

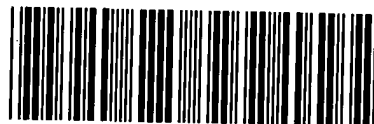
Scottish Daily Record and Sunday Mail Limited

Registration number SC012921

Annual Report and Financial Statements

53 weeks ended 1 January 2017

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Scottish Daily Record and Sunday Mail Limited
(Registration number SC012921)

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Officers and registered office

Directors

Simon Fox

Vijay Vaghela

Company Secretary

T M Secretaries Limited

Registered Office

One Central Quay

Glasgow

G3 8DA

Scottish Daily Record and Sunday Mail Limited

(Registration number SC012921)

Directors' report

The directors present their annual report and the audited financial statements for the 53 weeks ended 1 January 2017.

Results and dividends

The results for the period are set out on page 7. The profit for the period of £11,545,000 (2015: £9,841,000) has been transferred to reserves. The directors do not recommend the payment of a dividend for the period (2015: nil).

Financial position and future prospects

The financial position of the company is set out on page 8. The directors are satisfied as to the future prospects of the company.

The net assets of the company have increased by £11,545,000 (2015: £9,841,000) due to the profit for the period.

Directors

The present membership of the Board is set out on page 1. The directors who served during the period were:

Simon Fox
Vijay Vaghela

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

Employee related matters

Communication and participation of employees is achieved through formal and informal management and staff briefings and where relevant, formal union procedures. Where appropriate, communication is by individual personal letter or circular. The company 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 are unable to continue in their existing jobs are given the opportunity to be retrained for suitable alternative employment.

Directors' responsibilities statement

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors have chosen to prepare the company financial statements in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework*. 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 judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 *Reduced Disclosure Framework* has 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.

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

Disclosure of information to the auditors

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.



T M Secretaries Limited

29 September 2017

Scottish Daily Record and Sunday Mail Limited

(Registration number SC012921)

Strategic report

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. Key brands include the Daily Record, Sunday Mail and dailyrecord.co.uk

Business review

On 31 March 2017, the trade and assets of Scottish and Universal Newspapers Limited were transferred to the company at net book value with consideration being intercompany through the entering into a sale and purchase agreement. The effective date of this transaction was 28 December 2015.

Revenue on a underlying basis fell by 6% from £67 million to £64 million with print revenue falling by 7% and digital revenue growing by 14%. The challenges in print advertising markets resulted in a decline in display advertising across a number of sectors, in particular retail. Most classified advertising categories also came under pressure, in particular recruitment. Circulation revenues declined 4% with volume declines partially mitigated by cover price increases. Strong growth in digital display and transactional revenue of 20% was partially offset by digital classified revenue declines of 15%, primarily due to falls in recruitment advertising. The growth in digital display and transactional revenue was driven by the growth in digital audience.

The average monthly circulation volumes and average and readership of our national newspapers were as follows below:

	2016 Volume actual ^a 000	2015 Volume actual ^a 000	Change %	2016 Average readers ^b 000	2015 Average readers ^b 000	Change %
Daily Record ^c	158	179	(11.5%)	470	475	(1.1%)
Sunday Mail ^c	171	199	(13.9%)	544	605	(10.1%)

a Average ABC circulation for the 12 months to December 2016 and December 2015.

b Average NRS readership for the 12 months to September 2016 and September 2015.

c Within Scottish market only.

Unique users and page views for our key websites are set out below:

	2016 Unique users [^]	2015 Unique users [^]	Change %	2016 Page views [^]	2015 Page views [^]	Change %
Daily Record	7,070,632	6,360,675	11%	32,867,748	27,920,127	18%
Glasgow Live	583,892	—	—	1,341,664	—	—

[^] Omniture average monthly January to December 2016 verses January to December 2015. Page views excluding in galleries.

Faced with the ongoing revenue challenges, underlying costs have been reduced through natural mitigation and cost reduction actions. Restructuring charges in respect of cost reduction measures were £1.7 million (2016: £0.7 million).

Operating profit grew by 19% from £12 million to £15 million and operating margin increased by 1.1 percentage points to 19.3% reflecting the increased revenues profit from transferring the trade of Scottish and Universal Newspapers Limited from the start of the current period. In the short term the directors expect continued challenges in print while continuing to drive digital and tightly managing costs to protect profits.

