	<u>19,744</u>
Current assets			
Stocks	10	13	13
Debtors	11	194,892	153,845
Cash at bank and in hand		453	523
		<u>195,358</u>	<u>154,381</u>
Creditors: amounts falling due within one year	12	<u>(141,556)</u>	<u>(107,826)</u>
Net current assets		<u>53,802</u>	<u>46,555</u>
Total assets less current liabilities		<u>77,404</u>	<u>66,299</u>
Provisions for liabilities	13	<u>(49)</u>	<u>(854)</u>
Net assets		<u><u>77,355</u></u>	<u><u>65,445</u></u>
Capital and reserves			
Called up share capital	14	1,022	1,022
Share premium account		18	18
Profit and loss account	15	76,315	64,405
Shareholders' funds		<u><u>77,355</u></u>	<u><u>65,445</u></u>

These financial statements were approved by the Board of Directors on 30 March 2011.

Signed on behalf of the Board of Directors



Vijay Vaghela

Scottish Daily Record and Sunday Mail Limited (Registration No. SCO 12921)

Notes to the accounts

52 weeks ended 2 January 2011

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 preparation

The financial statements have been prepared on a going concern basis as set out on page 4.

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.

Revenue recognition

Revenue is measured at the fair value of the consideration received, net of applicable discounts and value added tax. Advertising revenue is recognised upon publication. Circulation revenue is recognised at the time of sale. Digital revenue is recognised over the period of the online campaign. Other revenue is recognised at the time of sale or provision of service.

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. 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 and provision for impairment.

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. Assets in the course of construction are not depreciated until brought into use. Depreciation periods applied are as follows:

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

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Notes to the accounts

52 weeks ended 2 January 2011

1. Accounting policies (continued)

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.

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.

Pension scheme arrangements

The company contributed to the MGN Pension Scheme, a defined benefit scheme and to the Trinity Mirror Pension Plan, a defined contribution scheme during the period.

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, "Retirement Benefits", contributions paid by the company are 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.

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 400 of the Companies Act 2006 from preparing group financial statements for the company and its subsidiaries, as the company is a wholly owned subsidiary of a company incorporated in England and Wales. 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.

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Notes to the accounts

52 weeks ended 2 January 2011

3. Operating profit

Operating profit is stated after charging/(crediting):

	52 weeks ended 2 January 2011 £'000	53 weeks ended 3 January 2010 £'000
Depreciation – owned assets	1,056	442
Operating lease rentals - other	1,588	1,588
Administrative expenses - Exceptional restructuring costs	(227)	3,000

The auditors' remuneration of £39,000 (53 weeks ended 3 January 2010: £39,000) for the audit of the statutory accounts of this company has been borne and not recharged by another group company. Fees for other services provided (ABC returns and tax compliance) were £28,800 (53 weeks ended 3 January 2010: £29,400).

4. Information regarding directors and employees

Staff costs excluding directors are as follows:

	52 weeks ended 2 January 2011 £'000	53 weeks ended 3 January 2010 £'000
Wages and salaries	14,969	14,944
Social security costs	1,422	1,362
Pension cost	859	1,157
	17,250	17,463

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

	52 weeks ended 2 January 2011 No.	53 weeks ended 3 January 2010 No.
Production and editorial	233	234
Selling and distribution	110	111
Administration	21	21
	364	366

The above excludes 25 (53 weeks ended 3 January 2010: 51) casual workers due to the impracticality of determining regular and occasional workers.

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Notes to the accounts

52 weeks ended 2 January 2011

4. Information regarding directors and employees (continued)

Directors' emoluments

Two (53 weeks ended 3 January 2010: two) 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 (53 weeks ended 3 January 2010: £nil).

The emoluments of the remaining director relating to his services to this company were:

	52 weeks ended 2 January 2011 £'000	53 weeks ended 3 January 2010 £'000
Emoluments	285	68
Pension contributions	40	8
	325	76

Pensions

The company contributes to the MGN Pension Scheme, a defined benefit scheme. The Group announced closure of its defined benefit schemes to future accrual from the 31 March 2010. All participants of these schemes had the option to join the 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.

