

Newcastle Chronicle and Journal Limited

Report and Financial Statements

52 week period ended 1 January 2006



Newcastle Chronicle and Journal Limited

Report and financial statements 1 January 2006

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Newcastle Chronicle and Journal Limited

Report and financial statements 1 January 2006

Officers and registered office

Director

T M Directors Limited

Secretary

T M Secretaries Limited

Registered Office

One Canada Square
Canary Wharf
London
E14 5AP

Newcastle Chronicle and Journal Limited

Director's report

The sole director presents its annual report and the audited financial statements for the 52 weeks ended 1 January 2006.

ACTIVITIES

The principal activity of the company is the publication of newspapers.

REVIEW OF DEVELOPMENTS, RESULTS AND FUTURE PROSPECTS

The company's profit before taxation was £21,608,000 (53 weeks ended 2 January 2005 - £22,158,000).

During the period dividends of £26,500,000 were paid to the immediate parent company (53 weeks ended 2 January 2005 - £13,000,000). The Director does not recommend the payment of a final dividend (53 weeks ended 2 January 2005 - £nil).

The loss retained for the period of £11,437,000 (2004: profit retained of £2,435,000) has been transferred from (2004: to) reserves.

The financial position of the company is set out on page 7.

The director expects the company to perform satisfactorily during 2006.

DIRECTOR AND ITS INTERESTS

The present membership of the Board is set out on page 1. There have been no changes to the membership of the Board of directors during the period or since the period end.

The ultimate parent company at 1 January 2006 was Trinity Mirror plc.

The sole director has had no interests in the shares of the company, its fellow subsidiaries or its ultimate parent company at any time.

DIRECTOR'S AND OFFICERS' LIABILITY INSURANCE

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

DONATIONS

During the period contributions for charitable purposes totalled £2,210 (53 weeks ended 2 January 2005 - £1,676).

DISABLED EMPLOYEES

The company has continued its policy of encouraging the employment of registered disabled persons, bearing in mind the job requirements for skills and aptitude. In the areas of planned employee training and career development, the company strives to ensure that disabled employees receive maximum possible benefits, including opportunities for promotion. Where an employee becomes disabled during employment every effort is made to retain the employee's services and any necessary re-training for suitable alternative employment within the company is provided.

EMPLOYEES

Company employees or their elected representatives are informed of the progress of the company on a regular basis. Suggestions from employees aimed at improving the performance of the company are welcomed.

Director's report (continued)

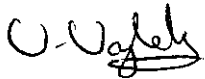
PAYMENT OF SUPPLIERS

Whilst the group has no formal supplier payment policy it agrees appropriate terms and conditions for its transactions with suppliers (by means ranging from standard written terms to individually negotiated contracts) and to make payments in accordance with those terms and conditions provided that the supplier has also complied with them.

AUDITORS

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

Approved and signed by the Sole Director



T M Directors Limited

V Vaghela

23rd June 2006

Statement of director's responsibilities

United Kingdom company law requires the director to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Newcastle Chronicle and Journal Limited

We have audited the individual company financial statements (the "financial statements") of Newcastle Chronicle and Journal Limited for the 52 week period ended 1 January 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the statement of accounting policies and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The director's responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice are set out in the statement of director's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant framework and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the director's report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 1 January 2006 and of its profit for the 52 week period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

22 July 2006

Profit and loss account
52 weeks ended 1 January 2006

	Note	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 restated £'000
Turnover	2	60,605	64,303
Cost of sales		(23,298)	(25,405)
Gross profit		37,307	38,898
Distribution costs		(4,235)	(4,130)
Administrative expenses – recurring		(10,474)	(11,729)
Administrative expenses – exceptional	4	(338)	(245)
Administrative expenses – total		(10,812)	(11,974)
Other operating income		21	21
Operating profit	4	22,281	22,815
Interest receivable	5	-	-
Interest payable and similar charges	6	(673)	(657)
Profit on ordinary activities before taxation		21,608	22,158
Tax on profit on ordinary activities	7	(6,545)	(6,723)
Profit on ordinary activities after taxation		15,063	15,435
Equity dividends	8	(26,500)	(13,000)
Retained (loss)/profit for the financial period	19	(11,437)	2,435

All amounts relate to continuing operations.

