Trinity Mirror plc

Annual Report & Accounts 2010

10

Our strategic goal is to build a growing multi-platform media business, by developing and sustaining strong positions across print and digital, with products and services which meet the needs of our customers, both readers and advertisers.

10

2010 in context

During 2010 we continued to focus on the delivery of our clear and consistent strategy and this has enabled the Group to deliver a strong financial performance with operating profit* up 17.0% and operating margin* increasing to 16.2% from 13.8%. While revenue trends have improved they remain under pressure due to the economic environment.

The Group has further strengthened its balance sheet during the year, with strong cash generation despite the challenging revenue environment and continued pension deficit funding. The Group has significant financial flexibility and is trading well within its covenants.

Our acquisition of GMG Regional Media, in March, has proved very successful, delivering a strong revenue and profit performance during the year. The acquisition extends the Group's reach across print and digital in the North West and the South providing further scale in these key geographies.

Our investment in the modernisation of business processes and structures throughout the Group, via the implementation of the new operating model, continues to reap sustainable efficiencies while supporting our strategic goal of building a multimedia business of scale. New IT systems have enabled us to re-engineer how we publish across editorial, advertising and pre-press. This has resulted in a step change in the way content is gathered and published across print and digital. Importantly we are not trying to do the same things with fewer people. Instead, the technology enables fundamental changes to the entire publishing process, achieving efficiencies at a significantly lower cost base without detriment to quality. The business is leaner and fitter and well positioned for any upturn in market conditions.

*** The adjusted results on pages 1 to 17 exclude the impact of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments and the impact of tax legislation changes. A reconciliation between the adjusted results and the statutory results is provided in note 38 on page 99.**

On a statutory basis revenue decreased from £763.3 million to £761.5 million, operating profit increased from £87.0 million to £138.0 million and earnings per share increased from 11.5 pence to 44.6 pence.

Group at a glance

Trinity Mirror is one of the UK's largest newspaper publishers. Our award winning portfolio includes five national newspapers; the Daily Mirror, the Sunday Mirror, The People, the Daily Record and the Sunday Mail as well as over 160 regional titles including household names such as the Liverpool Echo, Manchester Evening News, Birmingham Mail, Western Mail and Newcastle Chronicle.

Our print titles are complemented by our digital portfolio of more than 500 digital products. These include companion websites, mobile sites and national platforms for recruitment and property advertising.

The Group is the largest contract printer of newspapers in the UK. We also own and manage national and regional events including the Daily Mirror Pride of Britain Awards and the Great Scot Awards as well as a number of exhibitions which extend the reach and influence of our brands.

The Group employs over 6,500 people in around 60 locations across the UK, including nine print sites. The Group has two trading divisions: Regionals and Nationals.

Revenue

£761.5m ↓0.2%

2009: £763.3m

Operating profit*

£123.3m ↑17.0%

2009: £105.4m

Operating margin*

16.2%

2009: 13.8%

Profit before tax*

£101.5m ↑39.6%

2009: £72.7m

Earnings per share*

28.6p ↑43.0%

2009: 20.0p

Net debt^

£265.9m ↓17.9%

2009: £324.0m

*** The adjusted results on pages 1 to 17 exclude the impact of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments and the impact of tax legislation changes. A reconciliation between the adjusted results and the statutory results is provided in note 38 on page 99.**

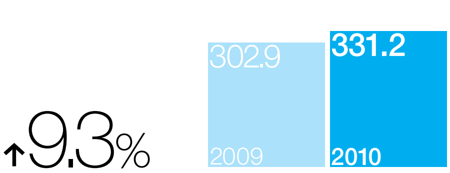
^ On a contracted basis assuming the private placement loan notes and related cross-currency interest rate swaps are not terminated prior to maturity.

Trading divisions

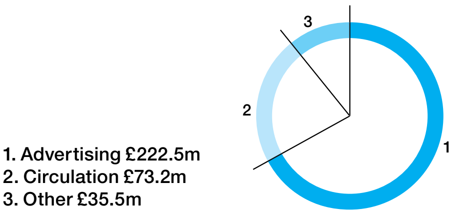
Regionals

Our Regionals division publishes a vibrant and diverse portfolio of market leading brands in print and digital media across the UK. 2010 saw a return to profit growth, with strong margin recovery and an improvement in revenue trends in the year.

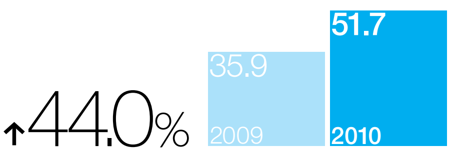
Revenue £m
(including acquisitions)



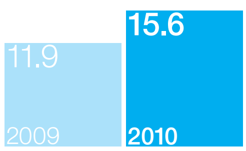
Revenue £m
(including acquisitions)



Operating profit* £m
(including acquisitions)



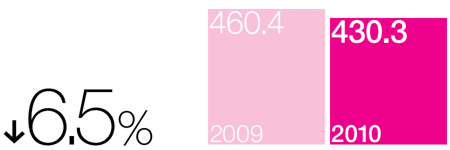
Operating margin* %
(including acquisitions)



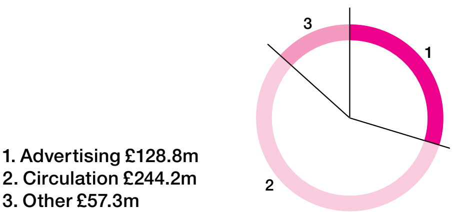
Nationals

Our Nationals division publishes five national newspaper titles which are among the UK's leading media brands complemented by a strong, multi-platform portfolio of digital businesses, events and exhibitions. During 2010 the business demonstrated resilient profitability and margins.

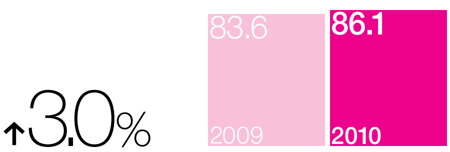
Revenue £m



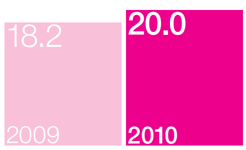
Revenue £m



Operating profit* £m



Operating margin* %



Regionals

Our Regionals division publishes a vibrant and diverse portfolio of market leading brands across the UK with more than 160 regional daily and weekly titles and over 500 digital products.

A strong portfolio of regional daily and weekly titles reaches the length and breadth of the country and serves some of the UK's biggest cities and metropolitan areas. We have a strong presence in the North West of England and North Wales, the North East, the Midlands, South Wales, Scotland and the South of England.

In our key markets, our brands have a significant reach amongst the adult population reaching 58% on a weekly basis in Scotland, 73% in the North East, 86% in the North West, 70% in the Midlands, 71% in South Wales and 56% in the South.

We publish 13 paid-for daily newspapers across the UK which have a circulation of just under half a million copies. We have three of the UK's top 10 regional evening newspapers with the Manchester Evening News, Liverpool Echo and Newcastle Chronicle. We publish over 70 paid-for weekly titles which includes three of the top 10 regional Sunday titles: Sunday Sun in Newcastle, the Sunday Mercury in Birmingham and the Wales on Sunday. In addition we publish around 80 free weekly titles and six metro titles. Overall our regional newspapers have a weekly circulation figure of 6.4 million copies and readership of 7.7 million.

Our digital portfolio complements our print titles and extends our reach across our markets. We publish a wide range of digital products including companion websites to our key newspaper titles, hyperlocal sites serving specific communities and local and national recruitment and property websites.

In the recruitment category, we publish a network of specialist job sites, including leading brands such as GAAPweb, totallylegal, totallyfinancial, PlanetRecruit, SecsintheCity and The Career Engineer and generalist brands such as fish4. Our property websites include Smartnewhomes and email4property. Our websites attract 11.1 million unique users every month, up 17% year on year.

Revenue
£331.2m 2009: £302.9m

Operating profit*
£51.7m 2009: £35.9m

Operating margin*
15.6% 2009: 11.9%

Number of titles
160+

Websites
500+

trinitymirror.com/our-portfolio/regionals

*** The adjusted results on pages 1 to 17 exclude the impact of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments and the impact of tax legislation changes. A reconciliation between the adjusted results and the statutory results is provided in note 38 on page 99.**


Manchester Evening News
The voice of Greater Manchester
manchestereveningnews.co.uk
Wednesday, 15 December, 2010
Main EDITION
RED ALERT
The map that proves the cuts really aren't fair
See pages 4 & 5
Crisis as 999 crews swamped by calls
Patients told to make their own way to hospital
Plea after third swine flu death
Apprentice idiot? The experts have their say
Daisy hits the decks for swanky shop launch
Whatever you've got in mind this Christmas
DON'T GO!
20 routes across UK & Europe.
flybe.com
STARS 23 TELEVISION 23-25 POSTBAG 26 SPORT 38-48


Chronicle
FULHAM & HAMMERSMITH
www.fulhamchronicle.co.uk
PUT IT IN WRITING: Demand for
state's future to be guaranteed P2


SECS inthecity
CHARTERHOUSE
Returning to Sydney?
The UK's leading secretarial job site
TOSHIBA


PAISLEY
Daily Express
Buddies would love to see you, Douglas tells Pope Benedict
EX-SAINTS


The Journal
We'll give you £100,000 to play the game that will have you hooked
BIG TWO BOTH WANT SHEARER
Taking a gamble to spark motor industry


BIRMINGHAM POST
Evening Gazette
GREAT OFFER STARTS TODAY
The Huddersfield Daily
Examiner
WEDNESDAY, OCTOBER 13, 2010
www.examiner.co.uk
49p
JOBS SIX pages inside
BABY of the YEAR
20-page supplement inside
It's time to vote for your little cutie


BIRMINGHAM
Mail
NEWS
LIVE FOOTBALL
SPORT
ENTERTAINMENT

Regionals readership
7.7m

Unique users
11.1m per month

Nationals

The Nationals division publishes the Daily Mirror, the Sunday Mirror and The People across the UK and the Daily Record and the Sunday Mail predominantly in Scotland.

Our national titles provide news and analysis readers can trust, delivered in a package that is easy to consume and popular with advertisers. From news and sport to politics and showbiz, our newspapers provide our readers with compelling value-for-money content and campaigning journalism every day of the week. At the heart of our business lies our proud journalistic heritage which provides the cornerstone for our multi-platform development as we take our brands, content and expertise across exciting new media platforms.

The strength of our newspapers is clear from the significant paid-for circulation volumes of our titles and the mass audience reach they provide in a fragmenting media landscape. The Daily Mirror and Daily Record achieved a joint circulation in excess of 1.5 million copies per day during 2010 with readership per issue of 3.9 million. Our national Sunday titles – the Sunday Mirror, The People and the Sunday Mail – achieved a joint circulation of 2.0 million copies per week in 2010 with readership per issue of 6.1 million. The Sunday Mail continues to be the biggest selling newspaper in Scotland, with a circulation which is nearly 100,000 copies larger than the next best-selling title.

Our newspaper titles are complemented by a growing multi-platform digital businesses. Our digital portfolio comprises the established companion websites to our national titles and also standalone websites such as mirrorfootball.co.uk and 3am.co.uk and a range of mobile sites. Interactive services such as Mirror Bingo add to the rich consumer experience. The national websites attract 10.7 million unique users every month.

We own and manage over 15 annual events and a number of exhibitions which extend the reach and influence of our brands into a range of commercial markets. Events include the Daily Mirror Pride of Britain Awards – the most watched award ceremony of its kind on British television – Great Scot Awards and the Scottish PLC Awards.

Revenue
£430.3m 2009: £460.4m

Operating profit*
£86.1m 2009: £83.6m

Operating margin*
20.0% 2009: 18.2%

Number of titles
5

Websites
10

trinitymirror.com/our-portfolio/nationals

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DAILY Mirror
REAL NEWS... REAL ENTERTAINMENT
Blue are ya?
MAN CITY SET FOR £100M ROO BID
WORLD WOR II
CHERYL HITS BACK IN LOUIS RANT
HEIR COMES THE BRIDE
Public get extra day off for celebration
EXCLUSIVE
ANOTHER MIRROR SPORT EXCLUSIVE
BLUE ROON
STRACHAN WALKS OUT
BLACKBURN 0 SUNDERLAND 0


Daily Record
EXCLUSIVE
SAVE ME SIMON
Tearful Gamu begs Cowell: Let me sing
I WON'T LET YOU DOWN CRAIG


Firefox File Edit View History Bookmarks
15 November 2010: 17:17pm | login/register
jobs in scotland
study from home
Used Cars
DailyRecord.co.uk
Home News Football Sport Showbiz Life Opinion Dating Motors Jobs
The new Progress credit card can shrink your rates to 17.9%
Apply now
29.9% APR
TODAY'S TOP STORIES
Tommy Sheridan perjury trial: Editor denies being part of 'culture of phone tapping'


Orange
18:00
76 %
PEOPLE.co.uk
EXCLUSIVE
Kerry
Simon!


SUNDAY Mirror
Half price
ROONEY AND THE VICE
WORLD EXCLUSIVE
He cheats on Coleen while she's expecting their baby
TORY MP'S WIFE


recovery
DAILY Mirror
Hotel rooms £10
FOOL MONTE!
A MINER


celebs on Sunday
SUMMER BODY special
40+
THE DREAM BEACH DIET
Exclusive
SARAH HARDING
'The real me revealed'

Nationals readership

10.0m

Unique users

10.7m per month

Acquisition of GMG Regional Media

Highly successful acquisition of GMG Regional Media, including Manchester Evening News, Surrey Advertiser and weekly titles and websites in the North West and South of England.

Investment to grow core print and digital revenues

Investment in new initiatives presents opportunities to drive diversified revenue streams across multiple media channels.

Strong financial performance

Resilient portfolio of newspaper and digital brands, delivering strong operating profit* growth of 17% in 2010, despite challenging revenue environment.

Efficient operating model

Investment in state-of-the-art IT systems has resulted in a step change to the entire publishing process, achieving efficiencies without detriment to quality across multimedia platforms.

Contract printing

Largest contract printer of newspapers in the UK through leveraging our network of nine high quality, full colour, printing facilities across the UK.

Strong balance sheet

Strong cash generation, low levels of debt and reduced pension obligations ensuring lower leverage and increased financial flexibility.

Investment in people

Launch of Inspirational Leadership and Talent Development Programmes tailored to develop, support and enhance the capabilities of staff across the Group.

Chairman and Chief Executive statement

Sir Ian Gibson CBE
Chairman

Sly Bailey
Chief Executive

The Group delivered a strong financial performance for 2010 with operating profit growing by 17.0%. The improved operating profit and reduced interest costs resulted in earnings per share increasing by 43.0%. The Group remained highly cash generative with net debt falling by £58.1 million to £265.9 million.

The strong performance in a fragile economic environment, which saw low GDP growth, high unemployment and continued pressure on revenues, demonstrates the resilience of our strong portfolio of businesses. Management's focus on maximising revenues in these challenging trading conditions, coupled with a strong revenue performance of £50.9 million from GMG Regional Media, ensured the Group achieved revenues broadly in line with 2009. Importantly the revenues from GMG Regional Media did not require significant investment as the acquisition was completed for a cash consideration of only £7.4 million.

Group revenues were marginally down from £763.3 million to £761.5 million. Excluding the acquisition of GMG Regional Media, Group revenues were down by 6.9% to £710.6 million providing clear evidence of an improvement in revenue trends when compared to the decline of 12.4% experienced during 2009. The year-on-year revenue trends in 2010 have been adversely impacted by the additional week of trading in 2009 which contributed £9.9 million and by the impact of the severe weather conditions across the UK during December 2010.

A strong operating profit performance was achieved as management continued to tightly manage the cost base. The underlying cost base fell by £64.7 million in the year including structural cost savings of £25 million, £5 million ahead of the target we set at the beginning of the year.

The Group generated cash flows from operating activities of £110.1 million after paying £31.9 million to fund deficits in our defined benefit pension schemes. The strong financial performance of the Group enabled continued investment in our business and the acquisition of GMG Regional Media.

Our investment in the modernisation of business processes and structures throughout the Group, via the implementation of the new operating model, continues to reap sustainable efficiencies while supporting our strategic goal of building a multimedia business of scale. New IT systems have enabled us to re-engineer how we publish across editorial, advertising and pre-press. This has resulted in a step change in the way content is gathered and published across print and digital. Importantly we are not trying to do the same things with fewer people. Instead, the technology enables fundamental changes to the entire publishing process, achieving efficiencies at a significantly lower cost base without detriment to quality.

Investment in our printing presses over the past five years has provided full colour and enhanced quality for our portfolio of titles whilst improving resilience across our print network. In addition, we have been able to utilise our spare capacity across the print network to increase contract print revenues with the Group now the largest contract printer of newspapers in the UK. Our print network was further enhanced with the acquisition of a print plant in Reading as part of the acquisition of GMG Regional Media providing the Group with increased capacity and flexibility. The Reading plant provided added resilience for our print network and was key to securing the print contract for the 'i' newspaper following its launch in October 2010. Contract print revenues are more stable and resilient to the business cycle, with contracts typically running over several years. During the year the Group delivered contract print revenues of £45.1 million and continuing to grow revenues in this area is a key management objective. We do not anticipate a requirement for any further material capital investment in the Group's print network.

2010 has seen continued strengthening of the Group's balance sheet, ensuring we exit the year with significant financial flexibility, low leverage and no refinancing risk. The strong cash flow generated by the Group contributed to net debt falling by £58.1 million from £324.0 million to £265.9 million.

The strong cash generation of the business provides the Board with confidence that the Group is making progress towards the reinstatement of dividends. Nevertheless, the Board believes it prudent to maintain financial flexibility for the time being and therefore the Board is not proposing a dividend until such time that we see an improvement in the trading environment.

Chairman and Chief Executive statement

> Revenues for the Regionals division increased by 9.3% reflecting the benefit of the acquisition of GMG Regional Media.

Following an extensive consultation process the Group closed all its defined benefit pension schemes to future accrual on 31 March 2010.

The much improved financial position provides the Group with headroom for investment in growing our print and digital revenues. A number of investment initiatives have already commenced and once fully implemented will present multiple opportunities to drive revenues. The investments already underway include:

- A new customer relationship management system which will provide opportunities to drive advertising revenues through better customer data and insight. The new system will provide tools for more effective targeting of marketing initiatives and improve customer service. Key areas of focus will include increasing customer numbers, improving customer retention and increasing customer value;
- Implementation of a new digital content management system (dcms). This system will increase the functionality of our websites and enable the development of audience-growth initiatives. These include the integration of social media, an improvement in editorial speed around breaking news and the flexibility to manage the publication of our content on any device i.e. PC, mobile, smartphone or tablet. The dcms will be fully integrated with the recently implemented Contentwatch editorial production system and together with our contextual and behavioural targeting systems will drive new advertising revenue opportunities; and
- Investment in our digital marketing services offering. The investment, in both staff and infrastructure, will enable the development of new digital products and services in order to widen the customer base and increase revenues. Examples include website design and development, search engine optimisation, e-mail marketing and social media.

These investments will provide the appropriate platform for the business to drive more diversified revenue streams across multiple media channels. Whilst these investments will, in the short term increase operating costs during 2011, they support our strategic objective of building a multimedia business of scale to deliver significant value enhancement for shareholders. The capital investment for these initiatives will be funded within the £15 million per annum targeted capital expenditure, with incremental operating costs of some £5 million.

Regionals Division

2010 has proven to be another challenging year for the regional newspaper industry against the backdrop of a difficult economic environment. However management's continued focus on strong portfolio management, the implementation of the new operating model, the acquisition of GMG Regional Media and the strong national advertising performance from our Metro titles has resulted in a substantial increase in operating profit and strong margin recovery. Operating profit increased by 44.0% from £35.9 million to £51.7 million with operating margin increasing by 3.7 percentage points from 11.9% to 15.6%.

Revenues for the Regionals division increased by 9.3% reflecting the benefit of the acquisition of GMG Regional Media, partially offset by an underlying decline in revenues. We were encouraged by the continued improvement in revenue trends which saw underlying revenues during the year fall by 7.5% representing a significant improvement compared to the 23.5% decline during 2009. In 2010 digital activities represented 9.8% of revenue and 18.2% of operating profit for the division.

The underlying revenue performance reflects the impact of the fragile economic environment with falling public sector spending, high levels of unemployment, a sluggish property market and low levels of consumer confidence. Whilst the acute cyclical pressures have most adversely impacted our classified advertising categories of recruitment, property and motors, these categories now represent a smaller proportion of our advertising revenues.

For the Regionals division in 2010, recruitment, property and motors represented 34.2% of advertising revenues with 26.1% of these revenues being digital. The impact on the division from these categories is much reduced and they are well placed to benefit from a combination of cyclical recovery and any structural changes when market conditions improve. In recent months our national recruitment websites have returned to growth. This improved performance combined with our taking full control of fish4 is forecast to see digital represent some 45% of recruitment advertising revenue in 2011.

> "Our Nationals division performed strongly in 2010, demonstrating the resilience of the businesses."

GMG Regional Media

The acquisition of GMG Regional Media, completed on 28 March 2010, has proved highly successful. The acquisition included MEN Media and S&B Media. MEN Media comprises the Manchester Evening News and a number of weekly titles and associated websites in the North West of England. S&B Media comprises a number of weekly titles and associated websites in the South of England. The acquisition has been fully integrated into our Regionals division and extends the Group's reach across print and digital providing further scale in these key geographies. Our management teams have ensured that best practice is shared between existing and acquired businesses and equipped them with the Group's revenue generating tools such as Local Mole, our local business directory and our advertising self serve product.

MEN Media relocated to our freehold building at our print plant in Chadderton, Greater Manchester, in September 2010, though the business retains a city centre presence in Manchester. Investment in the acquired business saw MEN Media launch a new free weekly business magazine 'Greater Manchester Business Week' and companion website covering the Greater Manchester area in November 2010.

Since completion of the acquisition, the business has delivered strong operating results with revenues of £50.9 million and operating profit of £5.7 million, achieving a margin of 11.2%.

fish4

On 13 October 2010, the Group took control of the 50% of fish4 not previously controlled. fish4 sits alongside the brands in our digital portfolio including GAAPweb, totallylegal, SecsintheCity and SmartNewHomes. Launched in 1999, fish4 operates one of the UK's best known websites for jobs, cars and homes. fish4jobs was one of the UK's first mass-market recruitment websites. fish4 strengthens the Group's position in the important generalist recruitment market and will boost digital recruitment advertising revenues by around £3 million in the first full year of control.

Nationals Division

Our Nationals division performed strongly in 2010, demonstrating the resilience of the businesses through the downturn. The division delivered operating profit growth of 3.0% with operating margin improving by 1.8 percentage points from 18.2% to 20.0%. Revenue declines of 6.5% reflect there being no cover price increases during 2010 partially mitigated by a significant improvement in the advertising revenue performance.

Each of our national titles broadly maintained advertising volume market share during the year, thereby continuing to demonstrate the relevance and importance of our national brands to advertisers and their agencies. The strong market positions of our UK brands in particular ensured that their advertising revenues grew for most months during 2010 although we have seen continued month on month volatility.

Following the investment and implementation of the Contentwatch editorial production system, we have created more efficient multimedia newsrooms for our titles. Changes to editorial processes and structures have eliminated outdated working practices delivering efficiencies without compromising quality. Editorial headcount has been reduced by around 200 positions, including 60 which were filled by casual workers.

