

**Scottish and Universal Newspapers
Limited**

Registration number SC005761

Annual Report and Financial Statements

52 weeks ended 28 December 2014

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Scottish and Universal Newspapers Limited
(Registration number SC005761)

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Officers and registered office

Directors

Simon Fox

Vijay Vaghela

T M Directors Limited

Company Secretary

T M Secretaries Limited

Registered Office

One Central Quay

Glasgow

G3 8DA

Scottish and Universal Newspapers Limited

(Registration number SC005761)

Directors' report

The directors present their annual report and financial statements for the 52 weeks ended 28 December 2014.

Results and dividends

The results for the period are set out on page 6. The retained profit for the period of £3,448,000 (2013: £3,807,000) has been transferred to reserves. The directors do not recommend the payment of a dividend for the period (2013: £nil).

Financial position and future prospects

The financial position of the company is set out on page 7. The directors are satisfied as to the future prospects of the company.

The net assets of the company have increased by £3,448,000 (2013: increased by £3,807,000) due to the retained 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 (appointed 17 November 2014)

Vijay Vaghela

Paul Vickers (resigned 17 November 2014)

T M Directors Limited

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 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 judgements 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.

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Directors' report (continued)

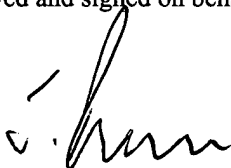
Disclosure of information to the auditors

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 Directors Limited

5 May 2015

Scottish and Universal Newspapers Limited

(Registration number SC005761)

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.

Business review

The company has reported an operating profit of £4,419,000 (2013: £4,985,000). Operating profit have fallen versus the prior period due to a revenue declines partially offset by lower costs.

Principal risks and uncertainties

The key risk to the company is that the structural challenges facing print media results in a faster than anticipated loss of revenue. The directors look to mitigate this risk by the continuing focus on reducing costs and looking for new revenue streams.

Key performance indicators

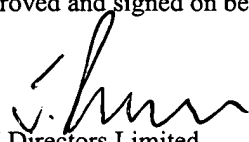
The key performance indicators that the company uses are revenue, operating profit, operating margin and audience measures. In a challenging market, as has been experienced during the period, the company seeks to target performance in line with or ahead of competitors or comparators taking account of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

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 Directors Limited

5 May 2015

Independent auditor's report to the members of Scottish and Universal Newspapers Limited (Registration number SC005761)

We have audited the financial statements of Scottish and Universal Newspapers Limited for the period ended 28 December 2014 which comprise the profit and loss account, the reconciliation of movements in shareholders' funds, the balance sheet and the related notes 1 to 14. 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 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 28 December 2014 and of its profit for the 52 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.

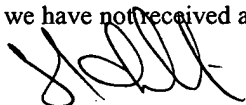
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



John Charlton (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

5 May 2015

Scottish and Universal Newspapers Limited
(Registration number SC005761)

**Profit and loss account
for the 52 weeks ended 28 December 2014**

		52 weeks ended 28 December 2014 £'000	52 weeks ended 29 December 2013 £'000
	Notes		
Turnover		14,986	16,299
Cost of sales		(7,415)	(7,217)
Gross profit		7,571	9,082
Distribution costs		(348)	(433)
Administrative expenses		(2,804)	(3,664)
Profit on ordinary activities before taxation	2	4,419	4,985
Tax charge on profit on ordinary activities	4	(971)	(1,178)
Retained profit for the period	10	3,448	3,807

All turnover and results arose from continuing operations.

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

**Reconciliation of movements in shareholders' funds
for the 52 weeks ended 28 December 2014**

		52 weeks ended 28 December 2014 £'000	52 weeks ended 29 December 2013 £'000
	Notes		
Retained profit for the period	10	3,448	3,807
Net increase in shareholders' funds		3,448	3,807
Opening shareholders' funds		7,262	3,455
Closing shareholders' funds		10,710	7,262

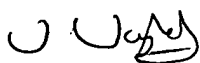
Scottish and Universal Newspapers Limited
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Balance sheet
at 28 December 2014

	Notes	28 December 2014 £'000	29 December 2013 £'000
Fixed assets			
Tangible fixed assets	5	2,194	2,300
Current assets			
Debtors	6	9,789	6,371
Cash at bank and in hand		7	96
		<u>9,796</u>	<u>6,467</u>
Creditors: amounts falling due within one year	7	(486)	(575)
Net current assets		<u>9,310</u>	<u>5,892</u>
Total assets less current liabilities		<u>11,504</u>	<u>8,192</u>
Provisions for liabilities	8	(794)	(930)
Net assets		<u>10,710</u>	<u>7,262</u>
Equity capital and reserves			
Called up share capital	9	175	175
Profit and loss account	10	10,535	7,087
Shareholders' funds		<u>10,710</u>	<u>7,262</u>

These financial statements were approved by the Board of Directors on 5 May 2015.