Scottish Daily Record and Sunday Mail Limited

(Registration number SC012921)

Strategic report (continued)

Principal risks and uncertainties

The principal risks and uncertainties outlined in the 2016 Trinity Mirror plc Annual Report for Strategy and Revenue loss are applicable to Scottish Daily Record and Sunday Mail Limited. Specifically, the principal risk to the company is that the structural challenges facing print media results in a faster than anticipated loss of print revenue, and the growth of other revenue streams including digital revenue is not sufficient, over time, to offset these declines. The directors look to mitigate this risk by the continuing focus on reducing costs as well as growing digital revenue streams.

Key performance indicators

The key performance indicators that the company uses are revenue, operating profit, operating margin and audience measures. In a challenging market, as has been experienced during the period, the company seeks to target performance in line with or ahead of competitors or comparators taking account of the company's strategy.

Financial risk management policies and objectives

The company's operations expose it to a variety of financial risks that include credit and liquidity risk. The company has mechanisms in place that seek to limit the impact of the adverse effects of these risks on the financial performance of the company.

Credit risk management

Credit risk refers to the risk that a counter-party with the company will default on its contractual obligations resulting in a financial loss. Credit risk for the company considers both external and inter-group debt. In respect of external debt, the company has adopted a policy of only dealing with creditworthy counterparties and ongoing credit evaluation is performed on the financial condition of trade receivables. In respect of inter-group receivables, the position of the counter-party, and the level of support provided by the wider Trinity Mirror plc group are considered.

Liquidity risk management

The company, taking into consideration the support of the Trinity Mirror plc group as required, actively manages its finances to ensure that it has sufficient funds available for its operations and to meet its obligations.

Adoption of FRS 101

In the current period the company has adopted Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). In previous periods the financial statements were prepared in accordance with applicable UK accounting standards. This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with applicable accounting standards. An explanation of the impact of the adoption of FRS 101 for the first time is included in note 17 of these financial statements.

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 the future development, performance and financial position of the company. In particular, the company has considered the implications of the challenging economic environment and the reliance on the Trinity Mirror plc group.

At the date of signing of these financial statements the directors have considered all the factors impacting the company'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.

Approved and signed on behalf of the Board of Directors



T M Secretaries Limited

29 September 2017

Independent auditor's report to the members of Scottish Daily Record and Sunday Mail Limited (Registration number SC012921)

We have audited the financial statements of Scottish Daily Record and Sunday Mail Limited for the 53 weeks ended 1 January 2017 which comprise the profit and loss account, the statement of changes in equity, the balance sheet 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), including FRS 101 "Reduced Disclosure Framework".

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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 1 January 2017 and of its profit for the 53 weeks 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.

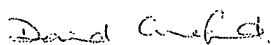
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and 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.



David Crawford (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
29 September 2017

Scottish Daily Record and Sunday Mail Limited
(Registration number SC012921)

**Profit and loss account
for the 53 weeks ended 1 January 2017**

		53 weeks ended 1 January 2017 £'000	52 weeks ended 27 December 2015 £'000
	Notes		
Turnover	2	75,291	67,225
Cost of sales		(37,839)	(33,997)
Gross profit		37,452	33,228
Distribution costs		(10,886)	(11,437)
Administrative costs		(12,046)	(9,631)
Operating profit		14,521	12,160
Dividends received from share in associated undertakings		-	201
Profit on ordinary activities before taxation	3	14,521	12,361
Tax on profit on ordinary activities	5	(2,976)	(2,520)
Profit for the period	12	11,545	9,841

All turnover and results arose from continuing operations.

There are no recognised gains or losses other than the profit for the period. Accordingly a separate statement of other comprehensive income has not been presented.

**Statement of changes in equity
for the 53 weeks ended 1 January 2017**

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 28 December 2014	1,022	18	110,998	112,038
Profit for the period	-	-	9,841	9,841
At 27 December 2015	1,022	18	120,839	121,879
Profit for the period	-	-	11,545	11,545
At 1 January 2017	1,022	18	132,384	133,424

Scottish Daily Record and Sunday Mail Limited
(Registration number SC012921)

Balance sheet
at 1 January 2017

	Notes	1 January 2017 £'000	27 December 2015 £'000
Fixed assets			
Tangible fixed assets	6	2,032	27
Investments in subsidiary undertakings	7	18,521	18,521
Investments in associated undertakings	8	20	20
		<u>20,573</u>	<u>18,568</u>
Current assets			
Debtors	9	114,182	103,173
Cash at bank and in hand		9	138
		<u>114,191</u>	<u>103,311</u>
Creditors: amounts falling due within one year	10	(1,240)	-
Net current assets		<u>112,951</u>	<u>103,311</u>
Total assets less current liabilities		<u>133,524</u>	<u>121,879</u>
Provisions for liabilities	11	(100)	-
Net assets		<u>133,424</u>	<u>121,879</u>
Equity capital and reserves			
Called up share capital	12	1,022	1,022
Share premium account	12	18	18
Profit and loss account	12	132,384	120,839
Shareholders' funds		<u>133,424</u>	<u>121,879</u>

These financial statements were approved by the Board of Directors on *29 September* 2017.