The strength of our newspaper titles is clear from the significant paid-for circulation volumes of our titles and the mass audience reach they provide in a fragmenting media landscape. The Daily Mirror and Daily Record achieved a joint circulation in excess of 1.5 million copies per day on average during 2010 with readership per issue of 3.9 million. Our national Sunday titles, the Sunday Mirror, The People and the Sunday Mail, achieved a joint circulation of 2.0 million copies on average in 2010 with readership per issue of 6.1 million. The Sunday Mail continues to be the biggest selling newspaper in Scotland, with a circulation which is nearly 100,000 copies larger than the next best-selling title. The Sunday Mail is also market leader in readership terms reaching 46% more readers than the next best-read Sunday title. The websites of our national titles and brands have 10.7 million average monthly unique users.

Across the national popular newspaper market, circulations continued to decline year on year. The circulation performance of our five national titles reflects our policy of not chasing short-term circulation volume through cover price discounting, or through levels of marketing spend which do not provide a return on investment. Our titles have a higher proportion of full rate sales within their audited ABC circulation figures than any of their national competitors.

Chairman and Chief Executive statement

> We remained committed to attracting and retaining a talented workforce and have continued to invest in supporting and developing staff.

Regulation

Whilst we are disappointed that the Government decided not to progress with the pilots for Independently Funded News Consortia, we await with interest their final plans for local TV. We also note the Government is progressing with its plans to relax all local cross media ownership regulations. Any increase in flexibility provided by relaxation in media ownership rules presents potential opportunities to react to market changes and consider cross-platform options in an era when traditional platform distinctions are increasingly irrelevant to consumers and advertisers.

The Group believes that scale in regional media can be an important driver of value for shareholders and the acquisition of GMG Regional Media during the year was a compelling demonstration of this. The Group will consider further regional consolidation opportunities where there is a strong financial case and a good commercial and strategic fit.

Capital Expenditure

We continued to tightly manage our capital expenditure during the year. Capital expenditure in the year was £14.2 million against depreciation of £33.9 million. Proceeds from the sale of two freehold properties amounted to £2.7 million. Net capital expenditure amounted to £11.5 million.

Capital expenditure is expected to be maintained at around £15 million per annum for the foreseeable future and will remain below depreciation as the Group has already invested in new presses.

Cash Flow and Net Debt

The Group continued to generate strong cash flows during the year which enabled net debt on a contracted basis to fall by £58.1 million from £324.0 million to £265.9 million. On a statutory basis, net debt fell by £62.5 million from £299.8 million to £237.3 million.

Our strong cash flows and prudent management of our financing facilities ensured that the Group maintained significant financing flexibility with no drawings on the Group's £178.5 million bank facility which is committed until June 2013. The Group holds a significant cash balance which at the year end amounted to £116.2 million, in order to provide ready funds for the next repayment of the private placement loan notes which is due in October 2011 and is expected to be repaid substantially through cash balances and cash generated in 2011.

Pensions

Following an extensive consultation process the Group closed all its defined benefit pension schemes to future accrual on 31 March 2010. All former members were given the option to join the Group's defined contribution pension scheme. The closure of the defined benefit pension schemes to future accrual ensures that the Group is no longer increasing pension obligations with the potentially uncapped and increasing costs associated with the provision of defined benefit pensions. This step will also eliminate the volatility in the income statement operating profit charge for pensions as this will be based on the actual contributions to the Group's defined contribution pension schemes.

The defined benefit pension net deficit has fallen materially during the year by £135.6 million from £296.6 million to £161.0 million (£117.5 million net of deferred tax). The fall in the net deficit largely reflects the benefit of increasing assets values. Liabilities have increased marginally, with the significant reduction following the Government change to link state pension increases to CPI instead of RPI, which has impacted most of our deferred pensions, being more than offset by a reduction in the real discount rate and other changes.

> Managements drive to maximise revenues and tightly manage costs while investing for growth will help support profitability in 2011.

Employees

We remained committed to attracting and retaining a talented workforce during 2010 and have continued to invest in supporting and developing our staff. At the beginning of 2010 we established a Group Training and Development Steering Committee chaired by the Chief Executive to ensure that resources were channelled to best support the Group's strategic goal. It is particularly pleasing to report that during 2010 strong progress has been made on a number of key initiatives:

- An Inspirational Leadership Programme was launched to develop the skills and capabilities of senior managers across the Group. Over 90 managers took part in the three day programme in 2010;
- A Talent Development Programme was designed to develop the skills of the next level of managers. These and other training programmes contributed to 90% of the management team benefiting from training during 2010; and
- A Customer Service Promise was introduced to all employees outlining our commitment to customers. During the year, over 1,800 members of staff received training specific to this initiative.

Dividend

The Board continues to see an improvement in the cash flows generated by the Group which has contributed to net debt falling by £58.1 million to £265.9 million. This continued improvement in the Group's financial position has been achieved against the backdrop of a challenging trading environment.

The strong cash generation of the business provides the Board with confidence that the Group is making progress towards the reinstatement of dividends. Nevertheless, the Board believes it prudent to maintain financial flexibility for the time being and therefore the Board is not proposing a dividend until such time that we see an improvement in the trading environment.

The consistent key factors that the Board will consider in assessing the trading environment are:

- Year on year stability and improved visibility in advertising revenues; and
- Clear evidence that the economy has returned to a sustainable period of growth.

Key Operating Trends and Outlook

The highly successful acquisition of GMG Regional Media enabled Group revenue to increase by 3% in January and February. Excluding GMG Regional Media, revenues fell by 6% with advertising revenues falling by 10% and circulation revenues falling by 5%. Advertising revenues for Regionals, excluding GMG Regional Media, fell by 11% and for Nationals fell by 9%.

In 2010 the Group delivered a reduction in the underlying cost base of £64.7 million with structural cost savings of £25 million. The Group's focus on maximising revenues and tight management of the cost base enabled profit to grow in 2010. In 2011 we will continue to tightly manage the cost base and expect at least £10 million structural cost savings, although this will be more than offset by general inflationary price increases, average increase in newsprint prices in excess of 20% and investment in our businesses. We expect restructuring costs in 2011 to be around £10 million.

The Board envisages a volatile and slow recovery in the UK economy as public sector spending cuts and taxation increases continue to impact consumer confidence, unemployment and the property market. However, the Board remains confident that management's drive to maximise revenues and tightly manage costs while investing for growth will help support profitability in 2011 whilst positioning the Group for growth when market conditions improve.

Sir Ian Gibson CBE
Chairman

Sly Bailey
Chief Executive

Board and management team

1. **Sly Bailey** (49)

Chief Executive
Sly was appointed Chief Executive in February 2003. She started her media career in advertising sales at The Guardian and then The Independent. In 1989 she joined IPC Media Limited as Head of Classified Advertising Sales and joined their Board in 1994 as Advertising Director. In 1997 Sly was appointed Managing Director of IPC tx, the TV listings division. In December 1999 she was appointed Chief Executive of IPC Media Limited and subsequently led the sale of the business to AOL Time Warner.

Sly is a non-executive director and Remuneration Committee member of Ladbrokes plc. She is also a Governor of The English National Ballet School and is a non-executive director of the Press Association and President of NewstrAid, a charity for the wholesale and retail news trade. Sly was previously Senior Independent Director and Remuneration Committee Chairman of EMI plc and a non-executive director of Littlewoods Plc.

2. **Sir Ian Gibson CBE** (64)

Chairman
Sir Ian joined the Board of Trinity Mirror and was appointed Chairman in May 2006. He is non-executive Chairman of Wm Morrison Supermarkets plc. In September 2010, Sir Ian was appointed non-executive member of the Public Interest Board for PricewaterhouseCoopers LLP. Previously he was President of Nissan Europe and Senior Vice President of Nissan Group. Sir Ian was Chairman of BPB plc, was on the Court of the Bank of England, was Deputy Chairman of Asda Group plc, Senior non-executive director of Northern Rock plc and a non-executive director of GKN plc and Greggs plc.

3. **Gary Hoffman** (50)

Non-Executive Director
Gary joined the Board in March 2005 and has been Senior Independent Director since May 2007. Gary has been appointed as Chief Executive of NBNK Investments plc (effective May 2011). He is a director of Visa Europe. Previously Gary has been Chief Executive of Northern Rock plc, Vice-Chairman of Coventry City Football Club and Group Vice-Chairman and Executive Director of Barclays plc.

4. **Jane Lighting** (54)

Non-Executive Director
Jane joined the Board as a non-executive director in January 2008 and was appointed Chairman of the Remuneration Committee in 2009. Jane was Chief Executive of Five and of Flextech plc and is a Trustee and Fellow of the Royal Television Society and Council Member of the British Screen Advisory Council. Jane was appointed as a non-executive director of Paddy Power plc in September 2009.

5. **Kathleen O'Donovan** (53)

Non-Executive Director
Kathleen joined the Board in May 2007. She is Chairman of the Audit and Risk Committee. Kathleen is the senior independent director of ARM Holdings plc and is a non-executive director at Prudential plc. Previously she was on the Court of the Bank of England and held non-executive directorships at O2 plc and EMI plc. Between 1998 and 2002 she was CFO of Invensys plc, having previously been the Finance Director of its legacy company BTR plc which merged with Siebe plc to create Invensys.

6. **Vijay Vaghela** (44)

Group Finance Director
Vijay qualified as a chartered accountant and worked in private practice with Deloitte. He joined Mirror Group in 1994 as an Internal Auditor. He was subsequently Group Treasurer and then Director of Accounting and Treasury. He was appointed Group Finance Director and joined the Board in May 2003.

7. **Paul Vickers** (51)

Secretary and Group Legal Director
Paul joined the Board in September 1999 having been a director of Mirror Group since 1994. He originally qualified as a barrister and was in private practice at the Bar. He was legal manager of the London Daily News, which he left to join the breakfast television company TV-am where he subsequently became Assistant Managing Director. He was previously a non-executive director of Virgin Radio. Paul is a director of the Press Standards Board of Finance, the body that funds and sets the remit for the PCC.

8. **Laura Wade-Gery** (45)

Non-Executive Director
Laura joined the Board in August 2006. Laura has been appointed as executive director, Multi-channel E-commerce at Marks and Spencer plc and will take up that role during the course of the year. Previously Laura has been Chief Executive of Tesco.com, Director of Tesco Bank and Group Strategy Director, Tesco plc. Prior to joining Tesco in 1997, Laura held positions with Gemini Consulting and Kleinwort Benson.

Executive Committee
Sly Bailey, Chief Executive
Vijay Vaghela, Group Finance Director
Paul Vickers, Secretary and Group Legal Director

9. **Nick Fullagar**

Director of Corporate Communications
Nick was appointed Director of Corporate Communications in 2001. He started his career in journalism on local and regional newspapers, including the Western Mail in Cardiff, before joining the Daily Mirror in 1980. After a number of roles, including news editing, Nick moved into communications in 1993 as Head of Public Relations for Mirror Group. Nick is a trustee of the Child Growth Foundation and a governor of Grove Park school, East Sussex.

10. **Georgina Harvey**

Managing Director, Regionals
Georgina joined the Company in February 2005. She started her media career at Express Newspapers where she was appointed Advertising Director in 1994. She joined IPC Media in 1995 as Group Advertising Sales Director for SouthBank and went on to form IPC Advertising in 1998, where she was Managing Director. Georgina became a member of the Board of IPC Media in 2000 and was subsequently appointed Managing Director of Wallpaper* Group in 2003. Georgina was appointed as President of the Newspaper Society in July 2010.

11. **Mark Hollinshead**

Managing Director, Nationals
Mark was appointed as Managing Director of our Nationals division in September 2008. From 1998 he was Managing Director of the Scottish Daily Record and Sunday Mail Ltd, prior to which he was Managing Director of Midland Weekly Media Ltd. He was previously Business Development Director at Thomson Regional Newspapers Ltd, Marketing Director at MIN plc and Research Manager at the Wolverhampton Express & Star, having entered the newspaper industry in advertising sales at the Midland News Association Ltd in the mid 1980s. Mark spent the early part of his career working in advertising agencies. He is a director of the Newspaper Publishers Association Ltd and former Chairman of Scottish Athletics Ltd.

12. **Rupert Middleton**

Director of Manufacturing
Rupert joined Trinity Mirror as Group Director of Manufacturing in March 2004. He is responsible for Trinity Mirror Printing, the integrated manufacturing division that prints all Trinity Mirror newspaper titles and a significant volume of copies for external publishers including the Daily Mail and The Independent. Prior to joining Trinity Mirror, Rupert has previously been Managing Director of a division within The Stationery Office, and Managing Director of Westferry Printers. Rupert is Chair of Governors at Tower Hamlets Further Education College and President of the British Printing Industry Federation.

13. **Tony Pusey**

Group Information Technology Director
Tony was appointed Group IT Director in December 2000. Prior to joining Trinity Mirror, he was Group CIO and Business Change Director at Storehouse plc, which incorporates Bhs and Mothercare.

Business review

The Business review unless otherwise stated, is presented on an adjusted basis to provide a more meaningful comparison of the Group business performance between 2009 and 2010. Adjusted results exclude the impact of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments and the impact of tax legislation changes. The Business review has been prepared for the 52 weeks ended 2 January 2011 and the comparative period has been prepared for the 53 weeks ended 3 January 2010. The additional week of trading in 2009 contributed revenue of £9.9 million and operating profit of £4.2 million. A reconciliation between the adjusted results and the statutory results is provided in note 38 on page 99.

Group activities

Trinity Mirror is one of the UK's largest newspaper publishers with an award winning portfolio including five national newspapers, over 160 regional newspapers and more than 500 digital products. The Group employs over 6,500 people in around 60 locations across the UK, including nine print sites. The Group has two trading divisions: Regionals and Nationals.

Group strategy

Our strategic goal is to build a growing multi-platform media business, by developing and sustaining strong positions across print and digital, with products and services which meet the needs of our customers, both readers and advertisers.

Our marketplace

The UK economy remained fragile in 2010 with further pressure created by the implications of the announced public sector spending cuts and tax rises and increasing uncertainty regarding the financial stability of a number of major European countries. The ongoing fragility in the UK economy led to only marginal growth in GDP, high unemployment and a sluggish and volatile property market. The challenging economic environment continued to place pressure on the Group's key advertising and circulation revenues.

The severe weather conditions in December 2010 contributed to a more marked slowdown in advertising revenues as advertisers cancelled spend and also impacted circulation volumes due to the difficulties in getting our newspapers to retailers and therefore consumers.

The Group continues to manage the implications of media fragmentation coupled with the highly competitive national newspaper market characterised by ongoing price cutting in the tabloid marketplace, although we have seen some moderation in cover price cutting as we have moved into 2011.

Whilst the market conditions remained challenging, the strength of our portfolio of brands ensured that we saw an improvement in the rate of decline in advertising revenues during the year and we continued to provide significant reach across the UK through our mass circulation national newspapers portfolio, our market leading regional newspapers and our national and local websites.

Group performance

Statutory results

The statutory results for the 52 weeks ended 2 January 2011 (2010) compared to the 53 weeks ended 3 January 2010 (2009) represents a significant improvement in performance due to the management action taken in 2009 and 2010 and the benefit from the GMG Regional Media acquisition despite 2010 having one less week of trading.

	2010 £m	2009 £m	Variance £m
Revenue	**761.5**	763.3	(1.8)
Operating costs	**(638.9)**	(658.4)	19.5
Amortisation of intangibles	**(6.0)**	(7.1)	1.1
Share of results of associates	**0.7**	0.5	0.2
Non-recurring items	**20.7**	(11.3)	32.0
Operating profit	**138.0**	87.0	51.0
Finance items	**(14.3)**	(45.0)	30.7
Profit before tax	**123.7**	42.0	81.7
Tax charge	**(10.4)**	(12.7)	2.3
Profit after tax	**113.3**	29.3	84.0
Earnings per share	**44.6p**	11.5p	33.1p

Group revenue in 2010 fell marginally by £1.8 million from £763.3 million to £761.5 million.

On a statutory basis operating profit improved by £51.0 million from £87.0 million to £138.0 million. The material increase in operating profit is driven by the improved underlying profitability of the Group together with the operating profit of GMG Regional Media of £5.7 million and the benefit of a non-recurring credit of £20.7 million compared to a non-recurring charge of £11.3 million in the prior year.

Profit before tax on a statutory basis increased by £81.7 million from £42.0 million to £123.7 million. This reflects increased operating profit, lower interest costs and the benefit from the retranslation of foreign currency borrowings and fair value changes on derivative financial instruments which were a credit of £7.5 million compared to a charge of £12.3 million in the prior year.

The statutory tax charge for the period was £10.4 million reflecting a current year charge of £25.8 million partially offset by a prior year credit of £4.0 million and a credit of £11.4 million relating to the impact on deferred tax balances of the change in the rate of corporation tax from 28% to 27% which was substantively enacted in the year and is effective in April 2011. The statutory tax charge represents 8.4% of the statutory profit before tax. This is lower than the statutory rate of 28% primarily due to the accounting gain on the acquisition of GMG Regional Media not being taxable and the impact of the tax rate change.

Profit after tax on a statutory basis improved by £84.0 million from £29.3 million to £113.3 million. Earnings per share on a statutory basis increased by 33.1 pence from 11.5 pence to 44.6 pence.

Non-recurring items

	2010 £m	2009 £m
Gain on acquisition of business	**27.3**	–
Restructuring charges	**(11.1)**	(17.9)
Release of accruals	**3.6**	–
Profit on disposal of land and buildings	**1.3**	5.1
Defined benefit pension schemes	**(0.4)**	9.9
Impairment of receivables	**–**	(6.0)
Loss on disposal of business	**–**	(2.4)
Non-recurring items	**20.7**	(11.3)

During 2010, the Group had a net non-recurring credit of £20.7 million (2009: £11.3 million charge).

On 28 March 2010 the Group acquired GMG Regional Media resulting in an accounting gain of £28.4 million representing negative goodwill of £23.6 million and a gain on a cancelled print contract of £4.8 million partially offset by transaction costs of £1.1 million.

Restructuring charges in connection with the delivery of cost reduction measures and implementation of the new operating model for the Group amounted to £11.1 million (2009: £17.9 million). We expect total restructuring charges in 2011 to be around £10 million.

The Group released accruals of £3.6 million (2009: £nil) for which no further costs are expected.

The Group received cash proceeds of £2.7 million from the sale of two freehold buildings giving rise to a profit of £1.3 million (2009: £5.1 million gain on the disposal of a property in Birmingham).

The defined benefit pension schemes' non-recurring loss of £0.4 million comprises a past service cost of £8.3 million in relation to the clarification of certain members' benefits less a curtailment gain of £7.9 million relating to the Group closing the schemes to future accrual and the impact of redundancies (2009: £9.9 million gain in respect of a curtailment gain relating to redundancies and the Group indicating that it will no longer exercise discretion in providing enhancements to past service on redundancy).

Finance items

	2010 £m	2009 £m
Investment revenues	**1.4**	0.2
Pension finance charge	**(7.1)**	(10.5)
Interest expense	**(16.1)**	(22.4)
Fair value gain/(loss) on derivative financial instruments	**16.4**	(45.6)
Foreign exchange (loss)/gain on retranslation of borrowings	**(8.9)**	33.3
Total finance items charge	**(14.3)**	(45.0)

Investment revenues increased to £1.4 million (2009: £0.2 million) reflecting higher net cash balances and interest on a VAT refund on costs incurred on the issue of shares in prior periods.

The pension finance charge which represents an assumed return on assets and the unwinding of the discount on liabilities within the Group's defined benefit pension schemes was £7.1 million (2009: £10.5 million).

The interest expense decreased to £16.1 million (2009: £22.4 million) reflecting lower average interest rates.

Business review

The impact of fair value changes in derivative financial instruments and the retranslation of foreign denominated borrowings resulted in a net credit of £7.5 million (2009: £12.3 million net charge).

Adjusted results

	2010 £m	2009 £m	Variance %
Revenue	**761.5**	763.3	(0.2)
Labour	**(248.8)**	(255.6)	2.7
Newsprint	**(105.0)**	(114.5)	8.3
Depreciation	**(33.9)**	(36.8)	7.9
Other costs	**(251.2)**	(251.5)	0.1
Operating costs	**(638.9)**	(658.4)	3.0
Share of results of associates	**0.7**	0.5	40.0
Operating profit	**123.3**	105.4	17.0
Pension finance charge	**(7.1)**	(10.5)	32.4
Net interest costs	**(14.7)**	(22.2)	33.8
Profit before tax	**101.5**	72.7	39.6
Tax charge	**(28.9)**	(21.6)	(33.8)
Profit after tax	**72.6**	51.1	42.1
Earnings per share	**28.6p**	20.0p	43.0

Group revenue in 2010 fell marginally by £1.8 million from £763.3 million to £761.5 million. Excluding GMG Regional Media, Group revenues fell by £52.7 million from £763.3 million to £710.6 million. The revenue trends have been adversely impacted by the additional week's trading in 2009 which contributed revenue of £9.9 million and by the impact of the severe weather conditions across the UK during December 2010.

Group operating profit increased by £17.9 million from £105.4 million to £123.3 million. Operating costs decreased by £19.5 million and excluding GMG Regional Media operating costs fell by £64.7 million. The significant reduction in costs reflects the ongoing tight management of costs, the structural cost savings of £25 million and lower average newsprint prices during the year. Operating margins increased by 2.4 percentage points to 16.2%.

Profit before tax improved by £28.8 million from £72.7 million to £101.5 million reflecting the improved operating profit, lower interest costs and a lower pension finance charge. The tax charge of £28.9 million for the year represents 28.5% of profit before tax. Profit after tax improved by £21.5 million from £51.1 million to £72.6 million with earnings per share growing by 43.0% from 20.0 pence to 28.6 pence.

Group revenue analysis

Group revenues by type, including and excluding GMG Regional Media, is set out below:

	Including GMG Regional Media			Excluding GMG Regional Media		
	2010 £m	2009 £m	Variance %	2010 £m	2009 £m	Variance %
Advertising	**351.3**	331.8	5.9	**311.0**	331.8	(6.3)
Circulation	**317.4**	339.3	(6.5)	**310.2**	339.3	(8.6)
Other	**92.8**	92.2	0.7	**89.4**	92.2	(3.0)
Total	**761.5**	763.3	(0.2)	**710.6**	763.3	(6.9)

The revenue performance reflects an increase in advertising revenues of 5.9%, a fall in circulation revenues of 6.5% and an increase in other revenues of 0.7%. GMG Regional Media contributed £40.3 million advertising revenues, £7.2 million circulation revenues and £3.4 million other revenues during 2010. Excluding GMG Regional Media, revenues declined by 6.9% with advertising revenue falling by 6.3%, circulation revenue falling by 8.6% and other revenue falling by 3.0%. The overall decline in revenues reflects the fragility of the UK economy which continues to adversely affect our customers, both readers and advertisers. However, we have seen a marked improvement in the rate of decline in advertising revenue which is down 6.3% in 2010 compared to a decline of 22.2% during 2009. Lower circulation revenues reflect lower circulation volumes only marginally mitigated by limited cover price increases in the Regionals and no cover price increases in the Nationals. The fall in other revenue is driven by the impact of contract print services previously charged to GMG Regional Media which are now classified as internal charges. Excluding all charges to GMG Regional Media for 2009 and in 2010 prior to the acquisition, other revenues increased by 3.2% due to new third-party contract print revenues.