Signed on behalf of the Board of Directors



Vijay Vaghela

Scottish and Universal Newspapers Limited

(Registration number SC005761)

Notes to the financial statements for the 52 weeks ended 28 December 2014

1. Accounting policies

The accounting policies have all been applied consistently throughout the period and the preceding period. The financial statements are prepared in accordance with applicable law and United Kingdom Accounting Standards. The particular accounting policies adopted are described below.

Basis of preparation

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

Basis of accounting

The financial statements are prepared under the historical cost convention.

Cash flow statement

The company is a wholly owned subsidiary, and the cash flows of the company are included in the consolidated cash flow statement of its ultimate parent company which is publicly available. Consequently the company is exempt under the terms of Financial Reporting Standard 1 (Revised), "Cash Flow Statements", from publishing a separate cash flow statement.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of newspapers and advertising space sold and sundry goods and services supplied. 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.

Tangible fixed assets

Tangible fixed assets are shown at original cost or valuation, net of depreciation and any provision for impairment. Freehold land has not been depreciated. Depreciation on assets is provided on cost in equal instalments over the estimated lives of the assets. The estimated economic lives are as follows:

Freehold property	Over 50 years
Leasehold properties	The term of the lease
Plant and machinery	3 to 25 years

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

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.

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.

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Notes to the financial statements for the 52 weeks ended 28 December 2014

1. Accounting policies (continued)

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 Trinity Retirement Benefit Scheme, a defined benefit scheme which was closed to future accrual from 31 March 2010. Trinity Retirement Benefit Scheme operates for employees of a number of Trinity Mirror plc group companies and as such, Scottish and Universal Newspapers 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.

2. Profit on ordinary activities before taxation

	52 weeks ended 28 December 2014 £'000	52 weeks ended 29 December 2013 £'000
Profit on ordinary activities before taxation is after charging:		
Depreciation of owned assets	106	120
Restructuring costs	261	85
Operating leases for other	26	65
Operating leases for land and buildings	69	69
	<u> </u>	<u> </u>

The auditor's remuneration of £31,000 (2013: £31,000) for the audit of the statutory accounts of this company has been borne and not recharged by another group company.

3. Information regarding directors and employees

	52 weeks ended 28 December 2014 £'000	52 weeks ended 29 December 2013 £'000
Employee costs during the period:		
Wages and salaries	4,277	4,471
Social security costs	365	412
Pension costs	189	203
	<u> </u>	<u> </u>
	<u>4,831</u>	<u>5,086</u>

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Notes to the financial statements for the 52 weeks ended 28 December 2014

3. Information regarding directors and employees (continued)

	52 weeks ended 28 December 2014 No.	52 weeks ended 29 December 2013 No.
Average number of persons employed:		
Production	159	186
Sales and distribution	1	3
Administration	2	1
	<u>162</u>	<u>190</u>

The above excludes 3 (2013: 7) 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 (2013: £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 £189,000 (2013: £203,000). At the period end there were no outstanding or prepaid contributions (2013: £nil).

In prior periods, the company contributed to the Trinity Retirement Benefit 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 Trinity Retirement Benefit 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 scheme's sponsoring entity, Trinity Mirror Regionals Limited, 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 Scottish and Universal Newspapers 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 Trinity Retirement Benefit Scheme was prepared as at 31 December 2013 and showed a deficit of £31.9 million. The following assumptions were used:

Pension increases (pre 1997)	4.15% pa
Pension increases (post 1997)	4.15% pa
Inflation rate - RPI	3.65% pa
- CPI	2.75% 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 for the 52 weeks ended 28 December 2014

4. Tax charge on profit on ordinary activities

	52 weeks ended 28 December 2014 £'000	52 weeks ended 29 December 2013 £'000
Profit on ordinary activities before taxation	4,419	4,985
Current tax:		
Corporation tax payable	956	1,151
Prior period adjustment	-	(29)
Deferred tax:		
Deferred tax charge for the period	15	31
Prior period adjustment	-	20
Deferred tax rate change	-	5
Tax charge for the period	971	1,178

The standard rate of corporation tax reduced from 23% to 21% on 1 April 2014. The blended rate for the accounting year is 21.5% being a mix of 23% up to 31 March 2014 and 21% from 1 April 2014 (2013: 23.25% being a mix of 24% up to 31 March 2013 and 23% from 1 April 2013).