The company has no recognised gains or losses for the current or prior period other than those included above and accordingly no statement of total recognised gains and losses has been presented

Balance sheet
1 January 2006

		1 January 2006		2 January 2005 restated	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible fixed assets	9	60,060		60,060	
Tangible assets	10	5,116		12,926	
Investments	11	1		1	
			65,177		72,987
Current assets					
Stocks	12	279		354	
Debtors	13	115,220		98,181	
Cash at bank and in hand		1,334		568	
		116,833		99,103	
Creditors: amounts falling due within one year	14	(98,638)		(75,835)	
Net current assets			18,195		23,268
Total assets less current liabilities			83,372		96,255
Creditors: amounts falling due after more than one year	15		(11,627)		(13,003)
Provisions for liabilities and charges	16		(815)		(911)
Accruals and deferred income	17		(765)		(813)
			70,165		81,528
Capital and reserves					
Called up share capital	18		64,225		64,225
Profit and loss account	19		5,940		17,303
Equity shareholders' funds			70,165		81,528

These financial statements were approved by the Sole Director on 23rd June 2006.

Signed on behalf of the Board of Director



T M Directors Limited

V Vaghela

Reconciliation of movements in equity shareholders' funds
52 weeks ended 1 January 2006

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 restated £'000
Profit for the financial period attributable to the members	15,063	15,435
Dividends	(26,500)	(13,000)
Cost of LTIP for period	74	-
Net (decrease)/addition to equity shareholders' funds	(11,363)	2,435
Opening equity shareholders' funds	81,528	79,093
Closing equity shareholders' funds	70,165	81,528

Notes to the accounts
52 weeks ended 1 January 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently in the current period and prior period.

Accounting convention

The financial statements are prepared under the historical cost convention.

Intangible fixed assets

Intangible fixed assets comprise acquired publishing rights and titles and are stated in the balance sheet at the directors' assessment of the fair value of intangible assets based on discounted cash flow valuations. In the opinion of the directors these assets have an indefinite economic life, due to their typical lifespan, and are not therefore subject to annual amortisation. The carrying value of these assets will be reviewed annually and adjusted to the recoverable amount if required.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Freehold land and tangible capital assets not yet in use have not been depreciated. Depreciation on assets qualifying for investment and regional development grants is calculated on their full cost. Depreciation on other assets is provided on cost in equal instalments over the estimated lives of the assets. The estimated useful economic lives are as follows:

Freehold property	67 years
Leasehold properties	The term of the lease
Fixtures, fittings, plant and machinery	3 - 25 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and production overheads.

Regional Development grant, Newcastle City Council grant and Trinity Mirror Printing grant

Regional Development grants are being credited to revenue over a period approximating to the average life of the related fixed assets. The Newsroom grant (NCC Grant) is being credited to revenue over a five year period which is the estimated initial life of the project. The TM Printing Grant is being credited over a twenty five year period.

Investments

Fixed asset investments are stated at cost unless, in the opinion of the directors, there has been an impairment in value, in which case an appropriate adjustment is made.

Group consolidated financial statements are not prepared as the company is a wholly owned subsidiary of another company registered in England and Wales.

Taxation

Current tax comprising UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or subsequently enacted by the balance sheet date.

Deferred taxation is provided in full at the anticipated tax rates on timing differences arising from the different treatment of items for accounting and taxation purposes. No provision is made for deferred tax on investment revaluations. A deferred tax asset is regarded as recoverable and therefore recognised only when it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. The company has elected not to discount the deferred tax assets and liabilities.

Notes to the accounts

52 weeks ended 1 January 2006

1. ACCOUNTING POLICIES (continued)

Leases

Where the company has substantially all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as a finance lease. Other leases are treated as operating leases. Future instalments payable under finance leases, net of finance charges are included in creditors with the corresponding asset values recorded in fixed tangible assets and depreciated over the shorter of their estimated useful lives or their lease terms. Payments are apportioned between the finance element, which is charged to the profit and loss account as interest, and the capital element which reduces the outstanding obligation for future instalments. Operating lease payments are charged to the profit and loss account in equal annual amounts over the period of the leases.

Pension scheme arrangements

The company contributes to the Trinity Retirement Benefit Scheme, a defined benefit scheme.

The Trinity Retirement Benefit Scheme operates for employees of a number of Trinity Mirror group companies and as such, *Newcastle Chronicle and Journal Limited is unable to identify its share of the underlying assets and liabilities of the Scheme.* Under FRS 17 the actual cost of providing pensions to the company will be charged to the profit and loss account as incurred during the period and as such, the company accounts for the pension scheme as if it were a defined contribution scheme.