Signed on behalf of the Board of Directors

V Vaghela

Vijay Vaghela

Scottish Daily Record and Sunday Mail Limited
(Registration number SC012921).

Notes to the financial statements for the 53 weeks ended 1 January 2017

1. Basis of preparation and significant accounting policies

Basis of preparation

The financial statements of Scottish Daily record and Sunday Mail Limited, a company incorporated in the United Kingdom under the Companies Act 2006, have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. The preparation of financial statements in conformity with FRS 101 requires the use of certain key accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The financial statements have been prepared on a going concern basis as set out on page 5. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 4 and 5. The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

Impact of amendments to accounting standards

None of the standards, interpretations and amendments effective for the first time from 28 December 2015 have had a material effect on the financial statements. The impact of the conversion to FRS 101 is disclosed in note 17.

The company has applied the exemption available under FRS 101 in relation to paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued and is not yet effective).

Revenue recognition

Revenue is measured at the fair value of the consideration received, net of applicable discounts and value added tax. Circulation revenue is recognised at the time of sale. Print advertising revenue is recognised upon publication. Digital advertising revenue is recognised over the period of the online campaign. Other revenue is recognised at the time of sale or provision of service. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Foreign currency

Transactions denominated in foreign currencies are translated at the rates of exchange prevailing on the date of the transactions. At each reporting date, items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Exchange differences arising on settlement and on retranslation are included in the consolidated income statement for the period.

Tax

Corporation tax payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account except when it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Scottish Daily Record and Sunday Mail Limited
(Registration number SC012921)

Notes to the financial statements for the 53 weeks ended 1 January 2017

1. Basis of preparation and significant accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis in order to write off the tangible fixed assets over their expected useful lives. Provision is made if appropriate for any impairment in value. No depreciation is provided on freehold land. The useful lives on which depreciation rates are based is: Freehold buildings 50 years, Leasehold properties over the term of the lease, Plant and machinery 5 to 15 years and Fixtures and fittings 5 to 15 years.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provision for any impairment. An impairment review is undertaken at each reporting date 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 of the cash-generating units relating to the investment are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which estimates of future cash flows have not been adjusted. If the recoverable amount of the cash-generating units relating to the investment is estimated to be less than its carrying amount, the carrying value of the investment is reduced to its recoverable amount. An impairment loss is recognised in the income statement in the period in which it occurs and may be reversed in subsequent periods.

Investments in associated undertakings

An associate is an entity over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for at cost less, where appropriate, provisions for impairment.

Financial instruments

Financial assets and financial liabilities are recognised in the company balance sheet when the company becomes a party to the contractual provisions of the instrument.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the company. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term. Benefits received as incentives to enter into the agreement are spread on a straight-line basis over the lease term.

Pensions

The company contributes to certain group defined contribution pension schemes.

The amount charged to the profit and loss account 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.

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Notes to the financial statements for the 53 weeks ended 1 January 2017

1. Basis of preparation and significant accounting policies (continued)

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 and registered 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 IAS 7 'Statement of Cash Flows' from publishing a separate cash flow statement.

Financial instruments – disclosures

The company has taken advantage of the exemption provided in IFRS 7 'Financial Instruments: Disclosures' and the financial instruments - disclosures of the company are included in the consolidated financial statements of its parent undertaking which is publicly available.

Related party transactions

The company have taken advantage of the exemptions of IAS 24 'Related Party Disclosures' and the disclosures relating to related parties of the company are included in the consolidated financial statements of its parent undertaking which is publicly available.

Key sources of estimation uncertainty and critical judgements in applying accounting policies

No key sources of estimated uncertainty were required in determining the carry amounts of assets and liabilities at the balance sheet date. In applying the company's accounting policy, described above, no critical judgements were identified.

2. Turnover

	53 weeks ended 1 January 2017 £'000	52 weeks ended 27 December 2015 £'000
Circulation	42,919	39,352
Advertising	24,666	21,962
Other	2,447	1,279
Print	70,032	62,593
Display and transactional	4,509	3,749
Classified	750	883
Digital	5,259	4,632
Total revenue	75,291	67,225

The company's operations are located primarily in the United Kingdom. The company's revenue by location of customers is set out below:

	£'000	£'000
UK and Republic of Ireland	75,291	67,212
Continental Europe	-	13
Total revenue	75,291	67,225

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Notes to the financial statements for the 53 weeks ended 1 January 2017

3. Result for the period

	53 weeks ended 1 January 2017 £'000	52 weeks ended 27 December 2015 £'000
Operating profit is stated after charging:		
Depreciation on owned assets	101	293
Operating lease rentals for land and buildings	66	-
Operating lease rentals for other	1,486	1,485
Restructuring costs	1,741	695
	<u> </u>	<u> </u>

The auditor's remuneration of £25,000 (2015: £31,000) for the audit of the statutory accounts of this company has been borne and not recharged by another group company.