The opening deferred tax position is recalculated in the period in which a change in the standard rate of corporation tax is substantively enacted by parliament. The change in rate from 23% to 20% was accounted for in the prior year resulting in a charge to the profit and loss account of £5,000.

Reconciliation of current tax charge

The actual rate of current tax for the period is more than 21.5% (2013: was less than 23.25%) for the reasons set out in the following reconciliation:

	52 weeks ended 28 December 2014 %	52 weeks ended 29 December 2013 %
UK effective rate of corporation tax	21.5	23.3
Expenses not deductible for tax purposes	0.5	0.5
Timing differences in respect of fixed assets	(0.4)	(0.4)
Movement in short term timing differences	-	(0.3)
Prior period adjustment	-	(0.6)
The actual rate of current tax for the period	21.6	22.5

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Notes to the financial statements for the 52 weeks ended 28 December 2014

5. Tangible fixed assets

	Land and buildings		Plant and machinery	Total
	Freehold £'000	Leasehold £'000	£'000	£'000
Cost or valuation				
At beginning and end of the period	3,076	257	5,786	9,119
Accumulated depreciation				
At beginning of the period	858	178	5,783	6,819
Charge for the period	74	30	2	106
At end of the period	932	208	5,785	6,925
Net book value				
At end of the period	2,144	49	1	2,194
At beginning of the period	2,218	79	3	2,300

6. Debtors

	28 December 2014 £'000	29 December 2013 £'000
Amounts owed by fellow subsidiary	9,789	6,364
Deferred tax asset	-	7
	<u>9,789</u>	<u>6,371</u>

7. Creditors: amounts falling due within one year

	28 December 2014 £'000	29 December 2013 £'000
Corporation tax payable	478	575
Deferred tax liability	8	-
	<u>486</u>	<u>575</u>

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Notes to the financial statements for the 52 weeks ended 28 December 2014

7. Creditors: amounts falling due within one year (continued)

The movement in the deferred tax liability/(asset) in the financial statements is as follows:

	28 December 2014 £'000	29 December 2013 £'000
At beginning of the period	(7)	(63)
Deferred tax rate change	-	5
Current period charge	15	31
Prior period adjustment	-	20
	<u>8</u>	<u>(7)</u>
At end of the period	<u>8</u>	<u>(7)</u>

The amounts provided in the accounts are as follows:

Timing differences in respect of fixed assets	14	(1)
Other short term timing differences	(6)	(6)
	<u>8</u>	<u>(7)</u>

8. Provisions for liabilities

	Property £'000	Share-based payments £'000	Total £'000
At beginning of the period	913	17	930
Charged in the period	100	-	100
Utilised in the period	(206)	-	(206)
Released in the period	(30)	-	(30)
	<u>777</u>	<u>17</u>	<u>794</u>
At end of the period	<u>777</u>	<u>17</u>	<u>794</u>

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.

The share-based payments provision relates to National Insurance obligations attached to the future crystallisation of awards.

9. Called up share capital

	28 December 2014 £'000	29 December 2013 £'000
Called up, allotted and fully paid		
175,000 (2013: 175,000) ordinary shares of £1 each	<u>175</u>	<u>175</u>

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Notes to the financial statements for the 52 weeks ended 28 December 2014

10. Reserves

	Profit and loss account £'000
At beginning of the period	7,087
Retained profit for the period	3,448
	<hr/>
At end of the period	10,535
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11. Operating lease commitments

The company had annual commitments under operating leases as follows:

	28 December 2014			29 December 2013		
	Land and buildings £'000	Other £'000	Total £'000	Land and buildings £'000	Other £'000	Total £'000
Leases which expire:						
Within one year	-	1	1	-	31	31
Within two to five years	19	25	44	19	34	53
After more than five years	50	-	50	50	-	50
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	69	26	95	69	65	134
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

12. 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 28 December 2014 this amounted to £65.3 million (2013: £105.6 million).

13. Ultimate parent company and immediate parent undertaking

In the opinion of the directors, the company's ultimate parent company, and controlling entity at 28 December 2014 was Trinity Mirror plc, a company incorporated and 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 Trinity Mirror Regionals Limited, a company registered in England and Wales.

14. Related party transactions

The company is a wholly owned subsidiary within the group, and utilises the exemption contained in Financial Reporting Standard 8, "Related Party Disclosures", not to disclose any transactions with entities that are part of the group. The address at which the group consolidated financial statements are publicly available is shown in note 13.