Group digital revenue, included in advertising and other revenue, increased by £1.5 million from £35.6 million to £37.1 million. Excluding GMG Regional Media, Group digital revenue fell marginally by £0.7 million from £35.6 million to £34.9 million. This reflects ongoing declines in recruitment and property advertising revenues driven by high levels of unemployment and a sluggish property market, in particular the new homes market. Encouragingly we continue to see growth in other digital revenues such as motors and directories. Audience growth remains strong with average monthly unique users for the year increasing by 19% year on year to reach 21.6 million for the year. We remain committed to growing our digital revenue and have continued to invest in new launches.

Group revenue by division, including and excluding GMG Regional Media, is set out below:

	Including GMG Regional Media			Excluding GMG Regional Media		
	2010 £m	2009 £m	Variance %	2010 £m	2009 £m	Variance %
Regionals	**331.2**	302.9	9.3	**280.3**	302.9	(7.5)
Nationals	**430.3**	460.4	(6.5)	**430.3**	460.4	(6.5)
Total revenue	**761.5**	763.3	(0.2)	**710.6**	763.3	(6.9)

Revenue for the Regionals increased by 9.3% to £331.2 million and for the Nationals fell by 6.5% to £430.3 million. Excluding GMG Regional Media, Regionals revenue fell by 7.5%.

Group operating profit analysis

Group operating profit by division, including and excluding GMG Regional Media, is set out below:

	Including GMG Regional Media			Excluding GMG Regional Media		
	2010 £m	2009 £m	Variance %	2010 £m	2009 £m	Variance %
Regionals	**51.7**	35.9	44.0	**46.0**	35.9	28.1
Nationals	**86.1**	83.6	3.0	**86.1**	83.6	3.0
Central	**(14.5)**	(14.1)	(2.8)	**(14.5)**	(14.1)	(2.8)
Total operating profit	**123.3**	105.4	17.0	**117.6**	105.4	11.6

Group operating profit increased by 17.0% from £105.4 million to £123.3 million despite revenue being under pressure. Both Regionals and Nationals increased operating profit by 44.0% and 3.0% respectively. Excluding GMG Regional Media, Regionals operating profit grew by 28.1%.

Key performance indicators
The key performance indicators for the Group are primarily financial. These include revenue, operating profit and operating margin, circulation volumes, unique users and reach. In a declining market, as we have experienced in 2010, the Group seeks to target performance in line with or ahead of competitors or comparators taking account of our publishing strategy and that of our competitors.

Relevant key performance indicators for each division are included in the respective sections of the Business review.

Regionals division

The Regionals division publishes an extensive portfolio of print and digital media brands across the UK. The print portfolio comprises over 160 paid-for and free newspaper titles and includes 31 titles acquired with GMG Regional Media. In the majority of our geographical regions, our print titles reach over 70% of the adult population on a weekly basis. Our digital portfolio includes companion websites to our key newspaper titles, hyperlocal sites serving specific postcodes and communities, local sites in the key verticals of recruitment, property and motors and national sites in recruitment and property and a growing digital marketing services offering.

2010 has proven to be another challenging year for the regional newspaper industry with underlying revenue declines, reflecting the impact of low GDP growth, falling public sector spend, limited availability of credit, high levels of unemployment and a sluggish property market which collectively contributed to low levels of consumer and advertiser confidence. Regional media businesses have been hit particularly hard by the economy due to the higher proportion of advertising revenues relative to circulation revenues and the proportion of advertising revenues coming from the more cyclical classified categories. Whilst revenues remain under pressure, our Regionals division continued to provide significant audience reach in the markets in which we operate.

Despite the challenging environment, management's continued focus on cost, the implementation of the new operating model, coupled with the acquisition of GMG Regional Media and the strong national advertising performance from our Metro titles has led to a substantial increase in operating profit and strong margin recovery.

Whilst the acute cyclical pressures have significantly impacted our classified advertising revenues, these categories now represent 54.6% of advertising revenues. The more resilient display advertising now represents 45.4%. In addition, within the key classified categories of recruitment and property, digital revenue accounts for 38.6% and 18.8% respectively of advertising revenues. With recruitment and property revenues now a smaller proportion of advertising and a significant proportion of these coming from digital, the potential for these categories to adversely impact the business in the short term is much reduced and the business is now better placed to benefit from a combination of cyclical recovery and structural change.

Our regional paid-for and free newspapers have a weekly circulation of 6.4 million copies and readership of 7.7 million. Our websites have 11.1 million average monthly unique users. In our key markets, our brands have a significant reach amongst the adult population reaching 58% on a weekly basis in Scotland, 73% in the North East, 86% in the North West, 70% in the Midlands, 71% in South Wales and 56% in the South. The strength of our brands and highly motivated professional workforce has been recognised by numerous industry awards during the period, including several awards at the Newspaper Society Awards and the Press Gazette Regional Press Awards.

The acquisition of GMG Regional Media, completed on 28 March 2010 for a cash consideration of £7.4 million, has proved highly successful. The acquisition is a strong strategic fit with the existing portfolio and has performed ahead of our expectations achieving revenue of £50.9 million and operating profit of £5.7 million in the first nine months since acquisition. The acquisition included MEN Media, which comprises the Manchester Evening News and over 20 weekly titles and associated websites, and S&B Media, which includes the Surrey Advertiser and a number of weekly titles in the South and a print plant in Reading. The acquisition extends the Group's reach across print and digital and adds scale in the North West and the South.

The GMG Regional Media business has been fully integrated into our Regionals division. The Group is already seeing advertising revenue benefits from a broader reach across the North West and South. Our management teams ensured that best practice is shared between existing and acquired businesses, for example equipping the acquired businesses with new revenue generating tools such as Local Mole, our local business directory and our advertising self serve product.

MEN Media relocated to our freehold building at our print plant in Chadderton, Greater Manchester in September 2010, though the business retains a city centre presence in Manchester. S&B Media has been fully integrated into the Group's southern region and is operating on the same IT and operational infrastructure. The print plant in Reading has been fully integrated into our manufacturing network providing increased resilience and flexibility for our portfolio of newspapers whilst providing increased capacity to drive contract print revenues. We have invested in the business with the launch of a new free weekly business magazine 'Greater Manchester Business Week' and a companion website in Greater Manchester.

On 13 October 2010, the Group took control of fish4. fish4 sits alongside the brands in our digital portfolio including GAAPweb, totallylegal, SecsintheCity and SmartNewHomes. Launched in 1999, fish4 operates one of the UK's best known websites for jobs, cars and homes. fish4Jobs was one of the UK's first mass-market recruitment websites. fish4 strengthens the Group's position in the important generalist recruitment market, with digital recruitment advertising revenues being boosted by circa £3 million in the first full year of full control.

fish4 reported revenue during the period of £0.9 million and an operating loss of £0.4 million. fish4 is now fully integrated within our national recruitment portfolio and since taking full control, we have increased its audience with visits up 53% to 1.4 million, unique users up 62% to 1.1 million and job applications increasing by 92% to 0.3 million.

The new operating model continues to be implemented across the division with investment in IT and changes to the way the business is organised, increasing efficiency and reducing cost. Pre-press is now consolidated into two centres in Birmingham and Liverpool providing a more resilient service to all regions. Finance has also been consolidated into two centres in Newcastle and Liverpool providing a more efficient and consistent approach to processing and business support.

We continue to rationalise the property portfolio by exiting buildings and by bringing businesses together. Our national digital recruitment business has relocated to Canary Wharf and we have announced that Amra, our national sales house, and fish4 will also move into Canary Wharf in 2011.

Business review

Revenue and operating profit

The revenue and adjusted operating profit for our Regionals division, including and excluding GMG Regional Media, is as follows:

	Including GMG Regional Media			Excluding GMG Regional Media		
	2010 £m	2009 £m	Variance %	**2010 £m**	2009 £m	Variance %
Revenue						
Print and other related activities	**298.8**	272.1	9.8	**250.1**	272.1	(8.1)
Digital activities	**32.4**	30.8	5.2	**30.2**	30.8	(1.9)
Total revenue	**331.2**	302.9	9.3	**280.3**	302.9	(7.5)
Operating profit						
Print and other related activities	**42.3**	29.3	44.4	**37.7**	29.3	28.7
Digital activities	**9.4**	6.6	42.4	**8.3**	6.6	25.8
Total operating profit	**51.7**	35.9	44.0	**46.0**	35.9	28.1
Operating margin	**15.6%**	11.9%	3.7%	**16.4%**	11.9%	4.5%

Revenue for the Regionals division increased by 9.3% to £331.2 million reflecting the benefit of the acquisition of GMG Regional Media partially offset by a decline in underlying revenues. We are encouraged by the improvement in revenue trends which have seen underlying revenues during the year fall by 7.5%, a significant improvement compared to the 23.5% decline during 2009.

Operating profit for the Regionals division increased by 44.0% to £51.7 million and operating margin improved by 3.7 percentage points from 11.9% to 15.6%. The operating profit performance reflects the benefits of management actions to improve efficiencies and the acquisition of GMG Regional Media. Excluding GMG Regional Media, operating profit grew by 28.1% to £46.0 million and operating margin increased by 4.5 percentage points from 11.9% to 16.4%.

Print and other related activities revenue increased by £26.7 million and operating profit increased by £13.0 million. Whilst revenues excluding GMG Regional Media remained under pressure we grew underlying operating profits by 28.7% from £29.3 million to £37.7 million.

Digital activities revenue increased by £1.6 million and operating profit increased by £2.8 million. Digital activities now represent 9.8% of revenues and 18.2% of operating profit of the division. Whilst revenues excluding GMG Regional Media were under pressure we grew underlying operating profits by 25.8% from £6.6 million to £8.3 million and increased our audience reach. Average monthly unique users across our websites grew by 17% year on year to 11.1 million per month.

Revenue by type

Revenues by type, including and excluding GMG Regional Media, are set out below:

	Including GMG Regional Media			Excluding GMG Regional Media		
	2010 £m	2009 £m	Variance %	**2010 £m**	2009 £m	Variance %
Advertising	**222.5**	198.9	11.9	**182.2**	198.9	(8.4)
Circulation	**73.2**	72.5	1.0	**66.0**	72.5	(9.0)
Other	**35.5**	31.5	12.7	**32.1**	31.5	1.9
Total revenue	**331.2**	302.9	9.3	**280.3**	302.9	(7.5)

Total revenue comprises advertising (67.2%), circulation (22.1%) and other (10.7%). All revenue categories have grown during the year. Excluding GMG Regional Media both advertising and circulation revenues have declined whilst other revenues grew by 1.9%.

Advertising revenues

Advertising revenue increased by 11.9% including advertising revenue of £40.3 million from GMG Regional Media. Excluding GMG Regional Media, advertising revenue fell by 8.4% reflecting a decline of 8.0% in the first half and 8.9% in the second half. The rate of decline in the second half has been adversely impacted by the additional week's trading in 2009 and adjusting for this, advertising revenues in the second half declined by 7.8% which is a marginal improvement on the first half. The second half was also impacted by the severe weather conditions in December 2010. Although the advertising environment remained challenging throughout the year, we are encouraged by the material improvement in the year on year decline from the 29.5% decline in advertising revenues during 2009.

Advertising categories

Revenues by key advertising category, including and excluding GMG Regional Media, are set out below:

	Including GMG Regional Media			Excluding GMG Regional Media		
	2010 £m	2009 £m	Variance %	**2010 £m**	2009 £m	Variance %
Display	**101.0**	81.6	23.5	**81.0**	81.6	(1.0)
Recruitment	**38.6**	39.3	(2.0)	**31.8**	39.3	(19.4)
Property	**23.9**	21.4	11.1	**19.7**	21.4	(8.6)
Motors	**13.7**	12.6	8.6	**11.2**	12.6	(11.6)
Other classified	**45.3**	44.0	4.2	**38.5**	44.0	(11.1)
Advertising revenue	**222.5**	198.9	11.9	**182.2**	198.9	(8.4)

Advertising revenue by category year on year was as follows: display up 23.5%, recruitment down 2.0%, property up 11.1%, motors up 8.6% and other classified categories up 4.2%. Excluding GMG Regional Media, display was down 1.0%, recruitment down 19.4%, property down 8.6%, motors down 11.6% and other classified categories down 11.1%. Within display advertising, we are encouraged by the performance of our Metro titles which achieved year on year growth.

In 2010, the most cyclical categories of recruitment, property and motors represented 34.2% of advertising revenues and of these 26.1% is coming from digital. The impact on the division from these categories has much reduced over recent years and they are now better placed to benefit from a combination of cyclical recovery and any structural changes when market conditions improve. In recent months our national recruitment websites have returned to growth and this improved performance combined with our taking full control of fish4, digital will represent some 45% of recruitment advertising revenue into 2011.

Circulation revenues

Regionals circulation revenues increased by 1.0% including circulation revenue of £7.2 million from GMG Regional Media. Excluding GMG Regional Media, circulation revenue fell by 9.0% with only limited cover price increases during the year. Excluding GMG Regional Media, we experienced year on year volume declines of 7.6% for paid-for dailies, 10.6% for paid-for Sundays and 9.0% for paid-for weeklies reflecting the impact of consumers curtailing discretionary spend.

Circulation and readership volumes for our largest titles are set out below:

	2010 Daily circulation^	**2010 Average readers***	2009 Daily circulation^	2009 Average readers*
South Wales Echo	**33,725**	**123,984**	36,928	137,900
Welsh Daily Post	**31,946**	**114,949**	32,864	120,353
Western Mail (Wales)	**27,495**	**107,680**	30,133	119,913
The Journal (Newcastle)	**27,185**	**91,272**	30,147	102,862
Huddersfield Daily Examiner	**20,774**	**58,660**	21,523	61,538
Liverpool Echo	**87,198**	**280,337**	88,519	290,321
Birmingham Mail	**48,660**	**131,707**	52,752	144,901
Evening Chronicle (Newcastle)	**54,874**	**213,403**	60,554	238,792
Coventry Telegraph	**35,581**	**90,629**	38,792	100,062
Evening Gazette (Teeside)	**40,656**	**137,404**	43,937	149,291
Wales on Sunday	**28,613**	**112,967**	32,268	125,133
Sunday Mercury (Birmingham)	**43,610**	**185,449**	49,535	135,653
Sunday Sun (Newcastle)	**52,216**	**130,272**	58,882	200,711

^Actual average ABC July to December 2010 and actual average ABC July to December 2009.
*JIC REG January to June 2010 and January to June 2009.

The Manchester Evening News had a daily circulation^ (Monday – Saturday) of some 90,000 with average readers* (Thursday – Friday) of some 350,000.

Although we continue to experience year on year declines in circulation volumes we have seen an encouraging improvement in the rate of decline for a number of key paid-for titles during the second half of the year.

Other revenues

Regionals other revenues increased by 12.7% including £3.4 million from GMG Regional Media. Excluding GMG Regional Media other revenue increased by 1.9% driven by higher contract print revenue.

Nationals division

The Nationals division publishes five national newspapers which are among the UK's leading media brands. Across the UK, we publish the Daily Mirror, the Sunday Mirror and The People. In Scotland, we publish the Daily Record and Sunday Mail which combined are read by more readers than any other daily and Sunday package in the Scottish market. All our newspapers are complemented by a portfolio of growing digital brands, including companion websites for all our national newspapers and a number of complementary digital sites such as Mirrorfootball.co.uk, 3am.co.uk, Mirrormobile and Scotcareers. We also operate a number of other commercial activities which include events, readers' offers and a market leading business magazine in Scotland.

The national newspaper market remains highly competitive with continued cover price discounting by our competitors during the year, although we have seen some moderation in cover price cutting into 2011. Our titles continued to perform well in a challenging trading environment.

Our national titles provided average daily and Sunday circulation of 1.5 million and 2.0 million respectively with readership of 3.9 million and 6.1 million respectively.

In 2010 our newspapers once again comprehensively covered the big stories of the day; our football reporters in South Africa brilliantly captured the colourful emotion of The World Cup, our political team won great plaudits for their insightful and incisive reporting of the General Election while the Daily Mirror was on the spot in Chile as the trapped miners emerged from their many days underground.

We continue to develop our brands and content across platforms publishing in print, online and on mobile. We also own and manage the 'Daily Mirror Pride of Britain' awards show which was the best watched television programme of its kind in Britain in 2010 with an audience of 6.9 million.

The advertising environment for our national newspapers, in particular the UK National titles, was much improved during the first half of 2010 with marginal growth. During the second half of 2010 we experienced a softening of the market which was further weakened by the severe weather conditions in December 2010. Whilst advertising revenues have fallen marginally for 2010, each of our UK national titles broadly maintained their advertising volume market share during the year, thereby continuing to demonstrate the relevance and importance of our national brands to advertisers and their agencies. The strong market positions of our UK brands in particular ensured that their advertising revenues grew for most months during 2010 although we continue to experience month on month volatility.

During 2010 our new editorial production system, Contentwatch, was fully rolled out across the Nationals division creating a more efficient multimedia newsroom environment. Changes to the editorial process and structure have eliminated outdated processes, delivering efficiencies without compromising quality. Editorial headcount has been reduced by around 200 positions including 60 which were filled by casual workers. As part of the restructure a proportion of sub-editing for the UK Nationals titles is now outsourced to the Press Association in North Yorkshire.

Business review

Revenue and operating profit
The revenue and adjusted operating profit for our Nationals division are as follows:

	2010 £m	2009 £m	Variance %
Revenue	**430.3**	460.4	(6.5)
Operating profit	**86.1**	83.6	3.0
Operating margin	**20.0%**	18.2%	1.8%

Revenue declines of 6.5% from £460.4 million to £430.3 million were more than offset by a fall in costs of 8.7% from £376.8 million to £344.2 million enabling operating profit to increase by 3.0% from £83.6 million to £86.1 million. The cost reductions resulted in operating margin increasing by 1.8 percentage points from 18.2% to 20.0%. The additional week's trading in 2009 contributed revenue and operating profit of £7.5 million and £3.6 million respectively, thereby distorting the year on year revenue and profit performance of the division. Excluding the additional week's trading in 2009, revenue has fallen by a reduced 5.0% and operating profit has risen by an increased 7.6%.

Digital revenues have declined by £0.1 million from £4.8 million to £4.7 million reflecting a decline in bingo revenues which has been almost fully offset by growth in other digital revenues. Audience reach continues to grow, with average monthly unique users growing by 21% year on year to 10.7 million per month.

Revenue by type
The revenues by type in the Nationals division are as follows:

	2010 £m	2009 £m	Variance %
Advertising	**128.8**	132.9	(3.1)
Circulation	**244.2**	266.8	(8.5)
Other	**57.3**	60.7	(5.6)
Total revenue	**430.3**	460.4	(6.5)

Total revenue comprises advertising (29.9%), circulation (56.8%) and other (13.3%). All revenue categories have declined during the year. Both advertising and circulation revenues have declined due to the fragile economic conditions. The advertising is much improved on the 7.8% decline experienced in 2009 while circulation has deteriorated from the 0.5% decline last year.

Advertising revenues
Nationals advertising revenue decreased by 3.1% from £132.9 million to £128.8 million. The year on year trend in advertising revenues improved materially during the first half of 2010, with revenues growing by 2.2% compared to declines of 14.4% in the first half of 2009. However, we experienced declines in advertising revenue of 7.8% in the second half due to a weaker advertising market, the severe weather conditions in December 2010 and the additional week of trading in 2009. Adjusting for the extra week of trading in 2009, advertising revenues in the second half fell by 4.7% and for the full year by a much reduced 1.4%. The advertising performance across the year reflects a strong performance from the UK Nationals titles, partially offset by a weaker performance by the Scottish Nationals titles which have a higher proportion of the more cyclical classified advertising revenues.

Circulation revenues
Nationals circulation revenue for the year has fallen by 8.5% from £266.8 million to £244.2 million. Excluding the additional week of trading in 2009, circulation revenues have fallen by 6.9% from £262.2 million to £244.2 million. The decrease in circulation revenue reflects volume declines with no cover price increases during the year. Circulation volumes declines for the year were Daily Mirror down 7.1%, Sunday Mirror down 7.3%, The People down 8.7%, Daily Record down 6.0% and the Sunday Mail down 7.5%.

The average monthly change in circulation volumes for 2010 and the average readership of our national titles were as follows:

	2010 Volume actual[a] 000	2009 Volume actual[a] 000	Change %	**2010 Average readers[b] 000**	2009 Average readers[b] 000	Change %
Daily Mirror	**1,221**	1,314	(7.1)	**3,012**	3,477	(13.4)
Sunday Mirror	**1,127**	1,216	(7.3)	**3,750**	3,840	(2.3)
The People	**524**	574	(8.7)	**1,264**	1,413	(10.5)
Daily Record[c]	**296**	315	(6.0)	**909**	1,050	(13.4)
Sunday Mail[c]	**360**	389	(7.5)	**1,131**	1,201	(5.8)

a Average circulation for the 12 months to December 2010 and December 2009.
b NRS 12 months to September 2010 and September 2009.
c Within Scottish market only.

Other revenues
Other revenue declined by 5.6% from £60.7 million to £57.3 million reflecting the impact of contract print revenue previously charged to GMG Regional Media which is now classified as internal charges. Excluding all charges to GMG Regional Media for 2009 and in 2010 prior to the acquisition, other revenues increased by 3.9% due to new third-party contract print revenues.

Central
Central includes costs not allocated to the operational divisions and the share of results of associates. The result for the year was a loss of £14.5 million compared to £14.1 million in the prior year. Costs not allocated to the operational divisions increased marginally by £0.6 million from £14.6 million to £15.2 million and the share of results of associates increased by £0.2 million from £0.5 million to £0.7 million.

Balance sheet

	2010 £m	2009 £m
Intangible assets	**969.9**	945.9
Retirement benefit assets	**61.1**	–
Deferred tax assets	**43.8**	83.4
Derivative financial instruments	**12.6**	–
Property, plant and equipment	**410.3**	423.2
Investment in associates	**5.4**	6.3
Non-current assets	**1,503.1**	1,458.8
Cash and cash equivalents	**116.2**	61.2
Short-term debt	**(140.0)**	(3.1)
Medium-term debt	**(226.1)**	(357.9)
Retirement benefit obligation	**(222.1)**	(296.6)
Deferred tax liabilities	**(318.3)**	(318.8)
Provisions	**(14.5)**	(17.3)
Net current other liabilities	**(18.7)**	(37.1)
Non-current liabilities and net current liabilities	**(823.5)**	(969.6)
Net assets	**679.6**	489.2

Intangible assets

	2010 £m	2009 £m
Publishing rights and titles	**887.8**	857.8
Customer relationships and domain names	**7.6**	13.6
Goodwill	**74.5**	74.5
Intangible assets	**969.9**	945.9

Publishing rights and titles have increased by £30.0 million reflecting the acquisition of GMG Regional Media. Customer relationships and domain names have reduced by amortisation charged in the period of £6.0 million.

Property, plant and equipment

	2010 £m	2009 £m
Land and buildings	**197.5**	202.0
Plant and equipment	**209.0**	211.3
Assets under construction	**3.8**	9.9
Property, plant and equipment	**410.3**	423.2

Property, plant and equipment has decreased due to the depreciation charge of £33.9 million (2009: £36.8 million), disposals of £1.4 million and a reclassification of £0.9 million being higher than additions of £13.0 million (2009: £14.0 million) and the acquisition of assets as part of GMG Regional Media of £10.3 million.