4. Information regarding directors and employees

The company has incurred the following staff costs in relation to employees within the Publishing division of Trinity Mirror plc group:

	53 weeks ended 1 January 2017 £'000	52 weeks ended 27 December 2015 £'000
Wages and salaries	15,010	11,533
Social security costs	1,572	1,172
Pension costs	760	587
	<u> </u>	<u> </u>
	<u>17,342</u>	<u>13,292</u>

The average weekly number of employees whose costs are included in staff costs is set out below:

	53 weeks ended 1 January 2017 .No.	52 weeks ended 27 December 2015 .No.
Production and editorial	327	186
Selling and distribution	97	98
Administration	6	8
	<u> </u>	<u> </u>
	<u>430</u>	<u>292</u>

The above average weekly number of employees excludes 68 (2015: 39) casual workers due to the impracticality of determining regular and occasional workers.

Directors' emoluments

The directors received no remuneration in respect of services to the company (2015: nil).

Pensions

The company contributes to the Trinity Mirror Pension Plan, a defined contribution scheme. Contributions to the Trinity Mirror Pension Plan for the period were £760,000 (2015: £587,000). At 1 January 2017 there were no outstanding or prepaid contributions (2015: nil).

Scottish Daily Record and Sunday Mail Limited
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Notes to the financial statements for the 53 weeks ended 1 January 2017

5. Tax charge on profit on ordinary activities

	53 weeks ended 1 January 2017 £'000	52 weeks ended 27 December 2015 £'000
Profit on ordinary activities before taxation	14,521	12,361
Corporation tax charge for the period	2,617	-
Group relief payable	274	2,471
Prior period adjustment	1	-
Current tax charge	2,892	2,471
Deferred tax charge for the period	72	23
Deferred tax rate change	-	28
Prior period adjustment	12	(2)
Deferred tax charge	84	49
Tax charge for the period	2,976	2,520

The standard rate of corporation tax for the period is 20% (2015: blended rate of 20.25% being a mix of 21% up to 31 March 2015 and 20% from 1 April 2015).

The opening deferred tax position is recalculated in the period in which a change in the standard rate of corporation tax has been enacted or substantively enacted by parliament. The change in rate from 18% to 17% in 2020 has been accounted for in the current period resulting in a nil charge in the profit and loss statement (2015: change in rate from 20% to 19% in 2017 and from 19% to 18% in 2020 resulting in a £28,000 charge in the profit and loss statement).

Reconciliation of tax charge

	53 weeks ended 1 January 2017 %	52 weeks ended 27 December 2015 %
UK effective rate of corporation tax	20.0	20.3
Expenses not deductible for tax purposes	0.4	0.2
Non taxable items	-	(0.3)
Deferred tax rate change	0.1	0.2
Tax charge rate	20.5	20.4

Scottish Daily Record and Sunday Mail Limited
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Notes to the financial statements for the 53 weeks ended 1 January 2017

6. Tangible fixed assets

	Land and buildings Freehold £'000	Leasehold £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost					
At beginning of the period	-	-	5,864	234	6,098
Transfer in	2,987	257	1,979	-	5,223
Reclassification	89	-	(89)	-	-
Disposals	-	-	(988)	(16)	(1,004)
At end of the period	3,076	257	6,766	218	10,317
Accumulated depreciation					
At beginning of the period	-	-	5,864	207	6,071
Transfer in	917	221	1,979	-	3,117
Reclassification	89	-	(89)	-	-
Charge for the period	74	11	-	16	101
Disposals	-	-	(988)	(16)	(1,004)
At end of the period	1,080	232	6,766	207	8,285
Net book value					
At end of the period	1,996	25	-	11	2,032
At beginning of the period	-	-	-	27	27

7. Investments in subsidiary undertakings

	Investments in subsidiary undertakings £'000
Cost	
At beginning and end of the period	25,418
Provision for impairment	
At beginning and end of the period	(6,897)
Net book value	
At beginning and end of the period	18,521

An impairment review of the company's investments was undertaken which indicated that no impairment charge was required (2015: nil). The investment impairment review compared carrying value to the net assets of subsidiary undertakings.