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 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 2007 using the following assumptions:

Pension increases (pre 1997)	3.00% pa
Pension increases (post 1997)	3.60% pa
Pay increases	4.40% pa
Inflation rate	3.40% pa

From 1 April 2010, there are no contributions payable due to the closure to future accrual. Contributions paid up until 31 March 2010 to the scheme for the 52 weeks ended 2 January 2011 were £258,000 (53 weeks ended 3 January 2010: £1,070,000). Accrued pension costs at 2 January 2011 were £nil (3 January 2010: £nil).

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

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Notes to the accounts

52 weeks ended 2 January 2011

4. Information regarding directors and employees (continued)

The defined benefit pension scheme of the group to which the company contributed and the deficit at the latest valuation date was as follows:

	Latest Valuation Date	Deficit £m	Contribution Rate %
MGN Pension Scheme	31 December 2007 (signed October 2008)	(55.7)	Increasing from 12% to 15% in 2009

Agreements has been reached with the trustees of the defined benefit pension scheme for annual deficit funding payments to be made. These deficit funding payments for the scheme are borne and not recharged by the respective sponsoring entity in the group.

The company also contributes to the Trinity Mirror Pension Plan, a defined contribution scheme.

Contributions to the Trinity Mirror Pension Plan, for the 52 weeks ended 2 January 2011 were £641,000 (53 weeks ended 3 January 2010: £95,000). At 2 January 2011 there was £nil of outstanding or prepaid contributions (3 January 2010: £nil).

5. Interest payable and similar charges

	52 weeks ended 2 January 2011 £'000	53 weeks ended 3 January 2010 £'000
Loan notes	-	1

6. Tax on profit on ordinary activities

	52 weeks ended 2 January 2011 £'000	53 weeks ended 3 January 2010 £'000
Tax charge in period		
Profit on ordinary activities before taxation	16,491	14,342
Current tax:		
Group relief payable	3,068	2,608
Corporation tax payable	1,563	1,465
Adjustment to prior period	43	37
Deferred tax:		
Deferred tax charge for the current period	58	18
Adjustment to prior period	(59)	19
Effect of change in rate of taxation	5	-
Total tax charge	4,678	4,147

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Notes to the accounts

52 weeks ended 2 January 2011

6. Tax on profit on ordinary activities (continued)

Reconciliation of current tax charge

The standard rate of corporation tax in the UK is 28% (53 weeks ended 3 January 2010: 28%). The change in standard rate of corporation tax from 28% to 27% is effective from 1 April 2011. The actual rate of current tax for the period is more than 28% (53 weeks ended 3 January 2010: was more than 28%) for the reasons set out in the following reconciliation:

	52 weeks ended 2 January 2011 %	53 weeks ended 3 January 2010 %
UK standard rate of corporation tax	28.0	28.0
Expenses not deductible for tax purposes	0.3	0.5
Capital allowances in excess of depreciation	(0.2)	0.4
Other short term timing differences	(0.1)	(0.5)
Prior period adjustment	0.3	0.3
Actual rate of current tax for the period	28.3	28.7

7. Intangible assets

	2 January 2011 £'000	3 January 2010 £'000
Cost and Net Book Value		
At beginning and end of period	137	137

Intangible fixed assets represent publishing rights relating to the East End Independent. There is no amortisation on the publishing rights of the East End Independent since the directors believe it to have an indefinite life.

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**Notes to the accounts
52 weeks ended 2 January 2011**

8. Tangible fixed assets

	Plant and machinery £'000	Fixtures, fittings and motor vehicles £'000	Total £'000
Cost			
At beginning of period	6,571	1,390	7,961
Additions	4,914	-	4,914
At end of period	11,485	1,390	12,875
Depreciation			
At beginning of period	5,681	1,216	6,897
Charge for the period	1,030	26	1,056
At end of period	6,711	1,242	7,953
Net book value			
At 2 January 2011	4,774	148	4,922
At 3 January 2010	890	174	1,064

9. Investments

	2 January 2011 £'000	3 January 2010 £'000
Cost		
Investments in group undertakings		
At beginning and end of period	25,438	25,438
Provisions for impairment		
At beginning and end of period	(6,895)	(6,895)
Net book value at beginning and end of period	18,543	18,543

Investments are stated at cost less any provision for impairment.