Investment in associates

The carrying value of our 21.54% share in the PA Group Limited has decreased by £0.9 million from £6.3 million to £5.4 million reflecting the profit of £0.7 million offset by actuarial losses of £1.6 million taken directly to equity.

Cash flow and net debt

Cash flow was positive during the year after pension funding payments in excess of the income statement charge of £30.6 million (excluding non-recurring items), net capital expenditure of £11.5 million and the cash consideration of £7.4 million for the acquisition of GMG Regional Media.

Net debt, on a contracted basis, assuming that the private placement loan notes and the cross-currency interest rate swaps are not terminated prior to maturity, decreased by £58.1 million from £324.0 million to £265.9 million during the year as follows:

	£m
Net debt on a contracted basis as at 3 January 2010	**324.0**
Pension funding in excess of the income statement charge (excluding non-recurring items)	30.6
Net capital expenditure	11.5
Acquisition of GMG Regional Media	7.4
Corporation tax and net interest payments	34.0
Net other cash inflows	(141.6)
Net debt on a contracted basis as at 2 January 2011	**265.9**

On a contracted basis, the Group has £382.1 million of drawn debt funded through the US private placement markets. A repayment of £145.4 million is due in October 2011 and is expected to be repaid substantially through cash balances and cash generated in 2011. Repayments on the US private placement loan notes beyond 2011 are £69.7 million in June 2012, £54.5 million in October 2013, £44.2 million in June 2014 and £68.3 million in June 2017.

The net debt, on a statutory basis, is as follows:

	2010 £m	2009 £m
US$ denominated loan notes	**337.9**	329.0
Sterling denominated loan notes	**26.0**	26.0
Cross-currency interest rate swaps included in liabilities	**2.2**	2.9
Cross-currency interest rate swaps included in assets	**(12.6)**	–
Interest rate swaps	**–**	3.1
Cash and cash equivalents	**(116.2)**	(61.2)
Net debt on a statutory basis	**237.3**	299.8

Net debt, on a statutory basis, decreased by £62.5 million from £299.8 million to £237.3 million. The fair value of the Group's cross-currency interest rates swaps at the period end was a net asset of £10.4 million (2009: £2.9 million liability). The year end sterling amount of the US$ denominated and the sterling loan notes was £363.9 million (2009: £355.0 million).

The US$ and sterling denominated loan notes are part of two US private placements issued during 2001 and 2002 totalling US$602 million and £32 million. In October 2008, US$80 million and £6 million of these loan notes were repaid on their maturity date. The total sterling repayment was £60.4 million. The capital and interest repayments on the US$ loan notes are hedged to maturity through cross-currency interest rate swaps with the same maturity profile as the loan notes with fixed US$ interest payments swapped into sterling variable interest rates payments linked to six month sterling Libor plus a margin. The key financial covenants for the US private placements are a minimum interest cover of two times and maximum debt to EBITDA ratio of four times throughout the term of the loan notes.

Business review

The contracted net debt repayment profile is as follows:

	2010 £m	2009 £m
Repayment within one year	**145.4**	3.1
Between two and five years	**168.4**	269.6
After five years	**68.3**	112.5
Cash and cash equivalents	**(116.2)**	(61.2)
Net debt on a contracted basis	**265.9**	324.0

Net debt on a contracted basis is different to the statutory net debt which includes the US$ denominated loan notes at the year end exchange rate and the related cross-currency interest rate swaps at fair value.

The Group had no drawings as at 2 January 2011 on its £178.5 million committed bank facility which expires in June 2013. Net debt is expected to continue to fall further during 2011 and the Group continues to operate comfortably within the financial covenants attached to the Group's financing facilities.

At the year end, committed facilities of £560.6 million (2009: £563.7 million) were available to the Group as set out below:

	2010 £m	2009 £m
Bank facility	**178.5**	178.5
US private placements	**382.1**	382.1
Interest rate swap	**–**	3.1
Committed financial facilities	**560.6**	563.7
Drawn facilities	**382.1**	385.2
Undrawn facilities	**178.5**	178.5
Committed financial facilities	**560.6**	563.7

Retirement benefit assets and obligation

Retirement benefit assets of £61.1 million represents the surpluses before deferred tax in a number of the defined benefit pension schemes calculated in accordance with IAS 19.

The Group closed all of its defined benefit pension schemes to future accrual on 31 March 2010. From 1 April 2010 a majority of the members of the defined benefit pension schemes joined the Trinity Mirror Pension Plan, a defined contribution pension scheme.

The operating profit charge (excluding non-recurring items) in the year for defined benefit and defined contribution pension costs was £15.1 million (2009: £15.7 million). Included in non-recurring items is a loss of £0.4 million (2009: £9.9 million gain) in respect of the defined benefit pension schemes. The pension finance charge in the year was £7.1 million (2009: £10.5 million). We estimate there being a pension finance credit of £2.7 million in 2011.

The defined benefit pension deficits have fallen materially during the year by £135.6 million from £296.6 million to £161.0 million. This reflects the impact of an increase in assets of £126.0 million, a reduction in the asset ceiling of £11.6 million partially offsetting an increase in liabilities of £2.0 million. The increase in liabilities includes a £80.1 million benefit due to the government announced changes in state pension increases being linked to CPI instead of RPI which impacts most deferred pensions in the Group's schemes. This was more than offset by the impact of a fall in the real discount rate from 2.20% to 1.95% due to a fall in the corporate bond rate only partially offset by a fall in inflation and other changes.

The mortality assumptions applied in calculating liabilities are consistent with those adopted at 3 January 2010. The life expectancy increases marginally over time as a 1% future improvement has been assumed in the mortality assumptions. The assumed life expectancy from age 65 for members aged 65 and 55 in 2010 is shown below:

	Future life expectancy (years) for a pensioner currently aged 65		Future life expectancy (years) at age 65 for a non-pensioner currently aged 55	
	Male	Female	Male	Female
At 2 January 2011	**21.7**	**24.1**	**23.5**	**25.8**
At 3 January 2010	21.6	24.0	23.4	25.7

The Group continues to fund pension scheme deficits in accordance with funding schedules agreed with the pension scheme trustees. Valuations are undertaken on a triennial basis. In 2008, the valuations of all of the significant schemes, except the Trinity Retirement Benefit Scheme, were completed. The Trinity Retirement Benefit Scheme valuation has a valuation date of 30 June 2009 and was agreed in the year. Pension payments in excess of the income statement charge (excluding non-recurring items) were £30.6 million (2009: £16.6 million). The estimated deficit payments in 2011 are expected to be around £35 million.

Deferred tax assets and liabilities

The deferred tax assets have fallen by £39.6 million from £83.4 million to £43.8 million primarily due to the fall in the retirement benefit obligation included in liabilities.

Deferred tax liabilities have decreased by £0.5 million from £318.8 million to £318.3 million primarily due to the restatement of the opening liability following the reduction in the corporation tax rate from 28.0% to 27.0%, offset by deferred tax on acquisition of businesses.

Provisions

Provisions have decreased by £2.8 million from £17.3 million to £14.5 million due to the utilisation of restructuring provisions and property provisions for vacant property partially offset by additional charges during the year.

Net current other liabilities

Net current other liabilities includes current assets excluding cash and cash equivalents less trade and other payables and current tax liabilities. Net current liabilities have reduced by £18.4 million from £37.1 million to £18.7 million reflecting a reduction in working capital and current tax.

Net assets

Total equity at the year end was £679.6 million, an increase of £190.4 million from £489.2 million. The increase reflects the £190.8 million total comprehensive income for the period marginally offset by £0.4 million of other movements. These comprise of a charge for the purchase of own shares of £3.5 million less a credit to equity for equity-settled share-based payments of £2.0 million and a refund of VAT on share issue costs of £1.1 million.

The total comprehensive income for the period includes the profit for the period and the actuarial gains on the defined benefit pension schemes.

Risks and uncertainties

There is an ongoing process for the identification, evaluation and management of the significant risks faced by the Group. This is described in the internal control section of the Corporate governance report on page 44.

The key risks are described below:

Operational
We will maximise the value and profitability of our print brands and have reviewed our portfolio. This has led to the launch of new or enhanced publications and the closure or disposal of unprofitable titles. We continue to strive for growth in our digital audiences by the launch and development of online brands including websites and mobile sites. We are also growing our other revenue streams such as contract print where we utilise spare capacity and are now the largest contract printer of newspapers in the UK.

Macro economy
The fragile economic environment may have an adverse effect on the Group's financial performance. We have reviewed all aspects of our business and invested in the modernisation of business processes and structures, including new operating models and technology to provide a stronger platform for long-term growth. Together with tight management of the cost base, this has placed us in a robust financial position.

Organisation and people
The ability to execute and implement our strategic and business plans relies on the appropriate Group structure, culture and availability of talent.

We continue to invest in learning and development including a leadership programme for our senior managers and a talent development programme for our managers of the future.

Advertising
The loss of major clients or reduction in a sector may adversely affect advertising, which is a significant proportion of our revenue. We are not overly reliant on any single customer or sector but have been impacted by the downturn being experienced by the UK and by the potential long-term impact on key classified revenues arising from media fragmentation. We are investing in our advertising functions using state-of-the-art technology to improve customer service by offering increased flexibility such as online booking of advertisements. We have strengthened our online presence through acquisitions and the continuing launch of new digital brands.

Circulation
We may experience loss of readership due to competitor activity and the impact of media fragmentation. Our approach is to continue to focus on sustainable returns and appropriate levels of investment in our titles. We have invested in colour presses giving full colour across the network and continue to invest in editorial content and marketing.

Key suppliers
We have a number of key suppliers (in particular newsprint) which if they were unable to meet their obligations to the Group could result in disruption. We use a spread and mix of suppliers to reduce dependency on specific sources or locations.

Market and technological changes
Structural change in the market or the emergence of new technologies may lead to loss of revenue or profit. In addition to our existing wide portfolio of websites we are making investments to provide the appropriate platform for the business to drive more diversified revenue streams across multiple media channels. The investments include a customer relationship management system and a new digital content management system which enables more efficient publication of content across different devices.

Pensions
Pension deficits may grow at such a rate so that the annual cash funding consumes a disproportionate level of operating cash flow. Although this is carefully monitored and there are regular reviews with trustees, there are a number of factors which are outside our control, including interest rates, inflation rates, mortality and regulatory change. This, together with the slowdown in the global economy and its impact on our business and investment returns, has material implications for future pension scheme funding and could adversely impact the Group and its ability to fund past service provision.
To reduce the volatility of pension scheme liabilities and achieve more certainty in the cost of future pension provision, the Group closed the defined benefit pension schemes to future accrual from 31 March 2010.

Business continuity
We are dependent on our technology, networks and manufacturing capability and we have invested in our network resilience and manufacturing infrastructure. Business continuity plans are regularly reviewed and they are updated to reflect changes in operations and systems. We have insurance to cover property damage and business interruption.

Environmental
Key risks are described in the Corporate responsibility report on pages 31 to 39.

Treasury
The key risks arising from our activities and our financing facilities are liquidity, financing and interest rates, foreign currency and covenants. Further details are provided in note 34 to the consolidated financial statements. The treasury policies for managing these risks were approved by the Board in March 2001. An updated Treasury Policy was issued in 2010. The policies are summarised below:

Liquidity risk
Our policy is to ensure continuity of funding and flexibility.

Debt maturities are spread over a wide range of dates, thereby ensuring that we are not exposed to excessive refinancing risk in any one year. The maturity profile of debt outstanding at the year end is summarised on page 28. Our liquidity risk arises from timing differences between cash inflows and outflows. These risks are managed through unutilised committed and uncommitted credit facilities. It is our policy to maintain sufficient cash balances and committed facilities to meet anticipated funding requirements. These resources, together with the expected future cash flows to be generated by the business, are regarded as sufficient to meet the anticipated funding requirements of the Group for at least the next 12 months.

Business review

Financing and interest rate risk

Our exposure to interest rate risk is managed through the use of interest rate swaps, options, caps and forward rate agreements. Hedging transactions are undertaken after a review of the effect on profit after tax of a range of interest rate assumptions and probabilities, determined by reference to the general economic climate and market forecasts for interest rates.

Foreign currency risk

Less than 2% of the Group's turnover and operating costs are generated in currencies other than sterling. Given the minimal impact on profit after tax of fluctuations in foreign currencies, we trade foreign currencies at spot rates. The payment of interest and capital on borrowings denominated in foreign currencies is fully hedged through cross-currency interest rate swaps. Whilst a substantial proportion of our newsprint supplies are sourced from outside the UK, the prices are agreed in sterling. The sterling prices are impacted to some extent by foreign currency movements.

Covenants risk

We seek to maintain standard terms for all our financial covenants where possible. Our covenants are monitored on an ongoing basis with formal testing of financial covenants at each reporting date. The Company continues to comply with all borrowing and financial covenant obligations.

Employees

The commitment, innovation and drive of our staff are central to the ongoing development and success of our business.

During the year, the voluntary rate of employee turnover increased year on year to 7.8% (2009: 6.8%). During the same period the retention rate, defined as employees in the Group's employment for the full 12 months, remains stable at 88% from 89% in the previous year.

During the year the Group's absenteeism rate, which follows the common definition used by the Advisory, Conciliation and Arbitration Service (ACAS), was an average of 1.9% (2009: 2.1%). This compares favourably with the national average level of employee absence of 3.4% (2009: 3.5%). (Source: CIPD Absence Management Survey October 2010.)

The Group is committed to equality of opportunity in all its employment practices to ensure we attract and retain the best people. In 2010, women made up 38% of staff (2009: 38%) and the number of women occupying senior managerial roles was 21% (2009: 22%).

In response to trading conditions, the Group took the decision to freeze salaries throughout the Group in 2009. In 2010 senior management salaries were again frozen, with staff below senior management receiving an annual pay award. In addition to base salary all our employees have the opportunity to participate in performance related incentive schemes. For many staff this is through inclusion in the Group's Employee Bonus scheme.

We also provide a competitive range of benefits to employees, including the opportunity to join a Group-wide defined contribution pension scheme. We continue to introduce initiatives enabling staff greater flexibility in their work-life choices.

Environmental and social

Our environmental and social policy and statement, together with a review of our performance during 2010, is set out in the Corporate responsibility report on pages 31 to 39.

Key operating trends and outlook

The key operating trends and outlook can be found on page 17 of the Chairman and Chief Executive statement.

Corporate responsibility report

Chief Executive's statement

Community engagement is a phrase that many companies use to describe their staff volunteering activities or a small donation to a local charity here or there. For Trinity Mirror we see it differently. In short it is at the very heart of the company and is the soul of our brands both in print and online. They are nothing if they are not from and for the communities that they serve. With this in mind we have included an expanded section in this report that highlights only some of the activities that some of our titles have undertaken over the last year.

I am so pleased that for the second year we were awarded the RoSPA Gold Medal for consistently improving health and safety standards. This comes after four successive Gold Awards. I believe that any injury is one too many and our aim is to be able to make a zero declaration. We still have some way to go but one only has to look at the graphs on page 33 to see just how far we have already travelled. This has only been achieved through the efforts of all our staff on the ground. Health and Safety policies can be set by the Board and a general tone created but unless they are lived by our staff they would have failed.

Last year we undertook to achieve accreditation under the ISO 14001 Environmental Award and the OHSAS 18001 Health and Safety Award across all our print sites. I am very happy to confirm that we achieved this goal. These standards bring with them the rigour required for external verification. The Reading plant that we acquired from GMG did not meet these standards but work is already underway to bring it up to the level that we now expect for Trinity Mirror.

Finally, in 2010 we became the first company in the UK to be re-awarded the Carbon Trust Standard – the leading independent verification of real and sustained carbon use reduction.

I am pleased that, despite the tough trading conditions that we faced, we maintained throughout 2010 our commitment to the various strands of our Corporate Responsibility programme.

Sly Bailey
Chief Executive

3 March 2011

Corporate responsibility report

Health and safety 2010 summary

This was another very challenging year for the Group which resulted in further reorganisation. Nevertheless health and safety standards have been maintained and some considerable improvements were made.

Health and safety initiatives during 2010

In pursuit of our goal of continuing improvement, the following initiatives were taken during 2010:

- A programme of internal and external health and safety audits was carried out at our printing plants to ensure compliance with legislation and with the international health and safety management system specification OHSAS 18001. Scheduled departmental health and safety inspections also continued with follow-up action, where appropriate;
- Good standards of health and safety were maintained during major engineering and refurbishment projects at Glasgow and Oldham. Compliance inspections and audits were also carried out in the newly acquired GMG Regional businesses comprising MEN Media, Chadderton, Surrey & Berkshire at Stoke Mill and the Reading printing plant;
- Work to ensure compliance with HSE recommended standards for the management of work-related stress continued with a further 150 managers completing stress awareness training;
- Further work was undertaken to update records of driver licensing and driving risk assessment. Those involved in driving on company business were also issued with a new drivers handbook incorporating road safety advice and guidance;
- Liaison continued through the Group Health and Safety Risk Management Forum and the current policy covering home working was revised and updated;
- The Group has continued its involvement with the HSE Printing Industry Advisory Committee and Newspaper Publishers Association; and
- A review of the arrangements for occupational health was carried out and recommendations made for improvement in 2011.

Current targets for health and safety – 2011 onwards

To achieve our goal of continual improvement in 2011 the Group intends to:

- Continue with our work to maintain compliance with OHSAS 18001 and other management systems at all of our printing plants;
- Provide our Health and Safety Managers with specialist training in behavioural safety so that the benefits of introducing such a programme can be explored;
- Continue the system of internal regulatory compliance audits issuing reports with recommendations for improvement, where appropriate;
- Continue our involvement with the HSE Printing Industry Advisory Committee in an effort to improve health and safety in the Group and throughout the wider industry sector;
- Continue to develop new policies and procedures relating to the management of work-related stress and safe driving;
- Maintain good health and safety standards in engineering and construction projects that are planned for completion during the year; and
- Continue to monitor health and safety developments, taking action to ensure compliance with new legislation and promoting further improvement through the Group Health and Safety Risk Management Forum.

Group health and safety statistics

The tables below provide statistics for occupational health and safety in 2010, with a comparison to the previous year. Analysis of the data reveals that there has been a further reduction in the total number of accidents, including those reportable under RIDDOR. However, the number of working days lost due to accidents has risen, pointing to a possible increase in severity. This represents a considerable challenge for 2011 when amongst other initiatives behavioural safety programmes will be introduced to secure further improvement in our performance. Although there was little change in the total number of accidents involving slips and falls (same level) and materials handling this year, more of the latter resulted in events reportable under RIDDOR. Consequently these items will remain priority areas for improvement in 2011.

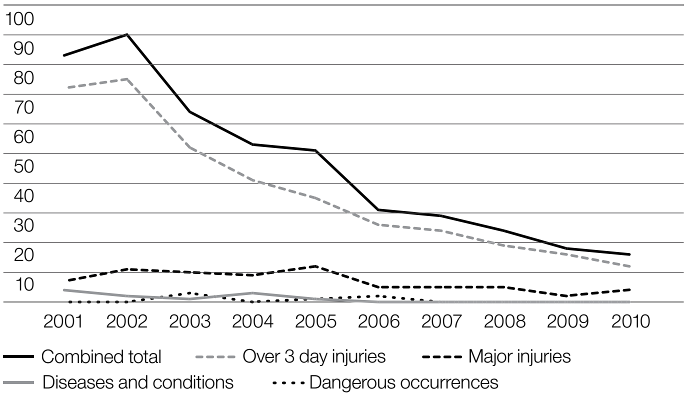
Health and safety performance indicator	**2010**	2009
Fatalities	**0**	0
RIDDOR major injuries	**4**	2
RIDDOR over 3 day injuries	**12**	16
RIDDOR occupational ill health/diseases/conditions	**0**	0
RIDDOR dangerous occurrences	**0**	0
Total number of accidents	**180**	238
RIDDOR events frequency rate†	**0.15**	0.13
All accidents frequency rate†	**1.70**	1.84
Total days lost – accidents and occupational ill-health‡	**437**	368
	(0.03)	(0.02)

† Frequency Rate = number of accidents per 100,000 hours worked.
‡ Figure in brackets represents the percentage of total days worked by all employees in the Group.

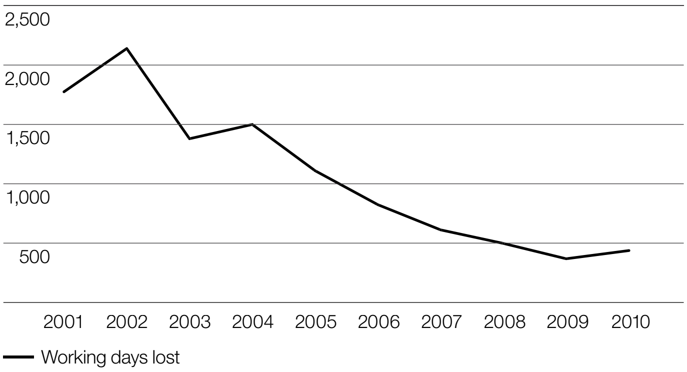
Breakdown of accidents by type of event	**RIDDOR accidents 2010 %**	**All accidents 2010 %**	RIDDOR accidents 2009 %	All accidents 2009 %
Slips and falls (same level)	**25**	**28**	23.5	20
Lifting and handling of materials	**44**	**9.5**	17.5	10
Contact with machinery	**6**	**12**	17.5	8
Falls from a height	**6**	**3**	12	3
Stepping on or striking fixed object	**0**	**11.5**	0	16
Struck by moving vehicle	**0**	**2**	0	1
Contact with sharp/abrasive material	**0**	**13.5**	0	19
Struck by flying or falling object	**6**	**4**	6	3.5
Contact with hazardous substance	**0**	**3**	0	8.5
Contact with hot material/substance	**0**	**3**	6	3
Object collapsing or overturning	**0**	**0**	0	0
Use of hand tools	**6**	**2**	0	2.5
Contact with electricity	**0**	**0.5**	0	0
Others	**7**	**8**	17.5	5.5
Total	**100**	**100**	100	100

The following graphs illustrate the substantial improvement that has been made in occupational health and safety over the last ten years:

RIDDOR reportable events 2001–2010



Annual working days lost 2001–2010



Compliance

There were six visits to our premises by health and safety enforcement officers in 2010, which is the same number as in the previous two years. These visits were all intended to verify that the Company was meeting its statutory duties for health and safety and in each case where the need for follow up action was identified it was promptly taken. No enforcement action of any kind was required.

The Environment

Environmental policy statement

The Company is committed to:

– Complying with all relevant environmental legislation and continuing to meet or improve upon existing industry standards;

– Avoiding pollution and improving the Company's environmental performance through progressive environmental management systems including the BS8555 and ISO14001 standards;

– Continually reviewing the sustainability of all products throughout the supply chain and endeavouring to prioritise the utilisation of sustainable commodities within the production and publishing businesses;

– Working with our suppliers to ensure wood fibre for newsprint comes from well-managed sustainable forests and using a minimum of 75% newsprint manufactured from fibre using recycled materials or wood from certified sustainable forests;

– Measuring and reporting the energy consumption of the business and where possible reducing energy consumption;

– Measuring and reporting the consumption of Volatile Organic Compounds (VOCs) throughout the Group and substituting these with alternatives wherever possible; and

– Recycling all non-hazardous press waste and striving towards nil general waste to landfill.