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.

Cash flow statement

The company is not presenting a cash flow statement in accordance with the exemption in FRS 1 - Cash Flow Statements. The ultimate parent company (Trinity Mirror plc) has included a consolidated cash flow statement in the group accounts.

Capital instruments

Capital instruments are accounted for in accordance with the principles of FRS 4 issued by the Accounting Standards Board and are classified as equity share capital or debt as appropriate.

Employee benefits – share-based payments

Equity-settled share based payments are measured at cost and expensed on a straight line basis over the vesting period.

Dividends

The company has adopted FRS21 'Events after the balance sheet date' during the period, which states that dividends should be recognised in the accounts in the period in which the liability to pay the dividend arises and not in the period in which they are proposed. The results for the 53 week period ended 2 January 2005 have been restated to reflect the adoption of FRS21 and the effect of the adoption is as follows:

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
Profit after tax	15,063	15,435
Dividends paid	(12,000)	(14,500)
Retained Profit for the financial period	3,063	935
Effect of adoption of FRS21	(14,500)	1,500
Revised retained profit for the financial period	(11,437)	2,435

Notes to the accounts

52 weeks ended 1 January 2006

2. TURNOVER

Turnover arises wholly from the company's principal activity carried out within the United Kingdom and excludes VAT and similar sales based taxes.

Turnover is recognised when goods or services have been delivered and title has passed.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The corporate director received no remuneration from the company (53 weeks ended 2 January 2005 - £nil), is not a member of any pension scheme (2004 - same) and has no options or interests in the company or its ultimate parent (2004 - same).

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
Employee costs during the period		
Wages and salaries	13,122	16,456
Social security costs	1,164	1,483
Pension costs	976	1,347
	<u>15,262</u>	<u>19,286</u>
	No.	No.
Average number of persons employed		
Production	214	322
Sales and distribution	765	578
Administration	126	144
	<u>1,105</u>	<u>1,044</u>

The above excludes 59 (53 weeks ended 2 January 2005: 54) casual workers due to the impracticality of determining regular and occasional workers. The employee costs and numbers exclude the Director.

Pensions

The company contributes to the Trinity Retirement Benefit Scheme, a defined benefit scheme. The scheme provides benefits based on final pensionable pay and is set up under a trust which holds the assets of the scheme separately from those of the company.

The Trinity Retirement Benefit Scheme operates for employees of a number of Trinity Mirror group companies and as such, Newcastle Chronicle & Journal Limited is unable to identify its share of the underlying assets and liabilities of the Scheme. Under FRS 17 contributions paid by the company are charged to the profit and loss account as incurred during the year 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 Trinity Retirement Benefit Scheme was prepared as at 30 June 2003. At the date of the valuation, the following actuarial assumptions were used:

Expected return on assets	7.30% pa
Pensionable salary increases	4.10% pa
Discount rate	4.75% pa
Pension increases	2.80% pa
Price inflation	2.80% pa

Contributions to the scheme for the period were £943,381 (53 weeks ended 2 January 2005 - £1,322,000).

The implication of the surplus for the employer is an unchanged contribution rate.

Notes to the accounts

52 weeks ended 1 January 2006

INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Accrued pension costs at 1 January 2006 were £nil (2004 - £nil).

The financial statements of Trinity Mirror Regionals plc, a fellow subsidiary company and sponsor company of the Trinity Retirement Benefit Scheme, contain combined disclosure details for this and the other retirement benefit schemes it sponsors. At 1 January 2006 the net deficit in the scheme was £6.5 million (2004 - £12.3 million).

The company also contributes to the Trinity Mirror Pension plan, a defined contribution scheme for which the pension cost for the 52 weeks ended 1 January 2006 was £32,805 (53 weeks ended 2 January 2005 - £25,000). At 1 January 2006 there were no outstanding/prepaid contributions (2004: £nil).