A full list of subsidiaries is appended on pages 18 and forms part of these financial statements.

Scottish Daily Record and Sunday Mail Limited
(Registration number SC012921)

Notes to the financial statements for the 53 weeks ended 1 January 2017

8. Investments in associated undertakings

	Investments in associated undertakings £'000
Cost and net book value	
At beginning and end of the period	20

The principal associated undertakings of the company at 1 January 2017 are as follows:

Company	Principal activity	% holding of ordinary share capital	Registered address
PA Group Limited	News agency	1.00	PA Newscentre, 292 Vauxhall Bridge Road, London, SW1V 1AE

9. Debtors

	1 January 2017 £'000	27 December 2015 £'000
Amounts owed by fellow subsidiaries	113,978	102,862
Deferred tax asset	204	311
	<u>114,182</u>	<u>103,173</u>

Intercompany balances are non interest bearing balances repayable on demand.

The movement in the deferred tax asset was as follows:

	1 January 2017 £'000	27 December 2015 £'000
At beginning of the period	311	360
Transfer in	(23)	-
Current period tax (credit)/ charge	(72)	(23)
Deferred tax rate change	(12)	(28)
Prior period adjustment	-	2
	<u>204</u>	<u>311</u>

The amounts provided in the accounts are as follows:

	1 January 2017 £'000	27 December 2015 £'000
Timing differences in respect of fixed assets	<u>204</u>	<u>311</u>

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10. Creditors: amounts falling due within one year

	1 January 2017 £'000	27 December 2015 £'000
Corporation tax payable	1,240	-

11. Provisions for liabilities

	Property £'000
At beginning of the period	-
Transfer in	782
Charged in the period	292
Utilised in the period	974
At end of the period	100

The property provision relates to onerous property leases and future committed costs related to occupied, let and vacant properties. This provision will be utilised over the remaining term of the leases.

12. Called and reserves

	1 January 2017 £'000	27 December 2015 £'000
Called up, allotted and fully paid:		
1,022,084 (2015: 1,022,084) ordinary shares of £1 each	1,022	1,022

The company has one class of ordinary shares which carry no right to fixed income.

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses. The profit and loss account reserve represents cumulative profit and losses net of dividends paid and other adjustments.

13. Operating lease commitments

The company has total commitments under non-cancellable operating leases in respect of:

	1 January 2017			27 December 2015		
	Land and buildings £'000	Other £'000	Total £'000	Land and buildings £'000	Other £'000	Total £'000
Leases which expire:						
Within one year	-	1	10	-	-	-
Within two to five years	1,501	-	1,501	1,485	-	1,485
After more than five years	50	-	50	-	-	-
	66	1	67	1,485	18	1,485

14. Contingent liabilities

The company, together with certain of its fellow subsidiaries in the United Kingdom, has guaranteed the loans (including loan notes issued through the US private placement market) and bank overdraft of the ultimate parent company with certain of the group's bankers. At 1 January 2017 this amounted to £81.2 million (2015: £147.6 million).

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16. Ultimate parent company and immediate parent company

In the opinion of the directors, the company's ultimate parent company and controlling entity at 1 January 2017 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 at 1 January 2017 was MGL2 Limited, a company registered in England and Wales whose registered office is at One Canada Square, Canary Wharf, London E14 5AP.

17. First time adoption of FRS 101

This is the first period which the company has prepared its financial statements under FRS 101. The previous financial statements for the 52 weeks ended 27 December 2015 were prepared under old UK GAAP. The date of transition to FRS 101 for the company is 29 December 2014.

The impact of the changes in accounting policies as a result of the transition from old UK GAAP as previously reported and FRS 101 were immaterial so none of the prior period balances have required restatement.

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Appendix

In compliance with Section 409 of the Companies Act 2006, the following comprises a list of all related subsidiary undertakings of the company, as at 1 January 2017. All subsidiaries listed are incorporated in Scotland and have a registered office at One Central Quay, Glasgow, G3 8DA.

Company	Location	% holding of ordinary share capital
Direct		
First Press Publishing Limited	United Kingdom	100%
Insider Publications Limited	United Kingdom	100%
Metropolitan Free Newspapers Limited	United Kingdom	100%
Newsday Limited	United Kingdom	100%
Saltire Press Limited	United Kingdom	100%
Scotfree Limited	United Kingdom	100%
Indirect		
Insider Group Limited	United Kingdom	100%
Aberdonian Publications Limited	United Kingdom	100%
Dundonian Publications Limited	United Kingdom	100%
Glaswegian Publications Limited	United Kingdom	100%
The Edinburgh And Lothians Post Limited	United Kingdom	100%