Environmental management

The Group recognises that its business activities have an impact on the environment and therefore takes careful measures to ensure it manages and minimises these impacts wherever possible.

The Environmental Steering Committee (ESC) comprises key members with specific day-to-day responsibility for environmental management, legal, health and safety, procurement and communications and reports to the Executive Committee via the Secretary and Group Legal Director. The ESC's remit is to ensure that the Group's environmental programme remains aligned with all relevant issues and developments. In addition to the initiatives on environmental management systems and climate change, we have continued to pursue targets in specific areas where the Group has the potential to affect the environment, notably paper sourcing, sustainable forestry, waste management and recycling, volatile organic compound emissions from print works and the purchase of contracted printing and product distribution services. Performance against all of these areas is reported below.

Our efforts to implement environmental policy commitments, through the achievement of defined annual targets, have yielded real benefits over the past five years. The Group's policies are kept under review to ensure that it remains aligned with developments in legislation, the expectations of stakeholders and the needs of the business.

During 2010, the Company commissioned an independent review of its corporate responsibility and sustainability policies, programmes and performance. The recommendations of this review will be fully evaluated during the coming year. The Company acknowledges that digital media products also have an environmental impact and intends to work with the relevant industry bodies to investigate the carbon footprint of such products.

A new procedure for internal environmental review, reporting into the Environmental Steering Committee, is to be implemented during 2011, to reinforce awareness of Group policies and targets and help to ensure that they are incorporated into local business plans. The core publishing sites, now expanded to include the new Manchester Evening News office at Chadderton, are working towards Phase 3 of the BS8555 standard and are tasked to achieve this by the end of 2011.

There were no reported breaches of environmental legislation in 2010.

The full version of our Environmental Policy may be found on the Company's website.

Corporate responsibility report

The Company has set the following environmental targets for 2011 onwards:

– Achieve certification to Phase 3 of the BS 8555 environmental management system standard at its major office locations in Birmingham, Cardiff, Central Quay, Chadderton, Glasgow, Hamilton, Liverpool, London, Middlesborough and Newcastle by the end of 2011;

– Maintain ISO14001 certification at the following print plants: Birmingham, Blantyre, Cardiff, Cardonald, Newcastle, Oldham, Teesside, Watford;

– Review existing environmental management systems at Reading print plant;

– Continue to use a minimum of 75% newsprint manufactured from fibre using recycled materials or wood from certified sustainable forests;

– Continue to recycle 100% of all non-hazardous waste (paper, cores and reel-ends);

– Strive to achieve nil general waste to landfill;

– Replace all HCFC gases held in refrigeration equipment by the end of 2011;

– Review water consumption at all major sites during 2011; and

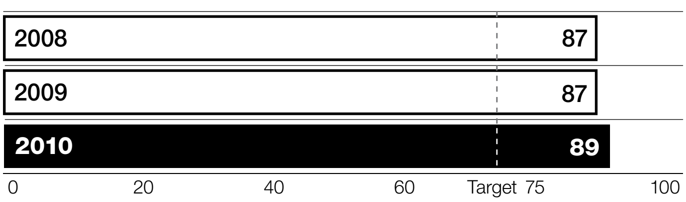
– Reduce group grid electricity consumption by 2% by the end of 2012.

Paper sourcing and sustainable forestry

The paper used by the Company for newsprint originates from a mixture of recycled and virgin fibres. As paper is recycled, the quality of the paper fibre deteriorates. It is necessary to introduce virgin fibres to the mix in order to produce paper of the requisite quality. The virgin fibres come from softwood (conifers) not hardwood sources and as such do not contribute to the deforestation of rainforests.

The Company maintains a clear policy commitment to maximise the newsprint that is produced from recycled fibre, or fibre from forests that have been independently certified as sustainable. Sustainable forests work to a careful management plan which balances extraction with replanting. In 2010, we sourced 89% of newsprint from recycled fibre or certified fibre, against our current target of 75%.

% recycled or certified newsprint



Waste management and recycling

The Company strives to ensure that, wherever possible, waste materials (including hazardous wastes) generated by our press operations are recycled or otherwise beneficially re-used and that the amount of waste sent to landfill is minimised.

During 2010, the Company has continued to recycle 100% of paper wastes comprising reel ends, cores and printed waste. We have also, by working closely with our main contractor, achieved 80 – 100% recycling rates for the more difficult press wastes that we generate including aluminium plates, blanket wash, CTP developer, fountain solutions and waste oil. Where these products cannot be recycled we ensure that they are safely and responsibly disposed of through an approved and regulated contractor. Treatment routes and recycling rates for our major press wastes in 2010 are summarised in the table below:

Waste stream	Treatment	% recycled	Quantity generated 2010	Quantity generated 2009
Aluminium plates	Re-melted and re-used as pure metal	100	**987,942 kg**	878,682 kg
Solvents (Blanket wash)	Solids separation by gravity, liquid fraction used as low grade fuel	100	**758,530 litres**	1,044,537 litres
CTP developer	pH adjustment and biodigestion	95	**322,020 litres**	357,495 litres
Ink	Solids separation by gravity, liquid fraction used as low grade fuel	100	**24,758 kg**	35,575 kg
Fountain solution	Solids separation and biodigestion	80	**5,800 litres**	13,540 litres
Mineral oil	Solids separation by gravity, liquid fraction used as low grade fuel	100	**23,870 litres**	19,220 litres

Our redundant IT equipment was handled through our continuing relationship with Remploy disabled persons workshops where 87% of IT equipment was recycled and the remaining 13% otherwise reused thereby ensuring none of this equipment ends up in landfill sites.

Volatile Organic Compound emissions (VOCs)

The emission of VOCs (mostly solvent vapours from inks, fountains and blanket washes) has historically been one of the key environmental concerns associated with printing operations and continues to be a main criterion in the statutory regulation of print works. The availability of new equipment and technologies, using water-based chemicals, now offers the printing industry significant opportunities for reducing VOC emissions. Trinity Mirror Printing has taken advantage of these developments and by adopting new technology and best practice, our print sites have now reduced consumption of VOCs to a very low level relative to our production output. The use of VOCs will continue to be reviewed and reduced where possible.

VOCs (kgs per million pages)

Refrigerant gases

Trinity Mirror's programme to replace ozone-depleting HCFC refrigerant gases, across all press and office locations, has continued to move forward. We remain on track to meet our target of replacing all HCFCs at major press and publishing locations by the end of 2011.

Water consumption

The water consumption of the Group's 'core' sites during 2010 was 102,000 cubic metres (2009: 138,000 cubic metres). Throughout 2011, the Company will review water consumption across its sites, recognising that responsible management of water is an essential component of an effective environmental management programme.

Energy consumption and carbon footprint

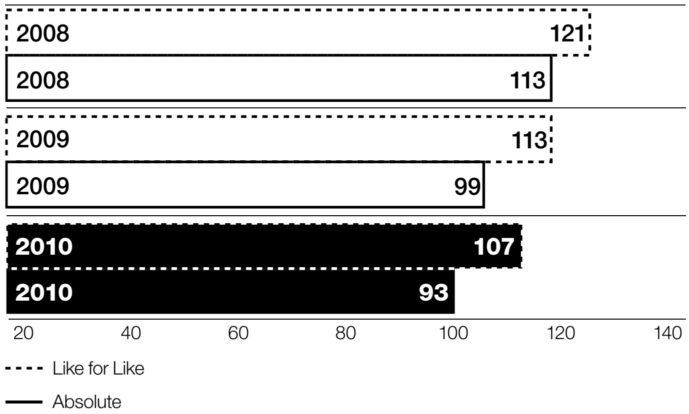
The Company recognises that climate change is one of the foremost issues affecting the global population today. Reducing energy consumption and associated carbon footprint is a key priority in the Group's environmental management programme. Our success in becoming the first company to achieve re-certification to the Government's *Carbon Trust Standard* is a measure of the commitment that has been shown by our staff in delivering a rolling programme of energy reduction measures over the past five years.

During the year, the Company registered as a participant in the *CRC Energy Efficiency Scheme* which introduces a statutory 'cap-and-trade' scheme where major electricity users will have to buy permits to emit carbon dioxide. Changes to the *CRC Energy Efficiency Scheme* were announced in the Government's Spending Review and our plans for fully complying with the updated requirements of the scheme are well in place, including submission of the first data evidence pack in 2011 and the first purchase of allowances in 2012.

Our print sites have worked hard to meet their *Climate Change Agreement* targets during this period, through a combination of capital projects and good housekeeping. Our attention is now focusing on our main publishing offices and smaller premises and we will continue to work hard to improve metering and monitoring across the Group in order to identify further energy saving measures.

As a result of these measures and requirements of the *Carbon Trust Standard*, we have also improved upon our own target to reduce equivalent carbon dioxide emissions by 10,500 tonnes per annum, versus 2008. Our carbon dioxide emissions have in fact reduced by 13,397 tonnes per annum on an absolute basis. Further information on energy use is shown in the tables below:

Grid electricity consumption (million kWh)



Energy consumption and associated CO_2 emissions (absolute basis)

	Consumption	GHG conversion[5] factor 2010	GHG emissions (CO_2 equivalent tonnes) 2010	2009	2008
SCOPE 1 [1]					
Gas combustion (heating, all Trinity Mirror premises)	22,396,127 kWh	0.185×10^{-3}	**4,143**	4,362	5,433
Oil combustion (electricity generation, all Trinity Mirror premises)	124,401 litres	2.542×10^{-3}	**316**	115	384
Refrigerant gas loss (all Trinity Mirror premises [2])	298 kg	$1,526 \times 10^{-3}$	**455**	3,049	140
Commercial vehicles (all Trinity Mirror owned vehicles)	1,997,334 km	0.253×10^{-3}	**505**	2,352	2,185
SCOPE 2 [3]					
Grid electricity use (all Trinity Mirror premises)	93,440,845 kWh	0.545×10^{-3}	**50,925**	54,307	61,599
SCOPE 3 [4]					
Business travel (road, not involving company vehicles)	8,525,312 km	0.2119×10^{-3}	**1,807**	2,084	2,760
Business travel (rail)	2,135,713 km	0.0565×10^{-3}	**121**	96	93
Business travel (air)	4,911,513 km	0.1733×10^{-3}	**851**	858	1,017
Electricity for contracted printing [6]	*5,329,305 kWh*	0.544×10^{-3}	***2,899***	*2,515*	*2,514*
Gas for contracted printing [6]	*12,084,489 kWh*	0.185×10^{-3}	***2,236***	*1,911*	*1,944*
Vehicle fuel for contracted distribution [6]	*2,030,000 litres*	2.672×10^{-3}	***5,424***	*5,874*	*4,997*
Total Group			**69,682**	77,523	83,066
Total Group per million pages of printed output			**0.46**	0.53	0.56

[1] Scope 1 covers all direct greenhouse gas emissions, ie emissions from sources that are owned or under the direct management of the Company *(Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, 2004).*

[2] Excluding refrigerant gas loss at Reading print plant.

[3] Scope 2 covers indirect greenhouse gas emissions associated with imported electricity use.

[4] Scope 3 covers other indirect greenhouse gas emissions, ie where the emissions are from sources that are not owned by Trinity Mirror and where the Company does not have management control.

[5] GHG conversion factors have been taken from the latest guidance provided in the Defra/DECC's GHG Conversion Factors for Company Reporting (Version 1.2.1., 6 October 2010).

[6] All numbers in italics are based on unaudited numbers provided by contractors.

Corporate responsibility report

Environment and the Community

A number of Trinity Mirror businesses engage with the local community to promote environmental education and awareness. One such example is **Go Green**, run by Media Wales with the support of Welsh Assembly Government, the Carbon Trust, the Energy Saving Trust, The Open University, the University of Wales and other local and national businesses. Go Green provides information for greener living for individuals and businesses as well as providing a valuable source of local and global environmental news. Go Green will continue to report on environmental issues throughout 2011 with a focus on the Top 10 environmental issues affecting us all.

Further information: **www.walesonline.co.uk/go-green/**

Mirror Go Green, working in partnership with ShP Limited, continues to promote recycling by its readers, a trade in scheme for unwanted electronic equipment such as: mobile phones, laptops, MP3 players and car satellite navigation systems which are restored and sold on to developing markets, thereby diverting it from landfill.

Further information: **www.mirrorgogreen.co.uk**

The Daily Mirror will celebrate 50 years of support and collaboration with the World Wildlife Fund through a special feature reviewing the last five decades of the Charity's conservation efforts.

Green 500

Trinity Mirror's head office at Canary Wharf and Trinity Mirror Printing have signed up to the Mayor of London's Green500 carbon emissions reduction programme and the Green500's assessors have visited both Canary Wharf and Watford sites. London, along with 70 other major cities worldwide, have pledged to reduce carbon emissions. The Green500 is made up of companies and organisations with a significant presence in London.

Ethics

For many years the Company has had a policy on Standards of Business Conduct which we regularly review. The introduction to the current policy states:

'Trinity Mirror plc is one of the largest newspaper publishers in the UK and a major UK plc. The continuing development and well-being of our business depends on all of us maintaining the highest standards of integrity and personal conduct in all matters which involve the Company. The Company recognises its obligations to those with whom it has dealings, namely its employees, shareholders, readers and advertisers, suppliers and the communities in which its businesses operate. Its reputation is one of the most vital resources of the Company, and depends for its protection upon the honesty and integrity of each and every one of us. This document gives guidance on how the essential standards of integrity and conduct are to be maintained. It is not intended as a statement of new beliefs or the creation of new rules of conduct. Rather, it is a reaffirmation of our continuing values and practices.'

This document should be read in conjunction with any specific code issued to individual groups of employees (eg Financial Dealings by Journalists) or any provisions of individual contracts of employment.

The policy itself is available on the Company's website and gives guidance on conflicts of interest, the acceptance of gifts and entertainment, confidential information, insider information, and political and civic activities.

The Company is currently reviewing all applicable policies ahead of the enactment of the Bribery Act 2010 which, at the time of writing, has been delayed pending the publication of guidance by the Ministry of Justice.

Charity donations

The Company's policy with regard to charitable donations and other such payments is as follows:

'Trinity Mirror believes that it can best support charities through the pages of its newspapers. This support will either be through appeals to readers for donations or through editorial content, describing the aims and activities of various charities. In every case the decision as to whether or not to support a charity appeal or whether to run editorial comment will be one for the editor of each newspaper.

Trinity Mirror plc will make direct cash donations to charities in certain limited circumstances. The Company will, at a Group level, support various charities connected with or associated with the newspaper, printing or advertising industries. A second category of direct cash support will be to charities operating in the communities immediately surrounding the Group's offices and print sites. The charities that are likely to receive support are smaller community based charities where a modest donation will make a big impact. It is unlikely that a major national charity that just happens to be based very close to one of our offices would receive a donation.

There will be a further limited general pool of funds out of which donations will be made to legitimate and supportable causes that fall outside the above two criteria. There will, however, need in each case to be a demonstrable business or commercial reason why such support should be given. Each of our regional newspaper companies have a small budget out of which they will make direct cash donations to charities working in the community in which the newspaper is based. Scottish Daily Record and Sunday Mail Limited will similarly make a number of donations to appropriate charities based in Scotland. The National titles of the Daily Mirror, Sunday Mirror and The People are most unlikely to make direct cash donations. They will do so only where they are asked to make a payment to a charity in lieu of a fee for an interview or some form of support.

Any corporate donations requested from the national titles are likely to be redirected to the Group, as the Company's headquarters share the same office location as that of the national titles.

All Group donations need the prior agreement of the Secretary and Group Legal Director. Any local business donations require the prior agreement of the relevant Managing Director. In addition to cash donations, the Company is active in making donations in kind in the form of used computer equipment, furniture, books, etc. Through its community involvement programmes, the Company makes available members of its staff for volunteering and mentoring programmes.'

Community engagement

Campaigns and fundraising

Community engagement programmes throughout the Group are so widespread and embedded that we sometimes find it hard to keep track ourselves of what we are doing. The main reason for this is that it is simply 'what we do'. Our newspapers are integral to the lives of their readers and, particularly for our local and regional titles, are simply part of the fabric of their local communities.

Activities range from large scale national events, such as the Pride of Britain Awards, to small, but nonetheless important, local projects. This report provides a snapshot of some of the numerous activities undertaken in 2010 across the Group and provides an insight into the ability of communities to pull together, which is all the more impressive given these economically challenging times.

Below are some examples from the wide range of fundraising and awareness campaigns carried out during 2010 by our local, regional and national titles:

Local and regional titles

The Huddersfield Daily Examiner

A scheme launched by Adrian Sudbury, the late Huddersfield Daily Examiner journalist, aimed at educating young people about the importance of bone marrow donation has been hailed an 'outstanding success' by an independent assessor. The 'Register and Be a Lifesaver' campaign, run by the Anthony Nolan Trust and NHS Blood and Transplant, was established after Adrian secured funding for a pilot project following a meeting with former Prime Minister Gordon Brown. Adrian rose to public prominence as the 'Baldy Blogger' charting experience of his illness. He spent the last few months of his life campaigning for better education and information for young people on the importance of bone marrow donation. His legacy project continues and has so far trained 65 volunteers to deliver seminars in sixth forms and colleges with over 120 presentations to 5,000 students. The project is being rolled out on a nationwide basis after a successful pilot in Bristol and South Yorkshire having secured funding for the next two years.

The Liverpool Echo and Daily Post

In the North West, The Liverpool Echo and Daily Post have built on the success of their official charity 'Liverpool Unites'. Inspired by the way the city came together in support of murdered schoolboy Rhys Jones' family, Liverpool Unites continues to support local charities and community groups across Merseyside that help young people to break the cycle of crime and poverty. Embodied by the purple ribbon symbol, a mix of the red and blue of the city's two famous football clubs, the charity has raised more than £250,000 in its first two years. In 2010, a donation from the Premier League of £20,000 to Liverpool Unites was given to Fairbridge Merseyside to fund a new media suite for their young people aged 13 to 25 who are out of education and employment. The Liverpool Unites Awards were held in July 2010 to recognise and reward children's charities and community groups across Merseyside that positively engage and help vulnerable children and young people.

The Birmingham Mail

In the Midlands, the Birmingham Mail Charity Trust continued to raise funds from local readers and businesses to give out in grants to community groups. Fundraising events in 2010 included the Birmingham Mail Fun Run and the Santa Dash in December. All proceeds were given out in grants ranging from £500 to £2,000, with recipients ranging from inner city playgrounds to deprived pensioners' club day-trips.

The Coventry Telegraph

The Coventry Telegraph Charity Snowball Appeal makes donations to disadvantaged and severely handicapped children in the Coventry and Warwickshire area. It raises funds from local readers, organisations and businesses through a variety of activities. Applications for financial aid have to be supported by medical professionals and in 2010 grants have helped to purchase essential items of equipment including specially-adapted wheelchairs, tricycles and home computers. In addition, 26 local groups and charities benefited from donations totalling £10,000 through the Coventry Telegraph's 'Wish' campaign.

Manchester Evening News

The Manchester Evening News and sister paper the Stockport Express joined forces to highlight the story of four year-old, Harley Slack who lost his arms and legs after contracting meningitis. His story of courage went round the world. As Harley spent almost six months in hospital, a massive fundraising campaign was launched to help with his care and last year it reached £600,000.

Harley is doing well and both papers we were there to record his milestones – his first day at school, his first steps and his parents' wedding – where he was the best man. As part of the fundraising, Stockport Express reporter Peter Devine cycled from John O'Groats to Land's End.

The Salford Advertiser

The Salford Advertiser 'Christie appeal' reached its target of £250,000 at Christmas. Readers jumped on board with a host of fundraising events to help the paper reach the target in just over a year.

Cash from the appeal will equip the proposed radiotherapy unit at Salford Royal Hospital with the ultimate specialist equipment. The facility will mean cancer patients will be able to access first class radiotherapy treatment closer to home. The £17 million specialist unit being built at the hospital is due to open next summer.

The Journal

In the North East, the Journal launched 'Great North Revolution', 'Go Global' and 'Case for the North East' designed to highlight the region's difficulties during the recession in terms boosting the region's prosperity and preserving the identity of the region. High profile lobbying, local business support and collaboration with the CBI and North East Chamber of Commerce were highlights of the campaigns.

The Evening Chronicle

During 2010, the Evening Chronicle Sunshine Fund raised £196,346 to support children with disabilities in the North East region. £82,169 worth of specialised equipment was purchased for 73 individual children and four organisations. The equipment varies from specialist individual trikes to help with mobility to talking flowers for a sensory garden. This support benefits the children and also their families and carers.

Evening Gazette and Evening Chronicle

Across the two titles more than 500 community groups have received a share of £100,000 through the 'Wish' campaign. 'Wish' benefits not-for-profit organisations that serve the local Teeside and Newcastle communities, ranging from schools and sports clubs to charities and community groups.

Corporate responsibility report

Trinity Mirror Southern titles

A number of Trinity Mirror Southern titles (Surrey Herald Series, Ealing Gazette Series, Harrow Observer Series, Hounslow Chronicle Series and Staines News) partnered with Barclays Bank for a fifth year to run the 'Let's Do It' Community Awards across their titles. Barclays put up a prize fund across the titles to be awarded to local groups and charities to help them with community projects and events.

The Ealing Gazette ran their 'Pride in Our People' Community Awards in partnership with Thames Valley University to honour the unsung heroes across the boroughs of Ealing and Fulham and Hammersmith.

Reading Post

The Pride of Reading awards have gone from strength to strength since they began seven years ago. Hosted by Reading-born Chris Tarrant, the awards recognise community stalwarts, cultural champions, creative businesses, restaurants and eateries, environmental projects and more. Winners included a small Reading business which joined Google and Microsoft in being the only companies to do a multi-million pound deal to connect with Twitter's 'firehose', BG Group for Business in Action and the organiser of Reading's gay Pride festival.

National titles

Daily Mirror

The Daily Mirror's prestigious Pride of Britain Awards 2010 returned for the 12th time in November. The glittering event has firmly established itself as the most popular awards show on television. Almost seven million ITV viewers tuned in to watch the emotionally charged ceremony. The viewing figures were once again much higher than for the Brits and the Baftas. It also received huge coverage on national and regional TV and radio, newspapers and glossy magazines. Prime Minister David Cameron said the awards "say so many great things about our country. They demonstrate the decency of the British people."

HRH The Prince of Wales paid tribute to the nation's incredible unsung heroes. Children and adults who had performed acts of unbelievable courage, charity fundraisers, teachers, care workers, charity fund-raisers and members of the armed services were among those receiving awards. Sir David Jason even flew to Afghanistan to present a bomb disposal squad with their award. Footage of the visit was screened at the ceremony – which was sponsored by Littlewoods.com for the first time.

The Daily Mirror Youth Achievers Ball celebrated the achievements of marginalised teenagers in Northern Ireland. The black tie ball pays tribute to young people who have lived through trauma and challenges most adults would baulk at, from health to caring responsibilities, poverty to abuse. Despite this, these youngsters work to make a real difference to their community. The ball at Parliament Buildings, Stormont – which was held for the third year – recognised their efforts.

The Daily Mirror also became Age UK's media partner in its Spread The Warmth campaign. The charity – formed after the merger of Age Concern and Help The Aged – worked with the Daily Mirror to reduce the number of preventable winter deaths and to help more that 350,000 older people live safer, healthier and more fulfilling lives.