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Exceptional redundancy costs due to restructuring	338	245
Depreciation:		
- owned assets	962	2,226
- leased assets	-	497
Auditors' remuneration:		
- audit fees	37	37
- non audit fees	20	20
Rentals under operating leases:		
- land and buildings	119	168
- plant and machinery	557	563
Release of Regional Development & Local Authority Grants	(48)	(21)
	<hr/>	<hr/>

5. INTEREST RECEIVABLE

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
Bank interest receivable	-	-
	<hr/>	<hr/>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
Hire purchase and finance leases	673	657
	<hr/>	<hr/>

Notes to the accounts

52 weeks ended 1 January 2006

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
Tax charge in period		
Profit on ordinary activities before taxation	21,608	22,158
Current tax:		
Corporation tax charge for current period	6,975	7,033
Adjustment to prior period	(288)	(7)
	6,687	7,026
Deferred tax:		
Deferred tax charge for current period	(424)	(305)
Adjustment to prior period	282	2
	6,545	6,723

Included within the corporation tax charge for the period is a net tax credit of £101,400 (53 weeks ended 2 January 2005: charge of £73,757) in respect of exceptional items disclosed in the profit and loss account before operating profit (see note 4).

Reconciliation of current tax charge

The standard rate of current tax for the period, based on the UK standard rate of corporation tax, is 30% (prior period – 30%). The current tax charge for the period is more than 30% (prior period – was also more than 30%) for the reasons set out in the following reconciliation:

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
UK standard rate of corporation tax	30.0%	30.0%
Expenses not deductible for tax purposes	0.3%	0.4%
Capital allowances in excess of depreciation	1.5%	1.7%
Movement in short term timing differences	0.5%	(0.4%)
Prior period adjustment	(1.3%)	(0.0%)
Total current tax charge for period	31.0%	31.7%

Notes to the accounts
52 weeks ended 1 January 2006

8. EQUITY DIVIDENDS

	52 weeks ended 1 January 2006 £'000	53 weeks ended 2 January 2005 £'000
Dividends paid to immediate parent company: 18.7p and 22.6p per share (2004: – 20.2p per share)	26,500	13,000

9. INTANGIBLE FIXED ASSETS

	1 January 2006 £'000	2 January 2005 £'000
Valuation and net book value At beginning and end of period	60,060	60,060

10. TANGIBLE FIXED ASSETS

	Freehold £'000	Leasehold £'000	Fixtures, fittings, plant and machinery £'000	Assets under the course of construction £'000	Total £'000
Cost					
At beginning of period	172	5,760	28,574	2,560	37,066
Additions	-	-	140	424	564
Disposals	-	-	(20,191)	-	(20,191)
Reclassifications	-	15	2,675	(2,690)	-
At end of period	172	5,775	11,198	294	17,439
Accumulated depreciation					
At beginning of period	-	(2,122)	(22,018)	-	(24,140)
Charge for the period	-	(211)	(751)	-	(962)
Disposals	-	-	12,779	-	12,779
	-	(2,333)	(9,990)	-	(12,323)
Net book value					
At 1 January 2006	172	3,442	1,207	295	5,116
At 2 January 2005	172	3,638	6,556	2,560	12,926

The net book value of assets held under finance leases and hire purchase contracts as at 1 January 2006 £nil (2004 - £2,822,000). The assets have been transferred to Trinity Mirror Printing Limited during the year.

Notes to the accounts
52 weeks ended 1 January 2006

11. INVESTMENTS

	Listed investments £'000	Subsidiary undertakings £'000	Total £'000
Cost			
At beginning and end of period	<u>1</u>	<u>-</u>	<u>1</u>
Provisions for impairments			
At beginning and end of period	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
At beginning and end of period	<u>1</u>	<u>-</u>	<u>1</u>

The market value of the listed investment at the period end was £175 (2004 - £150).

The company has a 100% ordinary share interest in Markstead Limited, a dormant company registered in England and Wales.

12. STOCKS

	1 January 2006 £'000	2 January 2005 £'000
Raw materials and consumables	<u>279</u>	<u>354</u>

13. DEBTORS

	1 January 2006 £'000	2 January 2005 £'000
Trade debtors	7,032	7,024
Amounts owed by group undertakings:		
- Ultimate parent company	89,679	81,414
- Fellow subsidiaries	18,186	9,246
Other debtors	194	32
Prepayments and accrued income	129	465
	<u>115,220</u>	<u>98,181</u>