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Notes to the accounts

52 weeks ended 2 January 2011

9. Investments (continued)

All companies are registered in Scotland, with the exception of PA Group Limited which is registered in England and Wales. All investments are in the ordinary shares of the companies as set out below.

Name of undertaking	Status	% 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%

In addition the company owns 10% in PA Group Limited.

10. Stocks

	2 January 2011 £'000	3 January 2010 £'000
Raw materials and consumables	13	13

11. Debtors

	2 January 2011 £'000	3 January 2010 £'000
Trade debtors	3,336	4,134
Amounts owed by immediate parent company	-	4,383
Amounts owed by fellow subsidiaries	189,527	143,566
Deferred tax asset	69	73
Other debtors	74	83
Prepayments and accrued income	1,886	1,606
	<u>194,892</u>	<u>153,845</u>

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Notes to the accounts

52 weeks ended 2 January 2011

11. Debtors (continued)

Deferred taxation	2 January 2011 £'000	3 January 2010 £'000
At beginning of period	73	110
Change of tax rate applying to deferred tax	(5)	-
Current period tax charge	(58)	(18)
Adjustment to prior period	59	(19)
At end of period	69	73

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

	£'000	£'000
Capital allowances in excess of depreciation	(39)	(1)
Other short term timing differences	95	62
Share-based payments	13	12
	69	73

In the current period the opening deferred tax provision was recalculated due to the reduction in the standard rate of corporation tax from 28% to 27% from 1 April 2011, resulting in a charge of £4,696 to the profit and loss account, see note 6.

12. Creditors: amounts falling due within one year

	2 January 2011 £'000	3 January 2010 £'000
Trade creditors	250	306
Amounts owed to ultimate parent company	6,398	9,942
Amounts owed to immediate parent company	4,589	-
Amounts owed to fellow subsidiaries	124,714	91,508
Corporation tax payable	1,278	1,465
Other taxation and social security	173	160
Accruals and deferred income	4,154	4,445
	141,556	107,826

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Notes to the accounts **52 weeks ended 2 January 2011**

13. Provisions for liabilities

	Share-based payments £'000	Restructuring £'000	Total £'000
At beginning of period	44	810	854
Additions	5	-	5
Unused amounts reversed	-	(227)	(227)
Utilised in period	-	(583)	(583)
	<u>44</u>	<u>-</u>	<u>5</u>
At end of period	<u>49</u>	<u>-</u>	<u>49</u>

The share-based payments provision relates to national insurance obligations attached to the future crystallisation of equity awards under the long term incentive plan and is expected to be utilised on any exercise of the options over the next three periods.

The restructuring provision relates to severance costs incurred in the delivery of cost reduction measures expected to be utilised in the next period. Following finalisation of the current restructuring exercise an unused provision of £227,000 was released in the current year.

14. Called up share capital

	2 January 2011 £'000	3 January 2010 £'000
Authorised:		
1,022,100 ordinary shares of £1 each	<u>1,022</u>	<u>1,022</u>
Called up, allotted and fully paid:		
1,022,084 ordinary shares of £1 each	<u>1,022</u>	<u>1,022</u>

15. Reserves

	Distributable Reserves £'000	Non- Distributable Reserves £'000	Profit and loss £'000
At 3 January 2010	51,480	12,925	64,405
Profit for the financial period	11,813	-	11,813
Share-based payments	<u>97</u>	<u>-</u>	<u>97</u>
At 2 January 2011	<u>63,390</u>	<u>12,925</u>	<u>76,315</u>

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

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Notes to the accounts

52 weeks ended 2 January 2011

16. Operating lease commitments

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

	Land and buildings	
	2 January	3 January
	2011	2010
	£'000	£'000
Operating leases which expire:		
Within one year	16	3
After five years	1,565	1,585
	1,581	1,588

17. 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 2 January 2011 this amounted to £366.1 million (3 January 2010: £361.0 million).

18. Ultimate parent company and immediate parent company

In the opinion of the directors, the company's ultimate parent company and controlling entity at 2 January 2011 was Trinity Mirror plc, a company incorporated 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.

19. 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 other entities that are wholly owned of the group. The address at which the group consolidated financial statements are publicly available is shown in note 18.