The Sunday Mirror

The Sunday Mirror continued its long-running campaign for Britain's forgotten nuclear test veterans. More than 20,000 servicemen witnessed hundreds of atom tests in Australia, US and South Pacific in the fifties and sixties. The Sunday Mirror continued to fight for the 3,000 surviving veterans and their families whose lives have been blighted with cancers, bone deformities and birth defects in their children.

The People

The People raised awareness through their Fuel Poverty campaign by urging the Work and Pensions Department to pass on details to major power suppliers of those entitled to pension credits. As a result of this campaign, the big six energy companies agreed to a £20 million deal giving 250,000 pensioner households rebates on electricity.

Similarly, The People was highly instrumental in persuading the Ministry of Defence to ensure that military ID can be used by troops to prevent civilian ID such as passports or driving licences falling into the hands of rebel forces.

The Scottish Daily Record and the Sunday Mail

The Scottish Daily Record and Sunday Mail supported Glasgow's fourth annual Santa 5k Dash in January 2011. The fun run had been scheduled to take place on 12 December but had to be postponed because of atrocious weather conditions. More than 3,000 people dressed in Santa outfits to participate in a 5k around the streets of Glasgow. Daily Record staff participated, along with clients, local celebrities and Santa Dash patrons, Kenny and Marina Dalglish. £45,000 was raised in aid of The Marina Dalglish Appeal which has supports Nordoff-Robbins Music Therapy, The Prince and Princess of Wales Hospice in Glasgow and the Marie Curie Hospice in Stobhill. Kenny Dalglish, who helps organise the race, said: "It was an amazing sight seeing all the Santas running through Glasgow's city centre on a quiet Sunday morning in January."

The Group's titles believe they are nothing if they are not part of the community, in the community and for the community in which they are published.

Catch 22

The Group continued its active support as co-sponsors of Catch 22, an initiative helping youngsters held back by a lack of qualifications or work experience obtain the opportunities they deserve. In 2010 we gave 12 students work experience in our regional business in our Southern region offices and on the Daily Mirror. Further information of the initiative can be found at www.catch-22.org.uk.

Employee volunteering

The employee volunteering policy is to support those members of staff across the group who want to – or already do – take part in voluntary activities in our local communities. We acknowledge that voluntary work with deserving good causes and initiatives is one of the most direct ways that we can engage with the community on a local level, and we hope this policy will further strengthen our connections with the communities in which we operate.

Risks and opportunities

The Group is not a multinational nor is it engaged in 'heavy' industry. It is not, therefore, exposed to some of the risks faced by those who operate in developing countries or at the sharp end of environmental exposure. The greatest exposure for the Group would, therefore, be a procedural failure that led to a domestic failure of its environmental, health and safety or ethical policies. It is unlikely that a failure in any of these three areas would be catastrophic. The Group's principal risks and uncertainties can be found on page 29.

The Board believes that the Group's main exposure in this area would be one of reputational damage. The procedure that the Group employs to control and manage these risks is through a regular review of its standards and systems and through training of relevant employees and managers.

The Company's Standards of Business Conduct are embedded within the culture of the Group. As stated earlier, the Company is currently reviewing all applicable policies prior to the proposed implementation of the Bribery Act 2010.

The Company believes that opportunities in these areas are similarly reputational. We believe that there are advantages to being seen as the employer of choice for those entering our industry, that decision having been made on an assessment, amongst many other things, of our corporate social responsibility programmes. Those programmes will also be key in the retention of staff. We also believe that there are obvious commercial advantages from being seen as a socially responsible company.

Paul Vickers
Secretary and Group Legal Director

3 March 2011

Corporate governance

The Board is committed to maintaining high standards of corporate governance and recognises the importance of good corporate governance. Sound governance is central to achieving the directors' prime objective of maximising shareholder value and comprises, principally, the processes by which the Group is directed and managed and how risks are identified and controlled.

This statement, together with the Remuneration Report on page 47, the Audit & Risk Committee Report on page 43, the Nominations Committee Report on page 42 and the Directors' Report set out on pages 53 to 55, describes how the Company has applied the relevant principles of the June 2008 Combined Code on Corporate Governance as issued by the Financial Reporting Council (FRC Combined Code).

The FRC Combined Code was replaced by the UK Corporate Governance Code (UK Code) which applies to financial years beginning on or after 29 June 2010. The Board has reviewed the content of the UK Code and has decided to adopt provision B.7.1 in respect of directors being subject to annual election by shareholders. Each director will submit themselves for re-election by shareholders at the 2011 Annual General Meeting to be held on 12 May 2011.

The Board believes that the Company complied with all of the FRC Combined Code provisions during the financial year ended 2 January 2011.

The role of the Board

The Board is responsible for promoting the long-term success of the Company and for providing leadership within a framework of prudent and effective controls that enable risk to be assessed and managed and is accountable for the Group's operations.

The Board has a formal schedule of matters reserved to it which includes:

- The Group's strategic plans;
- Acquisitions or disposals;
- Capital expenditure;
- All financing matters;
- The annual budget and the review of operating and financial performance;
- Annual and half year financial results, annual report and accounts and interim management statements;
- Board, Company Secretary and Committee Chairman appointments;
- Terms of reference for all Board Committees;
- Directors' conflicts of interest; and
- Dividend policy.

Other specific responsibilities are delegated to Board committees, each of which has clear written terms of reference. The terms of reference for the Audit & Risk Committee, the Nomination Committee and the Remuneration Committee are available on the Company's website at www.trinitymirror.com/our-company/corporate-governance.

The Chief Executive is responsible for the day-to-day leadership, operational and performance management of the Company within the strategy and plans agreed by the Board. This is implemented through the executive directors, Executive Committee and the rest of the management team.

The Board meets regularly and a schedule of attendance is shown below in respect of all Board and committee meetings during the year.

Table of attendance of meetings

	Board	Audit & Risk Committee	Remuneration Committee	Nomination Committee	AGM
Sly Bailey	10/10	4/4	5/5	2/2	1/1
Sir Ian Gibson	10/10	4/4	5/5	2/2	1/1
Gary Hoffman	10/10	4/4	5/5	2/2	1/1
Jane Lighting	9/10	4/4	4/5	2/2	1/1
Kathleen O'Donovan	9/10	4/4	4/5	2/2	1/1
Vijay Vaghela	10/10	4/4	–	–	1/1
Paul Vickers	10/10	4/4	5/5	–	1/1
Laura Wade-Gery	8/10	4/4	4/5	2/2	1/1

Where a director was unable to attend a meeting, they were provided with all the papers and information relating to that meeting and were able to discuss issues with the Chairman and Chief Executive.

In 2010, the Board was scheduled to meet eight times, additional time was spent reviewing strategy and governance. Additional Board meetings are called as required and in total the Board met 10 times during the year. The Board holds meetings in regional offices which provides a valuable opportunity for the directors to further their understanding of the Group's operations and key regions.

Board meetings are structured to allow open discussion and all directors participate in the discussion of strategy, trading, financial performance and risk management. Board papers are circulated in sufficient time before a meeting to enable full and informed discussion. Members of the wider Executive Committee attend Board meetings by invitation and make presentations regularly.

Committee membership

The Board has agreed that all non-executive directors should serve as members of the Audit & Risk, Nomination and Remuneration committees. The Board believes that an increasing amount of work is undertaken by these committees and that a non-executive director can only properly fulfil his or her responsibilities if they are present during committee meetings and are able to follow the detail of discussion and debate held at those meetings. Similarly the Chairman, in addition to chairing the Nomination Committee, is a full member of the Remuneration Committee and attends meetings of the Audit & Risk Committee at the invitation of its chairman.

Chairman and Chief Executive

The roles of the Chairman and Chief Executive are separated and their responsibilities are clearly established, set out in writing and agreed by the Board. The Chairman is responsible for ensuring that the directors receive accurate, timely and clear information and cultivating a boardroom culture for honest and effective debate enabling constructive contribution of all the non-executive directors.

Directors

There are currently eight directors: Chairman, Sir Ian Gibson; Chief Executive, Sly Bailey; Senior Independent Director, Gary Hoffman; two other executive directors; and three other non-executive directors. The directors' biographies are set out on page 18 and illustrate the directors' breadth of experience, which should ensure an effective Board to lead and direct the Group.

Appointment and retirement of directors
The appointment and replacement of directors is governed by the Company's Articles of Association (the 'Articles'), the FRC Combined Code, UK Code, the Companies Act 2006 and related legislation. The Articles may be amended by a special resolution approved by shareholders.

In accordance with the FRC Combined Code and the Articles, every director is subject to reappointment by shareholders at the first opportunity following their appointment and subsequently must seek re-election at least once every three years. In support of the new provisions of the UK Code, all directors will seek re-election at the forthcoming Annual General Meeting. Further information is included in the Notice of Meeting.

The non-executive directors are appointed for an initial term of three years and may be invited to serve subsequent terms. Prior to seeking re-election by shareholders at the end of their initial term, the Nomination Committee meets to consider whether his or her performance continues to be effective and whether they demonstrate a commitment to the role.

During the year, the Chairman and non-executive directors met without the executive directors being present. It is normal practice for the non-executive directors to meet without the Chairman being present at least once a year to review the performance of the Chairman and such a meeting took place in 2010.

The Chairman and the non-executive directors have letters of appointment which are available for inspection at the registered office of the Company during normal business hours and at the place of the Annual General Meeting. The executive directors have service contracts which are similarly available for inspection at the registered office and at the Annual General Meeting.

Directors' indemnity and insurance

As approved by shareholders at the Annual General Meeting held in 2008, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006.

The Company maintains appropriate directors' and officers' liability insurance for its directors and officers.

Company Secretary

All directors have access to the advice and services of the Secretary and Group Legal Director, Paul Vickers, who is responsible for ensuring that Board procedures and applicable rules are observed.

The Company Secretary's responsibilities include ensuring good information flows to the Board and its committees and between senior management and the non-executive directors.

Training

An assessment is made of any training needs on a director's appointment and the appropriate training is provided. New directors are provided with background reading about the Group and details of Board procedures and other governance-related matters. A full and individually tailored induction programme is provided for all new directors.

Directors receive ongoing updates on relevant issues as appropriate, taking into account their individual qualifications and experience. The Company Secretary helps directors undertake any other professional development they consider necessary to assist them in carrying out their duties.

The Board participate in visits to key operational sites during the year to gain a deeper insight into the Group's operating environment.

Independent advice

The directors may take independent professional advice if necessary at the Company's expense.

Director independence

The Board believes that all its non-executive directors are independent.

The Board believes that the Chairman was independent at the date of his appointment. The Chairman has declared to the Company his other significant commitment, which is his Chairmanship of Wm Morrison Supermarkets plc. During the year, the Chairman was appointed as a non-executive member of PricewaterhouseCoopers LLP – Public Interest Board. The Board believes that he devotes sufficient time to the Company to properly and fully fulfil his responsibilities.

Gary Hoffman was, until October 2008, Group Vice Chairman of Barclays and an executive director of Barclays plc. Although the Company has connections with Barclays, the Company does not believe that this former connection affects Mr Hoffman's independence given the relationships were in areas outside of his direct control.

The Board has considered the effect of Paul Vickers's roles as an executive director and Company Secretary and believes that Mr Vickers is able to maintain independence where required. The Chairman reviews Mr Vickers's performance regularly and appropriate procedures are in place enabling him to perform and fulfil his duties accordingly.

Directors' conflicts

The Board adopted a Conflicts Policy in October 2008 which provides a formal system for directors to declare conflicts to be considered for authorisation by those directors who have no interest in the matter. In deciding whether to authorise a potential or actual conflict, the non-conflicted directors are required to act in the way they consider would be most likely to promote the success of the Company and they may impose limits or conditions when giving authorisation or subsequently if appropriate.

The Board applied the Conflicts Policy throughout 2010 and the relevant procedures for authorisation of potential or actual conflicts were followed. The Board agrees that there is currently no compromise to the independence of any director arising from an external appointment or any outside commercial interest.

In addition to the availability of the Register of Conflicts at each Board meeting for review, an annual review has been conducted and the Board will continue to monitor and review potential conflicts of interest on a regular basis.

Board performance evaluation

The Board has adopted a policy of engaging with external evaluation every third year. The last formal external evaluation took place in 2008 which was facilitated by Dr Tracy Long of Boardroom Review. This year, the Board participated in a formal evaluation of its own performance and that of its committees and individual directors by using an internal questionnaire. The results were presented and discussed at a Board meeting as part of a wider corporate governance review. The review covered the roles and processes of the Board and its committees. Overall, it was concluded that the Board and its committees continued to operate effectively with appropriate procedures in place.

Corporate governance

Shareholder communications

The Company encourages two way communication with both its institutional and private investors and responds promptly to all queries received orally or in writing. The Chief Executive and the Group Finance Director meet regularly with analysts and institutional shareholders.

The Board receive regular detailed reports on investor relations activities and any related issues concerning major shareholders.

Twice a year, the Investor Relations team produce a formal report for the Board giving details of comment and feedback received from analysts and institutional investors.

The Company's website is regularly updated and contains a wide range of information of interest to both institutional and private investors, including any announcements made by the Company to the London Stock Exchange as well as presentations of interim and annual presentations made to analysts.

In addition, on notification of a new substantial shareholder in the Company, the Chairman will write to the shareholder to offer a meeting. The Chairman meets with major shareholders as requested.

Audit & Risk Committee

The Audit & Risk Committee is chaired by Kathleen O'Donovan. Gary Hoffman, Jane Lighting and Laura Wade-Gery are members.

The Committee meets as required during the year to monitor, review and approve the internal audit plan, direct the internal audit function and external auditors and to oversee the management of internal financial controls and risk management systems.

The Audit & Risk Committee report on pages 43 to 45 contains a more detailed description of the Committees' role, responsibilities, activities and effectiveness during the year.

The Group Finance Director, other directors, the Group's external auditors, internal auditors and other management, as appropriate, attend meetings of the Committee.

The Committee has formal written terms of reference which are published on the Company's website.

Remuneration Committee

The Remuneration Committee is chaired by Jane Lighting. Other members of the Committee are; Sir Ian Gibson, Kathleen O'Donovan, Gary Hoffman and Laura Wade-Gery.

The Committee meets as required during the year to review the Company's general policy on executive remuneration, the application of the policy to the remuneration and benefits of the executive directors, and to recommend and monitor the level and structure of remuneration for senior management.

The Remuneration report on pages 47 to 52 contains a more detailed description of the Company's policies and procedures for executive remuneration. During the year, as appropriate, the Chief Executive and the Secretary and Group Legal Director have attended meetings of the Committee but they do not participate in discussions on their own remuneration.

The Committee has formal written terms of reference which are published on the Company's website.

Nomination Committee

The Nomination Committee is chaired by the Chairman. All the non-executive directors and the Chief Executive are members.

The Committee meets as required to select and propose to the Board suitable candidates of appropriate calibre for appointment as directors. The Committee would normally expect to use the services of professional external headhunters to help in the search for and selection of candidates.

The Committee has due regard for the benefits of diversity on the Board, including gender. The current composition of the Board reflects this. As part of the board evaluation process, the Committee continues to identify and develop short-term contingencies for ensuring the Company maintains an appropriate balance of skills and experience.

The Committee has formal written terms of reference which are published on the Company's website.

Administration Committee

The Administration Committee consists of the Chief Executive, Group Finance Director and Secretary and Group Legal Director and meets as necessary to deal with administrative matters of a day-to-day nature.

Accountability and audit operating and financial review

Through the reviews of the performance and financial position in the Chairman and Chief Executive Statement on pages 12 to 17 and the Business review on pages 20 to 30 together with the Directors' report on pages 53 to 55, the Board seeks to present a balanced and understandable assessment of our position and prospects. The directors' responsibility for the financial statements is set out on page 55.

Corporate governance compliance statement

The Company has complied throughout the financial year with the provisions set out in the FRC Combined Code.

Going concern basis

In accordance with LR 9.8.6(3) of the Listing Rules, and in determining whether the Group's annual consolidated financial statements can be prepared on a going concern basis, the directors considered all factors likely to affect its future development, performance and its financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to its business activities. These are set out in the Chairman and Chief Executive statement on pages 12 to 17, the Business review on pages 20 to 30 and in the notes to the consolidated financial statements, in particular notes 25, 26, 27 and 34.

The key factors considered by the directors were as follows:

– The implications of the challenging economic environment on the Group's revenues and profits. The Group undertakes forecasts and projections of trading and cash flows on a regular basis. Whilst this is essential for targeting performance and identifying areas of focus for management to improve performance and mitigate the possible adverse impact of a deteriorating economic outlook, they also provide projections of working capital requirements;

– The impact of the competitive environment within which the Group's businesses operate. In particular, the Nationals operate in a highly competitive marketplace characterised by high levels of marketing expenditure and cover price discounting;

– The impact on our business of key suppliers (in particular newsprint) being unable to meet their obligations to the Group;

– The impact on our business of key customers being unable to meet their obligations for services provided by the Group;

– The continued fragmentation of media and the implications for our business;

– The potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected; and

– The committed finance facilities available to the Group. The Group has access to overdraft facilities and a committed bank facility to meet day-to-day working capital requirements, which at the year end had undrawn facilities of £178.5 million. The bank facility is committed to June 2013 and drawings can be made with 24 hours' notice.

Having considered all the factors impacting the Group's businesses, including downside sensitivities, the directors are satisfied that the Group will be able to operate within the terms and conditions of the Group financing facilities for the foreseeable future. The Group does not expect to have to refinance or renegotiate its facilities during the next 12 months.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Group's annual consolidated financial statements.

Paul Vickers
Secretary and Group Legal Director

3 March 2011

Audit & Risk Committee report

The Audit & Risk Committee is chaired by Kathleen O'Donovan. Gary Hoffman, Jane Lighting and Laura Wade-Gery are members.

The Committee has identified its Chairman, Kathleen O'Donovan, as its primary member with recent and relevant financial experience. Kathleen is a Chartered Accountant and was a partner at Ernst & Young. She was for 12 years the Finance Director of BTR plc (subsequently Invensys). She has been Chairman of the Audit Committee of a number of public companies.

Gary Hoffman also has extensive experience of the financial services industry having spent 26 years with the Barclays group. He was appointed Chief Executive of Northern Rock plc in October 2008 and is the former Group Vice Chairman of Barclays plc. He has recently been appointed Chief Executive of NBNK Investments plc, effective on 1 May 2011.

Jane Lighting and Laura Wade-Gery each have considerable commercial experience. Jane was Chief Executive of both Flextech plc and of the television company Five. Laura was appointed Chief Executive of Tesco.com in January 2004 and a director of Tesco Personal Finance plc. Laura has recently been appointed executive director of multi-channel E-commerce at Marks and Spencer plc.

The Group Finance Director, other directors, the Group's external auditors and the internal auditors, as appropriate, attend meetings of the Committee.

During the Board performance evaluation in 2010, the Board reviewed the composition and balance of the Committee and it is satisfied that the appropriate and relevant expertise and resources are available to effectively fulfil the accounting, audit and risk issues it has to address during the year. The terms of reference provide authorisation for obtaining independent external advice at the Company's expense.

The website and the Company's intranet also carry details of the Company's 'whistleblower' policy, which has been approved and implemented by the Committee.

The Committee's principal responsibilities are to:

– Monitor the integrity of the financial statements of the Company including its annual and half year financial results, interim management statements and any other formal announcement relating to its financial performance, reviewing significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature;

– Review significant financial reporting issues and judgements;

– Recommend to the Board the appointment of the external auditor and approve their remuneration and terms of engagement;

– Monitor and review the external auditor's independence, objectivity and effectiveness including considering relevant UK professional and regulatory requirements;

– Develop and implement policy on non-audit services from the external auditors, taking into account relevant ethical guidance;

– Review the Company's procedures for handling allegations from whistleblowers;

– Review the Company's internal financial control system and risk management system;

– Monitor and review the effectiveness of the internal audit function;

– Review and approve the remit of the internal audit function and ensure the function has the necessary resources and is able to meet appropriate professional standards for internal auditors;

– Review and approve the internal audit plan; and

– Approve the appointment and termination of the Director of Risk and Audit who is responsible for internal audit (with the agreement of the Committee this approval may be delegated to the Committee Chairman).

Corporate governance

The Committee receives any required information from management in a timely manner and in formats which are comprehensible and sufficient to fulfil its responsibilities to shareholders and investors alike.

The Committee monitors and reviews the effectiveness of internal audit activities, internal controls and risk management systems. The Committee has considered that the appropriate systems are in place, are adequate and are operating properly. The Committee has access to a risk map which details a description of the risks, an assessment of the impact on the business, probability of occurrence, management accountability, applicable policies, sources of assurance, risk factors and associated actions. It is a valuable source of information for reference and is regularly reviewed.

During 2010, principal risks were identified, assessed and reviewed by impact and probability. Further information within this report under the headings Internal Controls and Risk Management. The principal risks and uncertainties facing the business can be found on pages 29 and 30 under the heading 'Risks and uncertainties'.

During 2010, the following items were reviewed at the Audit & Risk Committee meetings:

– Reports and Financial Statements;
– Tax, Treasury and Contingent Liabilities;
– Internal Control and Risk Management;
– Review of External Auditors;
– Risk Map;
– Internal Audit Plan;
– External Audit Plan;
– Review of Accounting Standards Changes; and
– External Audit Fees.

The internal audit function focuses on enhancing the Group's internal controls. It has a rolling programme of review which is approved by the Committee. The Director of Risk and Audit is highly qualified and has extensive experience of working at a senior level in large companies.

The Committee members are also members of the Remuneration Committee. The Committee believes that the Company's remuneration policy is adequate for a group of this size and nature and that compensation policies and practices are appropriate for maintaining a robust control environment and do not put the Company at risk.

External auditors' independence and non-audit work

The Committee has primary responsibility for making recommendations on the appointment, reappointment and removal of the external auditors.

The Committee recommended the reappointment of Deloitte LLP as external auditors following the annual external audit effectiveness review where the Committee concluded that the audit was fit for purpose. Deloitte LLP audits all significant subsidiaries of the Group.

The current overall tenure of Deloitte LLP dates from 1999. Any decision to open the external auditor to tender is taken on the recommendation of the Committee based on the effectiveness review described below. There are no contractual obligations that restrict the Company's choice of auditor.

The external audit effectiveness review which was carried out by the Committee, with the help of the Director of Risk and Audit, dealt with external auditor independence, planning, expertise and resources, audit process and communication. The review was in the form of an extensive questionnaire which was sent to directors and senior managers across the Group. The results were analysed by the Director of Risk and Audit and a full report was submitted for review by the Committee. There were no adverse findings. The report as a whole was discussed with the external auditors.

The Committee is satisfied that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business).

Private meetings were held with Deloitte LLP to ensure there were no restrictions on the scope of their audit and to discuss any items that the auditors did not wish to raise with the executive directors present.

The Committee reviewed and agreed the engagement letter from Deloitte LLP confirming their independence and objectivity. It also reviewed the scope of non-audit services provided by Deloitte LLP to ensure that there was no impairment of objectivity.

The Committee is satisfied that the level of fees payable in respect of audit services is appropriate for a group of its size and that an effective audit was conducted during 2010. Further details concerning external audit fees can be found in note 6 to the consolidated financial statements.