Notes to the accounts

52 weeks ended 1 January 2006

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1 January 2006 £'000	2 January 2005 £'000
Obligations under finance leases and hire purchase agreements	1,848	1,622
Trade creditors	1,050	1,802
Amounts owed to group undertakings – fellow subsidiaries	87,408	79,610
Corporation tax payable	3,487	3,516
Other taxation and social security	1,636	425
Accruals and deferred income	3,209	3,360
	<u>98,638</u>	<u>90,335</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1 January 2006 £'000	2 January 2005 £'000
Obligations under finance leases at a commercial rate of interest and hire purchase agreements	<u>11,627</u>	<u>13,003</u>
Repayable by instalments as follows:		
Between one and two years	1,645	1,376
Between two and five years	6,895	5,876
Beyond five years	3,087	5,751
	<u>11,627</u>	<u>13,003</u>

The finance leases are secured by a fixed charge over the printing press, now owned by Trinity Mirror Printing Limited, which has a net book value as at 1 January 2006 of £4,347,000 (2004 - £2,822,000).

Notes to the accounts

52 weeks ended 1 January 2006

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Share based payments £'000	Deferred taxation £'000	Property provisions £'000	Total £'000
Provision at beginning of period	-	901	10	911
Current period charge/(credit)	46	(424)	-	(378)
Adjustment to prior period	-	282	-	282
Provision at end of period	46	759	10	815

	1 January 2006 £'000	2 January 2005 £'000
Deferred taxation		
Provision at beginning of period	901	1,917
Current period tax charge	(424)	(305)
Transfer to deferred tax asset	-	(713)
Adjustment to prior period	282	2
Provision at end of period	759	901

The amounts provided in the accounts are as follows:

	1 January 2006 £'000	2 January 2005 £'000
Depreciation in excess of capital allowances	966	1,009
Other short term timing differences	(207)	(108)
	759	901

Notes to the accounts
52 weeks ended 1 January 2006

17. ACCRUALS AND DEFERRED INCOME

	1 January 2006 £'000	2 January 2005 £'000
Government and local authority grants		
At beginning of period	170	191
New grant	-	-
Release to profit and loss account	(21)	(21)
At end of period	149	170
25 year lease granted to TM Printing		
At beginning of period	643	-
New grant	-	643
Release to profit and loss account	(27)	-
At end of period	616	643
Total Grants		
At beginning of period	813	191
New grant	-	643
Release to profit and loss account	(48)	(21)
At end of period	765	813

18. CALLED UP SHARE CAPITAL

	1 January 2006 £'000	2 January 2005 £'000
Authorised		
64,225,000 ordinary shares of £1 each	64,225	64,225
Called up, allotted and fully paid		
64,225,000 ordinary shares of £1 each	64,225	64,225

19. RESERVES

	Profit and loss account £'000
Balance at 2 January 2005 (restated)	17,303
Retained loss for the period	(11,437)
Cost of LTIP for the period	74
Balance at 1 January 2006	5,940

Notes to the accounts
52 weeks ended 1 January 2006

20. FINANCIAL COMMITMENTS

Capital commitments

At 1 January 2006, the company had no capital commitments (2004 - £nil).

Operating lease commitments

At 1 January 2006, the company was committed to making the following payments during the next period in respect of non-cancellable operating leases:

	1 January 2006			2 January 2005		
	Other	Land and	Total	Other	Land and	Total
	£'000	buildings	£'000	£'000	buildings	£'000
		£'000			£'000	
Leases which expire:						
Within one year	66	-	66	191	8	199
Within two to five						
years	246	12	258	245	3	248
After five years	-	31	31	-	15	15
	<u>312</u>	<u>43</u>	<u>355</u>	<u>436</u>	<u>26</u>	<u>462</u>

21. CONTINGENT LIABILITIES

The company, together with certain of its fellow subsidiaries in the United Kingdom, has guaranteed the loans and bank overdraft of the ultimate parent company with certain of the group's bankers. At 1 January 2006 this amounted to £457 million (53 weeks ended 2 January 2005 - £451 million).

22. ULTIMATE PARENT COMPANY AND IMMEDIATE PARENT UNDERTAKING

In the opinion of the sole director, the company's ultimate parent company, and controlling entity at 1 January 2006 was Trinity Mirror plc, a company registered in England and Wales. Copies of the group financial statements are available from its registered office at One Canada Square, Canary Wharf, London, E14 5AP. 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.

The immediate parent undertaking is TIH (Newcastle) Limited, a company registered in England and Wales.

23. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption included in Financial Reporting Standard 8 'Related party disclosures' (paragraph 3) for wholly owned subsidiaries not to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties.