

Company Registration No. SC012921

**Scottish Daily Record and Sunday Mail
Limited**

Report and Financial Statements

52 weeks ended 30 December 2012



Scottish Daily Record and Sunday Mail Limited
(Registration No. SC012921)

Report and financial statements for the 52 weeks ended
30 December 2012

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Scottish Daily Record and Sunday Mail Limited
(Registration No. SC012921)

Report and financial statements for the 52 weeks ended
30 December 2012

Officers and registered office

Directors

Simon Fox
Mark Hollinshead
Paul Vickers
Vijay Vaghela

Secretary

T M Secretaries Limited

Registered office

One Central Quay
Glasgow
G3 8DA

Scottish Daily Record and Sunday Mail Limited

(Registration No. SC012921)

Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 30 December 2012.

Principal activity

The principal activity of the company is the publishing of newspapers and related digital activities and it is part of the Publishing division of Trinity Mirror plc. The ultimate parent company at 30 December 2012 was Trinity Mirror plc.

Review of activities

The company's results for the 52 weeks ended 30 December 2012 are set out on page 6. The financial position of the company is set out on page 8. The directors are satisfied as to the future prospects of the company.

Dividends and transfer to reserves

The profit on ordinary activities before taxation was £13,151,000 (52 weeks ended 1 January 2012: £8,888,000). The retained profit for the financial period of £9,937,000 (52 weeks ended 1 January 2012: £6,526,000) has been transferred to reserves. During the 52 weeks ended 30 December 2012, a dividend of £nil was paid to the immediate parent company (52 weeks ended 1 January 2012: £nil).

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 financing facilities. The principal risks and uncertainties of the group which include those of the company are discussed on page 16 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 2012, 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 14 to 22 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.

Political and charitable donations

Contributions of £nil (52 weeks ended 1 January 2012: £nil) were made during the period for charitable purposes. No political donations were made during the current or prior period.

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.

Scottish Daily Record and Sunday Mail Limited
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Directors' report (continued)

Directors

The directors who served during the 52 weeks ended 30 December 2012 were:

Mark Hollinshead
Paul Vickers
Vijay Vaghela

On 17 May 2013, Simon Fox was appointed as a director.

The present membership of the Board is set out on page 1.

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 34 days (1 January 2012: 32 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 the group.

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 of which the company's auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved and signed on behalf of the Board of Directors



Vijay Vaghela

12 September 2013

Scottish Daily Record and Sunday Mail Limited **(Registration No. SC012921)**

Directors' responsibilities statement

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 of the company including the matters disclosed in the Directors' report. The company is part of the Trinity Mirror plc group and the going concern review completed at the date of signing of the group accounts is set out on page 34 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 plc 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 (Company Registration No. SC012921)

We have audited the financial statements of Scottish Daily Record and Sunday Mail Limited for the period ended 30 December 2012 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes 1 to 17. 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 auditor's 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 directors' responsibilities statement, 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 30 December 2012 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.

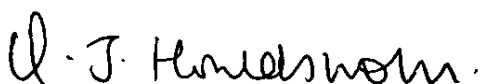
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period 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.



Kate J Houldsworth
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
25 September 2013

Scottish Daily Record and Sunday Mail Limited
(Registration No. SC012921)

Profit and loss account
52 weeks ended 30 December 2012

	Notes	52 weeks ended 30 December 2012 £'000	52 weeks ended 1 January 2012 £'000
Turnover	2	78,851	85,310
Cost of sales		(37,531)	(49,998)
Gross profit		41,320	35,312
Distribution costs		(13,361)	(14,787)
Administrative costs		(14,808)	(11,637)
Profit on ordinary activities before taxation	3	13,151	8,888
Tax on profit on ordinary activities	5	(3,214)	(2,362)
Profit for the financial period	13	9,937	6,526

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
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Reconciliation of movements in shareholders' funds
52 weeks ended 30 December 2012

	52 weeks ended 30 December 2012 £'000	52 weeks ended 1 January 2012 £'000
Profit for the financial period	9,937	6,526
Share-based payments credit for the period	-	93
Net increase to shareholders' funds	9,937	6,619
Opening shareholders' funds	83,974	77,355
Closing shareholders' funds	93,911	83,974

Scottish Daily Record and Sunday Mail Limited
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Balance sheet
30 December 2012

	Notes	30 December 2012 £'000	1 January 2012 £'000
Fixed assets			
Intangible assets	6	137	137
Tangible fixed assets	7	2,489	3,692
Investments	8	18,543	18,543
		<u>21,169</u>	<u>22,372</u>
Current assets			
Debtors	9	73,417	61,640
Cash at bank and in hand		1,066	1,346
		<u>74,483</u>	<u>62,986</u>
Creditors: amounts falling due within one year	10	<u>(1,685)</u>	<u>(1,328)</u>
Net current assets		<u>72,798</u>	<u>61,658</u>
Total assets less current liabilities		<u>93,967</u>	<u>84,030</u>
Provisions for liabilities	11	<u>(56)</u>	<u>(56)</u>
Net assets		<u>93,911</u>	<u>83,974</u>
Capital and reserves			
Called up share capital	12	1,022	1,022
Share premium account	13	18	18
Profit and loss account	13	92,871	82,934
Shareholders' funds		<u>93,911</u>	<u>83,974</u>

These financial statements were approved by the Board of Directors on 18 September 2013.

Signed on behalf of the Board of Directors



Vijay Vaghela

Scottish Daily Record and Sunday Mail Limited
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Notes to the financial statements
52 weeks ended 30 December 2012

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.

At the period end, the company entered into a group wide intercompany netting agreement which resulted in all intercompany balances as at 30 December 2012 being with Trinity Mirror Shared Services Limited, a fellow subsidiary company.

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.

Operating leases

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

Investments

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

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Notes to the financial statements
52 weeks ended 30 December 2012

1. Accounting policies (continued)

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

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 Trinity Mirror Pension Plan, a defined contribution scheme during the current and prior period. The scheme has been set up under a trust that holds the financial assets separately from those of the group and is controlled by trustees. 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.

In prior periods, the company contributed to the MGN Pension Scheme, a defined benefit scheme which was closed to future accrual from 31 March 2010. MGN Pension Scheme operates for employees of a number of Trinity Mirror plc group companies and as such, MGN 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 were charged to the profit and loss account as incurred during the period.

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.

Scottish Daily Record and Sunday Mail Limited
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Notes to the financial statements
52 weeks ended 30 December 2012

3. Profit on ordinary activities before taxation

	52 weeks ended 30 December 2012 £'000	52 weeks ended 1 January 2012 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation – owned assets	1,203	1,230
Operating lease rentals - other	1,493	1,565
Administrative expenses - Exceptional restructuring costs	739	2,422
	<u>3,435</u>	<u>5,217</u>

The auditors' remuneration of £31,000 (52 weeks ended 1 January 2012: £30,000) for the audit of the statutory accounts of this company has been borne and not recharged by another group company. Fees for other related services provided (ABC returns and tax compliance) were £28,800 (52 weeks ended 1 January 2012: £28,800).

4. Information regarding directors and employees

Staff costs excluding directors are as follows:

	52 weeks ended 30 December 2012 £'000	52 weeks ended 1 January 2012 £'000
Wages and salaries	11,239	13,833
Social security costs	1,244	1,346
Pension cost	632	743
	<u>13,115</u>	<u>15,922</u>

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

	52 weeks ended 30 December 2012 No.	52 weeks ended 1 January 2012 No.
Production and editorial	178	214
Selling and distribution	99	105
Administration	26	23
	<u>303</u>	<u>342</u>

The above average weekly number of employees excludes 32 (52 weeks ended 1 January 2012: 29) casual workers due to the impracticality of determining regular and occasional workers.

Directors' emoluments

Two (52 weeks ended 1 January 2012: 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.

Scottish Daily Record and Sunday Mail Limited
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Notes to the financial statements
52 weeks ended 30 December 2012

4. Information regarding directors and employees (continued)

The remaining director exercised no share options in the ultimate parent company during the period (52 weeks ended 1 January 2012: £nil).

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

	52 weeks ended 30 December 2012 £'000	52 weeks ended 1 January 2012 £'000
Emoluments	67	294
Pension contributions	11	26
	78	320

Pensions

The company contributes to the Trinity Mirror Pension Plan, a defined contribution scheme. Contributions to the Trinity Mirror Pension plan for the 52 weeks ended 30 December 2012 were £632,000 (52 weeks ended 1 January 2012: £713,000). At 30 December 2012 there were no outstanding or prepaid contributions (1 January 2012: £nil).

In prior periods, the company contributed to the MGN Pension Scheme, a defined benefit scheme. The Trinity Mirror plc group announced closure of its defined benefit schemes to future accrual from 31 March 2010. 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 financial statements of the ultimate parent company, Trinity Mirror plc, contain full disclosure details of the scheme.

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 MGN Limited. Accordingly, the requirements of Financial Reporting Standard 17, "Retirement Benefits", relating to multi-employer schemes apply and the company accounts for the scheme as if it were a defined contribution scheme.