Non-audit services

The Board has accepted the Committee's recommendation on a policy on the engagement of the external auditors to supply non-audit services. The policy has been adopted by the Board and as a general rule the auditor will not be engaged to provide any additional services other than tax or accountancy advice and circulation audits. There may, however, be circumstances where it could be in the Company's and shareholders' interests if the auditor was engaged. Such circumstances are likely to be relating to either exceptional transactions or deemed not to be of a material nature. In all cases, the engagement of the auditor for non-audit work must be approved in advance by the Committee Chairman.

The Board undertook a review of the effectiveness of all its Committees during the year, including the Committee, as part of the annual review related to Board performance as described above.

Internal control

The directors are responsible for the Group's established system of internal control and for reviewing its effectiveness. During the year the Board has not been advised of any failings or weaknesses which were deemed to be significant. No system of internal control can provide absolute assurance against material misstatement or loss. Such a system is designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. The key procedures that have been established and designed to provide effective internal financial control are:

Management and organisational structure

The existing organisational structure is considered appropriate to the size of the Group. This clearly identifies levels of delegated responsibility to operational management. The performance of senior management is regularly evaluated and individual employees' responsibilities are clearly defined and communicated.

Financial reporting

Part of the comprehensive management reporting discipline involves the preparation of detailed annual budgets by all operating units. These budgets are reviewed by the Executive Committee and are ultimately summarised and submitted to the Board for approval. Weekly revenue and profit forecasts are received from all operating units followed by monthly management accounts, which are prepared promptly and reported against the approved budget. Consolidated monthly management accounts, including detailed profit analysis (with comparisons to budget, latest forecasts and prior year together with a treasury report (including comparison to our financial covenants) are prepared providing relevant, reliable and up to date financial and other information to the Board. Profit and cash flow forecasts for the current year are prepared and submitted to the Board at quarterly intervals during the year.

Investment appraisal
We have a clearly defined framework for capital expenditure which is controlled centrally. Appropriate authorisation levels and limits beyond which such expenditure requires the prior approval of the Capex Committee, consisting of the three executive directors and the Director of Group IT, or in certain circumstances, the Board, are clearly set. There is a prescribed format for capital expenditure applications which places a high emphasis on the overall Group strategy or support for the expenditure and requires a comprehensive and justified financial appraisal of the business case being put forward. All significant corporate acquisitions or investments are controlled by the Board or a Board sub-committee, and are subject to detailed investment appraisal and performance of due diligence procedures prior to approval by the Board.

Functional reporting
A number of our key functions, including treasury, taxation, internal audit, risk management, litigation, IT strategy and development, environmental issues and insurance are dealt with centrally. Each of these functions reports to the Board on a regular basis, through the Chief Executive, Group Finance Director or Secretary and Group Legal Director, as appropriate. The treasury function operates within the terms of clearly defined policy statements. The policy statements exist to ensure that we are not exposed to any unnecessary risk and that where appropriate there is hedging against foreign currency and interest rate risks. The Committee reviews reports from management, the internal audit department and the external auditors to provide reasonable assurance that internal control procedures are in place and are being followed. Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

Risk management

An ongoing process for identifying, evaluating and managing the significant risks we face has remained in place throughout the year and up to the date of approval of this report. The process is subject to regular review by the Board directly and by the Audit & Risk Committee.

The process accords with the Turnbull Guidance on Internal Control for directors, as applicable for this accounting period. Although the Board's overall responsibility for internal control is recognised, the positive contribution made by senior management to the establishment and ongoing development of risk management within the Group is acknowledged.

In reviewing the effectiveness of our system of internal control, the Board has taken into consideration a number of key elements, which include financial controls, investment controls, management reporting and the various review, steering, policy and Board committees.

The following illustrate how the risk management process and the system of internal control operated during 2010:

Group Internal Audit	The Director of Risk and Audit has recruited a skilled and experienced team to enable the agreed strategy to be fulfilled. During the year, the Internal Audit team was strengthened to include an experienced project manager and internal auditor to oversee the Company's PCI DSS compliance. The internal audit plan is risk based and has a focus on those areas which are critical to the achievement of business objectives.
Audit & Risk Committee	The role of the Committee includes the review, update and approval of the annual internal audit plan, direction to the internal audit function, to external auditors and to management in the review of internal financial controls. The Committee alerts the Board to any emerging issues and considers the draft papers prepared for the annual review of effectiveness of the risk management procedures adopted by the Company prior to being submitted to the Board for approval.
Risk Management Group	The Risk Management Group is formed of the Executive Committee together with invited senior executives. The Secretary and Group Legal Director co-ordinates the risk management activities of the Risk Management Group working closely with members of the internal audit department. The agreed objectives for the risk management framework have been achieved during the year and all significant risks have been reviewed. A risk map has been developed and regularly updated to show the actions taken to minimise risks throughout the Group, the policies in force and the other sources of assurance upon which reliance is placed to mitigate risk.
Divisional and Group functional key risks	To enable consistent and focused monitoring, reporting, evaluation and management of significant Group risks, the Executive Committee owner of each key risk and the relevant senior managers have reviewed the plans, actions and initiatives which have taken place or are underway and documented them in the risk map.
Year end compliance reporting	A formal process exists for year end risk management compliance reporting, requiring senior operating company, divisional and Group executive management to confirm their responsibilities for risk management and internal control. Ultimate compliance reporting is required of each and every Board member.

Steps have been taken to embed internal control and risk management further into the operations of the business and to deal with areas of improvement which come to the attention of management and the Board. The Group's systems of internal control are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Kathleen O'Donovan
Chairman
Audit & Risk Committee

3 March 2011

Remuneration at a glance

Key points in 2010

- third consecutive pay freeze for executive directors and senior managers;
- review of current share scheme arrangements;
- the employee bonus scheme which had a Group operating profit target saw payments of 80% of potential to each participant; and
- senior managers and executive directors received bonus payments of up to 80% of potential for significant outperformance of Group operating profit targets.

Remuneration policy

The Group aims to provide remuneration packages that comprise competitive fixed pay packages and variable pay which provides the potential for significant rewards related to performance aligned with the Group's strategic objectives and shareholder interests.

What are the principles of our remuneration policy?

Performance linked
A significant part of executive directors' reward is determined by the Group's success. Failure to achieve threshold levels of performance results in no payout under short or long-term incentives.

Shareholder aligned
Aligned with the Group's strategic objectives, a considerable part of the reward is related to share price performance and is paid in shares that have to be retained until minimum shareholding requirements have been met.

Competitive
The Group aims to provide remuneration packages that reward senior executives in relation to other relevant companies.
The Company seeks to balance the 'package' for senior executives between rewarding short and long-term performance.

Who are our peer group companies?

In setting remuneration, the Remuneration Committee, with its advisers, currently reviews arrangements for other listed companies and companies of a broadly similar size.

What are the component parts of reward?

Reward element	Group employees	Senior managers and executive directors only
Fixed base salary	✓	✓
Benefits including pensions	✓	✓
Variable annual bonus	✓	✓
Share awards	✗	✓

How has the structure changed year on year for executive directors?

	2010 reward
Base salary	Held at 2008 levels
Annual cash bonus	No change to maximum % of base of 75% to 110% for executive directors and 50% to 75% for Executive Committee
Share awards	LTIP award sizes reduced in 2010 and DSA potential increased. Approximate value maintained. Should any new remuneration proposals be recommended they will be put to shareholders at the 2011 AGM.

What did executive directors receive in 2010?

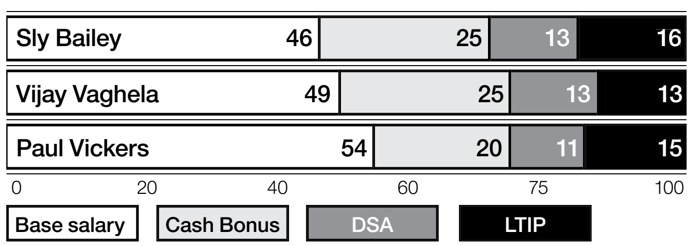
	Base salary £'000	Benefits excluding pension contribution £'000	Annual cash bonus Potential £'000	Annual cash bonus Actual £'000	Total cash and cash equivalents £'000
Sly Bailey	750	12	825	660	1,408
Vijay Vaghela	430	11	430	344	785
Paul Vickers	375	25	281	225	625

	Pension contributions £'000	Granted in 2010 Deferred shares	Granted in 2010 Performance shares
Sly Bailey	248	286,693	600,901
Vijay Vaghela	106	140,046	258,388
Paul Vickers	126	91,600	225,338

How are the rewards structured?

The relative weighting of each of the key elements of executive director remuneration for 2010 (excluding pension and benefits) by fair value is included in the table below and discussed in greater detail in the remuneration report.

Reward structure (%)



Remuneration report

The Remuneration Committee

The Remuneration Committee consists of Jane Lighting (Chairman), Sir Ian Gibson, Gary Hoffman, Kathleen O'Donovan and Laura Wade-Gery.

The Committee is a committee of the Board of Directors and has been established with formal terms of reference approved by the Board. A copy of the terms of reference are available on the Company's website www.trinitymirror.com/our-company/corporate-governance.

The Committee has authority to determine the appropriate remuneration, benefits and employment conditions for the executive directors. The Committee also monitors the level and structure of remuneration for senior management. The Committee sets the remuneration of the Chairman (the Chairman does not participate in any discussion of his remuneration). The Committee leads the Board's discussion of remuneration issues for all staff.

The Committee fulfils its duties with a combination of both formal meetings and informal consultation with relevant parties internally, including the Chief Executive and the Secretary and Group Legal Director. During 2010, the Committee reviewed the appointment of its principal external consultants. Following a 'beauty parade', Kepler Associates were appointed with effect from October 2010. During 2010, the Committee met on five occasions.

The Committee and the Board have continued to pursue their objective to ensure that the remuneration policy is fully consistent with and supportive of the main strategic objectives of the Group, and move the Group further towards a performance culture, whilst ensuring that potential risks arising from remuneration arrangements are appropriately reviewed and controlled. In addition, the Committee is sensitive to the levels of the remuneration packages of other employees within the Group when deciding executive director pay.

Remuneration policy

The Company's policy is to provide remuneration packages which comprise competitive fixed pay and variable pay which provides the potential for significant rewards related to performance which are aligned with the Group's strategic objectives and shareholder interests. The aim is to provide remuneration packages that attract, motivate and retain senior executives by rewarding competitively in relation to other relevant companies.

The main components of each executive director's remuneration package are basic annual salary and benefits, an annual bonus scheme linked to Group profit, share-based incentives linked to the delivery of shareholder value, and pension. Each element of remuneration has a specific role in achieving the aims of the remuneration policy and aligning the interests of executive directors with the interests of shareholders. The combined potential remuneration from annual cash bonus and long-term share-based incentives ensures that the balance of the executive remuneration package is weighted towards 'at risk' performance pay.

Committee activities

During 2010, the Committee met to consider the following remuneration issues:

– Review of best practice remuneration policy for executive directors, senior executives and all other staff;

– Review of external remuneration consultants;

– Review of long – and short-term incentive arrangements;

– Review of executive director and senior executive pay arrangements;

– Approval of awards to be made under the Long Term Incentive Plan and Deferred Share Award Plan;

– Review of status of performance conditions attaching to outstanding awards; and

– Approval of 2009 remuneration report.

Basic annual salary

Basic salaries are reviewed annually by the Committee. This review takes into account individual performance, experience and market competitiveness.

In relation to the salaries paid to executive directors and the Executive Committee, we continue to engage with the Committee's principal advisers to conduct an annual in-depth review of the competitiveness of total remuneration in comparison to executive directors and senior executives at other listed media companies and other organisations of a broadly similar size. In considering such data, the Committee is conscious of and keen to avoid the 'ratchet' effect that can be created by an over reliance on such comparative work.

In light of the economic climate, the challenging trading environment and principal risks and uncertainties faced by the Group, a decision was taken not to increase base salaries for 2010. In addition, the executive directors requested that they did not receive salary increases in 2011. In 2011, base salaries of the executive directors will therefore remain at their 2008 levels, of: Sly Bailey £750,000, Vijay Vaghela £430,000 and Paul Vickers £375,000.

Annual bonus

The Group operates an annual performance related bonus scheme for a number of senior executives including executive directors. This provides for annual cash bonuses up to a maximum of 110% of base salary for Sly Bailey, 100% for Vijay Vaghela and 75% for Paul Vickers. Other members of the Executive Committee participate in the scheme with maximum potential of either 50% or 75%. These payments do not form part of pensionable salary.

In 2010, to reflect the immediate and short-term issues facing the Group, the executive directors' bonus criteria were linked wholly to budgeted operating profit with the highly stretching budget figure being set significantly in excess of consensus market expectations at the time that it was approved by the Board. The outturn operating profit for 2010 of £123.3 million was approximately 17% in excess of the original consensus market expectations and resulted in a bonus payment of up to 80% of the maximum potential. The Committee is satisfied that this level of bonus payment is justified by the excellent performance relative to both budget and market expectations. This performance was a result of considerable restructuring – building on the work in 2009 – and was delivered despite a tough trading environment.

Remuneration report

Following a review and recognising the challenges facing the Group, the executive directors' bonuses for 2011 will continue to be linked to Group operating profit. The targets themselves are not being disclosed at this stage for reasons of commercial sensitivity. 20% of potential will be payable for threshold performance, 50% of potential will be payable at target with 100% only payable at stretch. Payment of any bonus earned from profit performance is also dependent upon the executive director having achieved a satisfactory level of personal performance during the year in their performance and development review.

Deferred Share Award Plan (DSAP)

An eligible employee may be granted an award of Deferred Shares based on a percentage of their previous year's gross bonus. These shares are held in trust.

In 2010 each executive director received a grant of Deferred Shares equal in value to 40% of his or her 2009 cash bonus. In 2011, as described in the 2009 Remuneration Report, the executive directors will receive a Deferred Share Grant equal to 60% of their actual cash bonus. The size of the Performance Share grant made under the LTIP in 2010 was reduced as a result. The Committee is currently reviewing the level of DSAP awards (which would normally be made in March 2012) in conjunction with the level of 2011 LTIP awards. Further details will be provided in the Notice of Annual General Meeting.

If the employee remains employed by the Group, their award of Deferred Shares will normally become exercisable on the third anniversary following its date of grant. The DSAP is for key executives with the Company and is designed to help align their interests with those of shareholders by awarding them a stake in the future success of the Company. At the point of vesting, all Deferred Share awards are capable of exercise at 'nil cost' to the participant.

Long Term Incentive Plan (LTIP)

The LTIP was originally approved by shareholders at the Annual General Meeting in 2004. Shareholder approval was given at the Annual General Meeting in 2006 to modify and simplify the LTIP.

In any financial year an employee may be granted an award over Performance Shares, the final vesting of which is subject to continued employment within the Group and satisfaction of a performance condition, as set out in the table below.

The normal maximum award of Performance Shares would be an award over shares not exceeding 100% of that person's base annual salary. However, in order to facilitate the recruitment of a particular eligible employee that higher figure may be increased to 200% of base annual salary. Following the increase in potential Deferred Share awards for 2010 outlined above, the standard award policy was reduced for 2010 with the Chief Executive receiving a Performance Share award worth 80% of base salary and the other executive directors receiving awards worth 60% of base salary.

For the awards made in 2010, the vesting of the Performance Shares will be determined by the Company's three year Total Shareholder Return (TSR) performance compared to a group of 14 other media companies listed below:

Aegis Group plc	Moneysupermarket.com Group plc
British Sky Broadcasting plc	Pearson plc
Daily Mail and General Trust plc	Reed Elsevier plc
Euromoney Institutional Investor plc	Rightmove plc
Informa plc	United Business Media plc
ITE Group plc	WPP Group plc
ITV plc	Yell Group plc

To determine whether the performance condition has been met, the TSR of each of the companies will be measured. The companies will then be ranked, in descending order, according to their TSR, and the performance shares will vest depending on the Company's TSR ranking as follows:

TSR ranking of company	Percentage of shares vesting (%)
9th to 15th (below median)	0
8th (median)	35
7th	50
6th	65
5th	80
4th	90
1st to 3rd	100

TSR is independently calculated for the Committee by its external advisers. Irrespective of TSR performance, before any vesting can occur the Committee must be satisfied that the underlying performance of the Company has been satisfactory throughout the relevant performance period.

Directors' shareholding

A shareholding expectation was placed on the senior executives in conjunction with the LTIP. Within five years of the Annual General Meeting in 2004 or of the date of first appointment, senior executives are expected to build a holding in the Company's shares equal to the following value of their salaries:

- Chief Executive: 150% of her salary;
- other executive directors: 100% of their salaries; and
- members of the Executive Committee: 30% or 50% of their base salary depending on the level of their bonus potential.

Executive directors are required to retain at least 50% of shares vesting (after tax) under the LTIP and DSAP until guideline is achieved.

The Board expects that non-executive directors will acquire shares equal in value to one times their annual fee during a period of three years from the date of their appointment.

Executive directors' pension arrangements

Sly Bailey receives an annual cash sum to use for pension purposes that is equivalent to 33% of base salary.

Until March 2010, Vijay Vaghela participated in the contributory MGN Pension Scheme, and accrued pension at the rate of 1/60th per year of service on salary up to the earnings cap referred to below until it closed to future accrual on 31 March 2010. Thereafter he participated in the Trinity Mirror Pension Plan (a defined contribution plan) to which he contributes 9% and the Company 10% of his salary up to the earnings cap referred to below.

Until March 2010, Paul Vickers participated in the contributory Trinity Retirement Benefit Scheme as well as the non-contributory Trinity Mirror plc Retirement Plan until they closed to future accrual on 31 March 2010. Thereafter, he participated in the Trinity Mirror Pension Plan (a defined contribution plan) to which he contributes 7% and the Company 8% of his salary up to the earnings cap referred to below.

In addition to their pensions, Vijay Vaghela's and Paul Vickers's spouses are entitled to pensions and lump sums payable if death occurs in service.

As Vijay Vaghela and Paul Vickers are subject to the earnings cap, they receive an annual cash sum equivalent to 30% of salary in excess of the cap.

Following 'A' day on 6 April 2006 the earnings cap applying to the pension benefits of Vijay Vaghela and Paul Vickers has been maintained by amending the rules of their respective pension schemes. The cap, currently £123,600, is normally increased every 6 April at the discretion of the Company by reference to the Retail Prices Index (RPI) for September in the previous year.

During 2009, the Committee received legal advice that the obligation to provide Paul Vickers a pension of two thirds pensionable salary at age 60 was a direct contractual commitment on the Company entered into for full consideration by Paul Vickers when his employment contract was renegotiated after the merger of Trinity plc and Mirror Group plc. Paul Vickers has agreed that following the closure of the schemes to future accrual, his pensions benefits are limited to his accrued benefits from the defined benefit schemes referred to above based on pensionable service to date of closure, and his capped final pensionable salary. As part of that arrangement, the Company agreed to pay Paul Vickers a cash supplement of 35% of his annual salary that is below the cap as amended from time to time.

Contracts of service

Each of the executive directors has a service contract with the Company which can be terminated by either party giving one year's written notice. If any executive director leaves service at the request of the Company (other than for gross misconduct) they will be entitled to receive predetermined compensation equal to 12 months' base salary and pension loss. Sly Bailey's contract specifies that if the Company terminates her contract after six months of any financial year the prescribed sum will include an amount equivalent to her pro-rata bonus entitlement for that period (subject to satisfaction of performance criteria and to be paid at the same time as other employees).

Paul Vickers's contract is dated 28 April 2000, Sly Bailey's contract is dated 9 December 2002 and Vijay Vaghela's contract is dated 18 April 2003.

Policy on external appointments

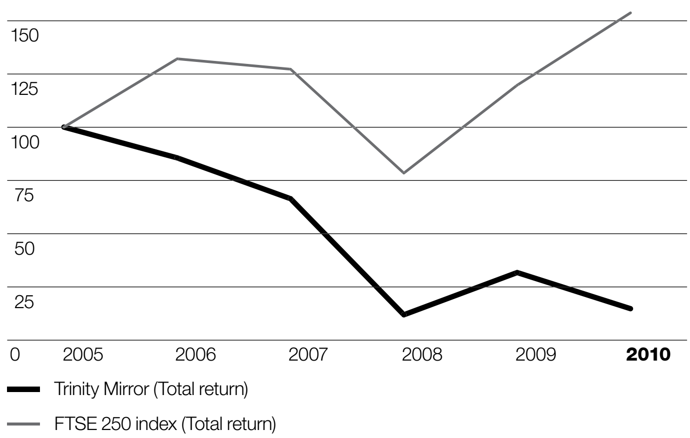
The Company acknowledges that its executive directors are likely to be invited to become non-executive directors of other companies. The Committee believes that these non-executive duties can broaden the directors' knowledge and experience to the benefit of the Company. Executive directors are therefore, with the Board's permission, allowed to accept one such appointment as long as there is no conflict of interest and to retain any fees.

Sly Bailey is a non-executive director and member of the remuneration committee of Ladbrokes plc for which she receives an annual fee of £50,000. Neither Vijay Vaghela or Paul Vickers currently hold any external directorships for which they receive any fees.

Performance graphs

The following graph illustrates the Company's performance compared to the FTSE 250 Index, which is considered the most appropriate form of 'broad equity market index' against which the Company's performance should be measured. Performance, as required by legislation, is measured by TSR.

Company performance against FTSE 250 index



As the main comparator group for the Company shares is the FTSE 350 Media Index, relative TSR performance compared to that group is shown below.

Company performance against FTSE 350 Media index

Remuneration report

Audited information

Remuneration for the period
The aggregate remuneration of the directors of the Company was as follows:

	Base salary £000	**Annual cash bonus £000**	**Taxable benefits[1] £000**	**Deferred Share Award[2] £000**	**Fees £000**	**Total excluding pensions 2010 £000**	Total excluding pensions 2009 £000	**Pension contributions 2010 £000**	Pension contributions 2009 £000
Executive directors									
Sly Bailey	736[3]	660	12	57	–	**1,465**	1,434	**248**	248
Vijay Vaghela	430	344	11	30	–	**815**	799	**106**	110
Paul Vickers	375	225	25	19	–	**644**	635	**126**	119
Non-executive directors									
Sir Ian Gibson	–	–	–	–	220	**220**	220	**–**	–
Gary Hoffman	–	–	–	–	60	**60**	67	**–**	–
Jane Lighting	–	–	–	–	50	**50**	44	**–**	–
Kathleen O'Donovan	–	–	–	–	55	**55**	55	**–**	–
Laura Wade-Gery	–	–	–	–	40	**40**	40	**–**	–
Total	**1,541**	**1,229**	**48**	**106**	**425**	**425**		**480**	**–**
Total 2009	1,541	1,250	48	29	426		3,294		477

[1] Incorporates the value of all tax assessable benefits arising from employment with the Company related to the provision of car and fuel allowance and healthcare cover.

[2] The Deferred Share awards granted in 2007 represent and relate to 2006 performance. Shares may be released under the DSAP within a period of six months from the third anniversary of the grant. The share price at the point of exercise was £1.016, therefore the values above relate to the share price at the point of exercise.

[3] Excludes the value of sacrificed salary under the Group's holiday purchase scheme amounting to £14,423.

Deferred shares exercisable at nil cost in 2014 will be granted in March 2011 to each executive director equal in value to 60% of 2010 cash bonus paid.