The last formal actuarial valuation of the MGN Pension Scheme was prepared as at 31 December 2010 and showed a deficit of £66.8 million. The following assumptions were used:

Pension increases (pre 1997)	3.00% pa
Pension increases (post 1997)	3.50% pa
Inflation rate - RPI	3.50% pa
CPI	2.70% pa

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

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Notes to the financial statements
52 weeks ended 30 December 2012

5. Tax on profit on ordinary activities

	52 weeks ended 30 December 2012 £'000	52 weeks ended 1 January 2012 £'000
Profit on ordinary activities before taxation	13,151	8,888
Current tax:		
Group relief payable	-	1,561
Corporation tax payable	3,370	870
Adjustment to prior period	(132)	(5)
Deferred tax:		
Deferred tax charge for the current period	(114)	(69)
Adjustment to prior period	86	-
Effect of change in rate of taxation	4	5
Total tax charge	3,214	2,362

The opening deferred tax position is recalculated in the period in which a change in the standard rate of corporation tax is enacted or substantively enacted by parliament.

Reconciliation of current tax charge

The effective rate of corporation tax in the UK is 24.5 % (52 weeks ended 1 January 2012: 26.5%). The actual rate of current tax for the period is more than 24.5 % (52 weeks ended 1 January 2012: was more than 26.5%) for the reasons set out in the following reconciliation:

	52 weeks ended 30 December 2012 %	52 weeks ended 1 January 2012 %
UK effective rate of corporation tax	24.5	26.5
Expenses not deductible for tax purposes	0.1	0.1
Timing differences in respect of fixed assets	0.1	0.8
Prior period adjustment	(0.3)	(0.1)
Actual rate of current tax for the period	24.4	27.3

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Notes to the financial statements
52 weeks ended 30 December 2012

6. Intangible assets

	30 December 2012 £'000	1 January 2012 £'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.

7. Tangible fixed assets

	Plant and machinery £'000	Fixtures, fittings and motor vehicles £'000	Total £'000
Cost			
At beginning and end of period	11,485	1,390	12,875
Depreciation			
At beginning of period	7,916	1,267	9,183
Charge for the period	1,177	26	1,203
At end of period	9,093	1,293	10,386
Net book value			
At 30 December 2012	2,392	97	2,489
At 1 January 2012	3,569	123	3,692

8. Investments

	Investments in group undertakings
Cost	
At beginning and end of period	25,438
Provisions for impairment	
At beginning and end of period	(6,895)
Net book value	
At beginning and end of period	18,543

Investments are stated at cost less any provision for impairment.

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.

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Notes to the financial statements
52 weeks ended 30 December 2012

8. Investments (continued)

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.

9. Debtors

	30 December 2012 £'000	1 January 2012 £'000
Amounts owed by fellow subsidiaries	73,260	61,507
Deferred tax asset	157	133
	<u>73,417</u>	<u>61,640</u>

The movement in the deferred tax asset was as follows:

Balance at beginning of period	133	69
Deferred tax rate change	(4)	(5)
Current period tax charge	114	69
Adjustment to prior period	(86)	-
Balance at end of period	<u>157</u>	<u>133</u>

The amounts provided in the accounts are as follows:

Timing differences in respect of fixed assets	146	33
Other short term timing differences	-	88
Share-based payments	11	12
	<u>157</u>	<u>133</u>

The opening deferred tax position is recalculated in the period in which a change in the standard rate of corporation tax is enacted or substantively enacted by parliament.

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10. Creditors: amounts falling due within one year

	30 December 2012 £'000	1 January 2012 £'000
Amounts owed to fellow subsidiaries	-	522
Corporation tax payable	1,685	806
	<u>1,685</u>	<u>1,328</u>

11. Provisions for liabilities

	Share-based payments £'000
At beginning and end of period	<u>56</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.

12. Called up share capital

	30 December 2012 £'000	1 January 2012 £'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>

13. Reserves

	Distributable reserves £'000	Non- distributable reserves £'000	Profit and loss £'000
Balance at beginning of period	70,009	12,925	82,934
Share premium account	-	18	18
Retained profit for the period	<u>9,937</u>	<u>-</u>	<u>9,937</u>
Balance at end of period	<u>79,946</u>	<u>12,943</u>	<u>92,889</u>

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

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Notes to the financial statements
52 weeks ended 30 December 2012

14. Operating lease commitments

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

	Land and buildings	
	30 December	1 January
	2012	2012
	£'000	£'000
Operating leases which expire:		
Within one year	-	20
After five years	1,485	1,485
	<u>1,485</u>	<u>1,505</u>

15. 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 2012 this amounted to £157.3 million (1 January 2012: £229.2 million).

16. 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 2012 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.

17. 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 16.