Directors' pension entitlements

The following executive directors were members of defined benefit schemes provided by the Company during the year. Pension entitlements and corresponding transfer values increased as follows during the year:

	Accrued pension at 2 January 2011[1] £000	**Transfer value at 2 January 2011[2] £000**	Real increase in accrued pension £000	Increase in accrued pension £000	Transfer value of real increase in accrued pension (less director's contribution)[3] £000	Increase in transfer value (less director's (contributions)[4] £000	Director's contributions[5] £000	Accrued pension at 3 January 2010[1] £000	Transfer value at 3 January 2010[2] £000
Vijay Vaghela	**32**	**373**	(1)	–	(7)	14	2	32	357
Paul Vickers	**45**	**799**	1	3	10	79	2	42	718
Total	**77**	**1,172**	**–**	**3**	**3**	**93**	**4**	**74**	**1,075**

[1] Pension accruals shown are the amounts which would be paid annually on retirement based on service to 31 March 2010.

[2] Transfer values have been calculated based on the bases adopted by the trustees following the introduction of new legislation of The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 (SI 2008/1050) and The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 (SI 2008/2450). In agreeing to the new bases trustees also had to consider the guidance issued by the Pensions Regulator 'Transfer Values – Guidance to the trustees of private sector occupational pension schemes providing defined benefits – September 2008' which came into effect from October 2008.

[3] The transfer value of the real increase in accrued pension over the year represents the incremental value to the director of their service during the year. It is based on the accrued pension increase less the director's contribution.

[4] The increase in the transfer value from 3 January 2010 to 2 January 2011 includes the effect of fluctuations in the transfer value due to factors beyond the control of the Company and directors such as stock market movements and is net of the director's contribution.

[5] Directors did not pay any voluntary contributions during the year.

The above disclosure of directors' pensions is in line with the latest Companies Act 2006 requirements. The figures for each director give the accrued pension to which each director would have been entitled had they left service at 31 March 2010 (and the equivalent figure for the preceding year and the increase in accrued pension over the year). Also disclosed is the transfer value of the accrued pension at the end of 2010 (and the preceding year) and the increase in the transfer value during the year (net of directors' contributions). The transfer values represent a liability of the pension schemes. They are not sums due to be paid to the directors.

Non-executive directors

The remuneration of non-executive directors is determined by the Board. No director plays a part in any discussion about his or her own remuneration. The Committee decided that the non-executive directors fees should remain unchanged at the current time.

The Chairman, Senior Independent Director and Committee Chairmen receive additional remuneration for providing these services to the Company, effective 1 July 2005, as set out below:

	£
Base fee	**40,000**
Additional fee for Chairman	**180,000**
Additional fee for Senior Independent Director	**20,000**
Additional fee for chairing committees:	
– Audit & Risk Committee	**15,000**
– Remuneration Committee	**10,000**

The table below summarises the fee structure for 2010:

Chairman	**220,000**
Senior Independent Director	**60,000**
Chairman of Audit & Risk Committee	**55,000**
Chairman of Remuneration Committee	**50,000**
Other non-executive directors	**40,000**

The Chairman and non-executive directors have letters of appointment which set out the terms of their appointment and are available for inspection at the Company's registered office and at the Annual General Meeting. They cannot participate in the annual bonus scheme or share schemes.

Interest in shares

Directors' activity 4 January 2010 to 2 January 2011

Share option schemes

The following directors held options to purchase shares under the Group's share option schemes. No grants have been made under these schemes since 2004 and no further grants will be made.

Options are exercisable between three and 10 years from the date of grant subject to the satisfaction of performance conditions. No options are exercisable unless the Group's earnings per share growth exceeds inflation, measured by reference to the Retail Prices Index, plus an average of 2% per annum over a period of three years. 50% of each grant of an option to each individual is subject to a TSR comparison against the FTSE Mid-250 index of companies on the date of grant. The other 50% is subject to a comparison of TSR with a group of about 20 other media companies. No vesting will take place on either measure unless the Company's ranking is at least median. For executive directors and other senior executives options to the value of 75% of base annual salary become exercisable at median performance with a sliding scale to full vesting at 80th percentile performance. If the performance criteria are not fully satisfied after three years then they can be retested over a period of four, five and six years from the date of grant. The calculation of TSR has been performed independently by the external principal advisers.

Name	Option price	Balance at 3 January 2010	Lapsed in year	**Balance at 2 January 2011**	Exercisable between[1]
Sly Bailey	395.5p	184,348	–	**184,348**	Feb 2006 to Feb 2013
Vijay Vaghela	544.0p	10,951	10,951	**–**	May 2003 to May 2010
	470.5p	16,737	–	**16,737**	Apr 2005 to Apr 2012
Paul Vickers	544.0p	113,970	113,970	**–**	May 2003 to May 2010
	470.5p	135,069	–	**135,069**	Apr 2005 to Apr 2012

[1] Exercisable between dates are the first possible exercisable date for these options – this does not mean that the options are exercisable as performance conditions have not necessarily been met.

Remuneration report

Long-Term Incentive Plan (LTIP)
Sly Bailey, Vijay Vaghela and Paul Vickers held 134,181, 61,340 and 54,439 options respectively to purchase shares under the LTIP relating to the award made in 2007 which lapsed during the year. A total of 249,960 LTIP awards lapsed accordingly.

The following directors held 'nil cost' options to purchase shares under the LTIP relating to awards made in 2008, 2009 and 2010:

Performance Share award	Number of shares	Share price at date of grant	Nominal vesting date
2008 Award			
Sly Bailey	270,270	277.5p	14 March 2011
Vijay Vaghela	123,964	277.5p	14 March 2011
Paul Vickers	108,108	277.5p	14 March 2011
2009 Award			
Sly Bailey	270,270	28.5p	3 April 2012
Vijay Vaghela	123,964	28.5p	3 April 2012
Paul Vickers	108,108	28.5p	3 April 2012
2010 Award			
Sly Bailey	600,901	99.8p	28 May 2013
Vijay Vaghela	258,388	99.8p	28 May 2013
Paul Vickers	225,338	99.8p	28 May 2013

The 2010 award was granted on 28 May 2010. For an explanation concerning the LTIP and performance criteria, further information can be found on page 48.

Deferred Share Award Plan (DSAP)
Sly Bailey, Vijay Vaghela and Paul Vickers held 56,174, 29,777 and 18,581 options respectively to purchase shares under the DSAP relating to the award made in 2007 which were exercised at 'nil cost' on 27 May 2010 at a share price of £1.016 at a total value of £56,735, £30,075 and £18,767 respectively.

The following directors held options to purchase shares under the Group's DSAP relating to awards made in 2008 and 2010:

Deferred Share award	Number of shares	Share price at date of grant	Nominal vesting date
2008 Award			
Sly Bailey	114,321	277.5p	14 March 2011
Vijay Vaghela	59,387	277.5p	14 March 2011
Paul Vickers	37,553	277.5p	14 March 2011
2010 Award			
Sly Bailey	268,693	99.8p	28 May 2013
Vijay Vaghela	140,046	99.8p	28 May 2013
Paul Vickers	91,600	99.8p	28 May 2013

There were no awards granted under the DSAP in 2009 to Sly Bailey, Vijay Vaghela and Paul Vickers. All Deferred Share awards are made at 'nil cost' to the participant. For an explanation concerning the DSAP, further information can be found on page 48.

During the year, the Committee agreed to accelerate the vesting date of the 2007 awards by three weeks to enable necessary procedural steps to be completed before Easter and personal income tax rates increased to 50% on 6 April 2010. The Committee decided that this was an appropriate step to make as the original vesting date was prior to 6 April 2010 and that the acceleration was purely for administrative ease.

Beneficial interests
During the year, the following directors completed purchases of ordinary shares in the Company. The table below details the purchases:

Director	Date of purchase	Number of shares purchased	Price per share	Total beneficial holding following notification
Sir Ian Gibson	26 June 2010	26,854	£0.741	63,404
Sly Bailey	26 June 2010	33,724	£0.735	168,734
Vijay Vaghela	26 June 2010	13,490	£0.735	69,930
Paul Vickers	26 June 2010	13,490	£0.735	71,309
Gary Hoffman	12 November 2010	25,000	£0.85	37,000

The interests of the directors, all of which are beneficial, in the ordinary shares of the Company are shown below:

	2 January 2011	3 January 2010
Executive directors		
Sly Bailey	**168,734**	107,374
Vijay Vaghela	**69,930**	41,792
Paul Vickers	**71,309**	48,684
Non-executive directors		
Sir Ian Gibson	**63,404**	36,550
Gary Hoffman	**37,000**	12,000
Jane Lighting	**–**	–
Kathleen O'Donovan	**–**	–
Laura Wade-Gery	**–**	–

As beneficiaries under the T I H Employee Benefit Trust, the directors are deemed to be interested in 90,855 ordinary shares held by the employee benefit trust at 2 January 2011.

There were no movements between the year end and the date of this report.

The lowest price of the shares during the year was 64.5 pence as at 30 June 2010 and the highest price was 171.5 pence as at 11 January 2010. The share price as at 4 January 2011 was 74.25 pence.

Approved by the Board of Directors and signed on its behalf by:

Jane Lighting
Chairman
Remuneration Committee

3 March 2011

Directors' report

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and Accounts 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 are required to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group or Company and of the profit or loss of the Group or Company for that period.

In preparing the consolidated financial statements, International Accounting Standard 1 requires that directors:

– properly select and apply accounting policies;

– present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

– provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and

– make an assessment of the Company's ability to continue as a going concern.

In preparing the parent company financial statements, the directors are required to:

– select suitable accounting policies and then apply them consistently;

– make judgements and estimates that are reasonable and prudent;

– state whether applicable United Kingdom 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 parent company 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Business review

Section 417 of the Companies Act 2006 requires that the directors present a Business review in this report to inform shareholders of the Company and help them assess how the directors have performed their duty to promote the success of the Company. The information that fulfils this requirement can be found in the sections set out below and is incorporated by reference into this report:

– the Chairman and Chief Executive statement on pages 12 to 17;

– the Business review including key performance indicators for each business on pages 20 to 30; and

– the statements concerning internal controls and risk management on pages 44 and 45.

These sections have been prepared to provide the Company's shareholders with a fair review of the business of the Company and a description of the principal risks and uncertainties facing it. It may not be relied upon by anyone, including the Company's shareholders, for any other purpose.

These sections of the annual report contain forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and future assumptions because they relate to events and/or depend on circumstances that may or may not occur in the future and could cause actual results and outcomes to differ materially from those expressed in or implied by the forward-looking statements. No assurance can be given that the forward-looking statements will be realised. Statements about the directors' expectations, beliefs, hopes, plans, intentions and strategies are inherently subject to change and they are based on expectations and assumptions as to future events, circumstances and other factors which are in some cases outside the Company's control. The information contained in these sections of the annual report have been prepared on the basis of the knowledge and information available to directors at the date of its preparation and the Company does not undertake any obligation to update or revise the information during the financial year ahead. It is believed that the expectations set out in these forward-looking statements are reasonable, but they may be affected by a wide range of variables which could cause actual results or trends to differ materially. The forward-looking statements should be read in particular in the context of the specific risk factors identified.

Shareholders should note that these sections have not been audited or otherwise independently verified.

Directors' report

Principal activities and future development

The principal activity of the Group is the publication and printing of newspapers and a growing portfolio of websites, primarily in the United Kingdom. The analysis of turnover and operating profit are included in notes 4 and 5 to the consolidated financial statements.

A review of our business and activities during the period is contained in the Chairman and Chief Executive statement on pages 12 to 17 and the Business review on pages 20 to 30.

Our strategic goal is to build a growing multi-platform media business, by developing and sustaining strong positions across print and digital, with products and services which meet the needs of our customers, both readers and advertisers.

Results and dividends

The profit for the period attributable to equity holders of the parent was £113.3 million (2009: £29.3 million). The directors do not propose a final dividend for the year and no interim dividend was declared (2009: no dividend). Retained profit for the period was £113.3 million (2009: £29.3 million).

Charitable and political donations

During the year contributions for charitable purposes totalled £50,000 (2009: £84,000), principally to various charities connected or associated with the newspaper, printing or advertising industries and local charities serving the communities in which we operate. No direct political contributions were paid during the period (2009: £nil). The editorial stance of our national titles, and in particular that of the Daily Mirror and the Daily Record, is politically left of centre and often supportive of the Labour Party. Although we do not make direct political donations, it has been in the best interests of the Daily Mirror and Daily Record to sponsor, on commercial terms, certain events in aid of the Labour Party. This is a practice that has been followed for many years.

At the Company's Annual General Meeting held in 2010, the Company and its subsidiaries received authority from shareholders under the Companies Act 2006 to make donations to political parties of up to £75,000 in aggregate per annum. In 2010 there were no such payments (2009: £nil).

Employment policies and employees

The Group employs over 6,500 people in around 60 locations across the UK, including nine print sites. The Company is committed to increasing the service quality, profitability and efficiency of the Company by attracting and recruiting the people who are best suited to meet the standards for the role and the Company without regard to race, creed, colour, nationality (subject to legal eligibility), ethnic origin, religion, gender, age, sex change, sexual orientation, marital status, connections with a national minority, membership or non membership of a trade union or, unless justifiable, disability.

We pursue a policy of equal opportunities for all employees and potential employees. We have continued our policy of giving fair consideration to applications for employment made by disabled persons bearing in mind the requirements for skills and aptitude for the job. In the areas of planned employee training and career development, we strive to ensure that disabled employees receive maximum possible benefits including opportunities for promotion. Every effort is made to ensure that continuing employment and opportunities are also provided for employees who become disabled. Within the limitations of commercial confidentiality and security, it is the policy of the Company to take views of employees into account in making decisions and wherever possible, to encourage the involvement of employees in the Group's performance.

Group companies evolve their own consultative policies. Methods of communication used within the Group include staff forums, advisory committee meetings, newsletters, bulletins, pension trustee reports, management briefings and staff surveys.

Since January 2009, Paul Vickers, Secretary and Group Legal Director, has been identified as the executive director with Human Resource responsibility.

Payment of suppliers

We have a supplier payment policy which provides for payment of all suppliers (other than those with agreed alternative terms) at the month end following the month of receipt of invoice. All companies within the Group are encouraged to make payments in accordance with those terms and conditions provided that the supplier has also complied with them. At 2 January 2011, the Group had an average of 36 days' (2009: 33 days') purchases outstanding in trade creditors.

Share capital

Details of the movements in the Company's called-up share capital including purchases of its own shares are included in note 29 to the consolidated financial statements.

Substantial shareholdings

In accordance with Rule 5 of the Disclosure and Transparency Rules, as at 3 March 2011, the Company had been notified of the following beneficial interests in its ordinary shares:

	Number of shares	Percentage	Nature of holding
Schroders plc	40,923,929	15.88%	Indirect interest
Standard Life Investments	35,976,036	13.96%	Direct and indirect
Aviva plc	22,194,892	8.61%	Direct and indirect
Royal London Asset Management Limited	13,609,355	5.28%	Direct interest
Blackrock Inc.	12,817,868	4.97%	Indirect interest
JPMorgan Asset Management (UK) Limited	12,666,887	4.92%	Indirect interest
Old Mutual Asset Managers (UK) Ltd	12,556,497	4.87%	Direct interest
Legal & General Group plc	10,291,384	3.99%	Direct interest
Barclays plc	10,023,158	3.78%	Indirect interest
Lloyds TSB Group plc	8,931,102	3.46%	Direct and indirect

All percentages are based on date of notification.

Corporate governance statement

The corporate governance statement, in accordance with Rule 7.2 of the Disclosure and Transparency Rules and Rule 9.8.6(5) and (6) of the Listing Rules, on page 42 forms part of this directors' report.

Directors

The directors of the Company who served during the period, unless stated otherwise, are listed below:

Executive
Sly Bailey
Vijay Vaghela
Paul Vickers

Non-executive
Sir Ian Gibson CBE
Gary Hoffman
Jane Lighting
Kathleen O'Donovan
Laura Wade-Gery

Their remuneration is summarised on page 50 and details of the directors' beneficial and non-beneficial interests in shares can be found on pages 51 and 52 in the remuneration report. Biographical details of each of the directors can be found on page 18.

The Board has decided to adopt the provision in the new UK Corporate Governance Code, whereby the entire Board should stand for re-election annually. Each director being eligible, therefore offers himself for re-election at the Annual General Meeting to be held on 12 May 2011.

Articles of Association

The Company's Articles of Association may only be amended by a special resolution at a general meeting of the shareholders.

Issued share capital

As at the date of this report, the Company's issued share capital consists of 257,690,520 ordinary shares of 10 pence each.

Authorities granted at the Annual General Meeting in 2010

At the Annual General Meeting in 2010, shareholders approved an authority for the Company to make market purchases of its own shares up to a maximum of 25,769,052 shares (being approximately 10% of the issued share capital) at prices not less than the nominal value of each share (being 10 pence each) and not exceeding 105% of the average mid-market price for the preceding five business days. No use was made of this authority during the year.

Annual General Meeting

The Annual General Meeting of Trinity Mirror plc will be held at the Hilton London Canary Wharf, Marsh Wall, London E14 9SH on 12 May 2011. The Notice is given, together with explanatory notes, in the booklet which accompanies this report.

Auditors

Each of the persons who is a director at the date of approval of this Annual Report and Accounts confirms that:

– so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

– the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors of the Company and their reappointment will be put to shareholders at the next Annual General Meeting.

Directors' responsibility statement

The directors confirm to the best of their knowledge:

– the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

– the Business review, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

By order of the Board

Paul Vickers
Secretary and Group Legal Director

3 March 2011

Group consolidated accounts

Independent auditor's report to the members of Trinity Mirror plc

We have audited the consolidated financial statements of Trinity Mirror plc for the 52 weeks ended 2 January 2011 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement and the related notes 1 to 38. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

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 statement of directors' responsibility on page 53, the directors are responsible for the preparation of the consolidated 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 consolidated 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 Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the consolidated financial statements:

– give a true and fair view of the state of the Group's affairs as at 2 January 2011 and of its profit for the 52 weeks then ended;

– have been properly prepared in accordance with IFRS as adopted by the European Union; and

– have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the 52 weeks ended 2 January 2011 for which the financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

– 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.

Under the Listing Rules we are required to review:

– the directors' statement contained within the corporate governance report in relation to going concern; and

– the part of the corporate governance report relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and

– certain elements of the report to shareholders by the Board on directors' remuneration.

Other matter

We have reported separately on the parent company financial statements of Trinity Mirror plc for the 52 weeks ended 2 January 2011 and on the information in the directors' remuneration report that is described as having been audited.

Panos Kakoullis
(Senior Statutory Auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London,
UK

3 March 2011

Consolidated income statement

for the 52 weeks ended 2 January 2011 (53 weeks ended 3 January 2010)

	Notes	2010 £m	2009 £m
Revenue	4, 5	**761.5**	763.3
Cost of sales		**(393.2)**	(390.4)
Gross profit		**368.3**	372.9
Distribution costs		**(80.8)**	(81.1)
Administrative expenses:			
Non-recurring items	8	**20.7**	(11.3)
Amortisation of intangible assets	15	**(6.0)**	(7.1)
Other administrative expenses		**(164.9)**	(186.9)
Share of results of associates	17	**0.7**	0.5
Operating profit		**138.0**	87.0
Investment revenues	9	**1.4**	0.2
Pension finance charge	33	**(7.1)**	(10.5)
Finance costs	10	**(8.6)**	(34.7)
Profit before tax		**123.7**	42.0
Tax charge	11	**(10.4)**	(12.7)
Profit for the period attributable to equity holders of the parent		**113.3**	29.3

	Notes	Pence	Pence
Earnings per share			
Adjusted earning per share* – basic	13	**28.6**	20.0
Adjusted earnings per share* – diluted	13	**28.5**	19.8
Earnings per share – basic	13	**44.6**	11.5
Earnings per share – diluted	13	**44.5**	11.4

* Adjusted items relate to the exclusion of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments and the impact of tax legislation changes. A reconciliation between the adjusted result and the statutory result is provided in note 38 on page 99.

Consolidated statement of comprehensive income

for the 52 weeks ended 2 January 2011 (53 weeks ended 3 January 2010)

	Notes	2010 £m	2009 £m
Profit for the period		**113.3**	29.3
Actuarial gains/(losses) on defined benefit pension schemes taken to equity	33	**112.5**	(105.7)
Tax on actuarial gains/(losses) on defined benefit pension schemes taken to equity	11	**(30.4)**	29.6
Deferred tax charge resulting from future change in tax rate		**(3.0)**	–
Share of items recognised in equity by associates	17	**(1.6)**	(1.7)
Other comprehensive income/(costs) for the period		**77.5**	(77.8)
Total comprehensive income/(costs) for the period		**190.8**	(48.5)

Consolidated statement of changes in equity

for the 52 weeks ended 2 January 2011

	Share capital £m	Share redemption premium £m	Capital redemption reserve £m	Retained earnings and other reserves £m	Total £m
At 3 January 2010	**(25.8)**	**(1,120.5)**	**(4.3)**	**661.4**	**(489.2)**
Profit for the period	–	–	–	(113.3)	(113.3)
Other comprehensive income for the period	–	–	–	(77.5)	(77.5)
Total comprehensive income for the period	–	–	–	(190.8)	(190.8)
Credit to equity for equity-settled share-based payments	–	–	–	(2.0)	(2.0)
Purchase of own shares	–	–	–	3.5	3.5
Refund of VAT on share issue costs	–	(1.1)	–	–	(1.1)
At 2 January 2011	**(25.8)**	**(1,121.6)**	**(4.3)**	**472.1**	**(679.6)**

for the 53 weeks ended 3 January 2010

	Share capital £m	Share redemption premium £m	Capital redemption reserve £m	Retained earnings and other reserves £m	Total £m
At 28 December 2009	(25.8)	(1,120.5)	(4.3)	615.9	(534.7)
Profit for the period	–	–	–	(29.3)	(29.3)
Other comprehensive costs for the period	–	–	–	77.8	77.8
Total comprehensive costs for the period	–	–	–	48.5	48.5
Credit to equity for equity-settled share-based payments	–	–	–	(3.0)	(3.0)
At 3 January 2010	(25.8)	(1,120.5)	(4.3)	661.4	(489.2)

Consolidated balance sheet

at 2 January 2011 (3 January 2010)

	Notes	2010 £m	2009 £m
Non-current assets			
Goodwill	14	**74.5**	74.5
Other intangible assets	15	**895.4**	871.4
Property, plant and equipment	16	**410.3**	423.2
Investment in associates	17	**5.4**	6.3
Retirement benefit assets	33	**61.1**	–
Deferred tax assets	21	**43.8**	83.4
Derivative financial instruments	26	**12.6**	–
		1,503.1	1,458.8
Current assets			
Inventories	18	**7.3**	5.9
Trade and other receivables	19	**99.4**	95.6
Cash and cash equivalents	19	**116.2**	61.2
		222.9	162.7
Total assets		**1,726.0**	1,621.5
Non-current liabilities			
Borrowings	25	**(226.1)**	(355.0)
Retirement benefit obligations	33	**(222.1)**	(296.6)
Deferred tax liabilities	21	**(318.3)**	(318.8)
Provisions	22	**(8.1)**	(7.2)
Derivative financial instruments	26	**–**	(2.9)
		(774.6)	(980.5)
Current liabilities			
Borrowings	25	**(137.8)**	–
Trade and other payables	20	**(106.5)**	(115.6)
Current tax liabilities	11	**(18.9)**	(23.0)
Provisions	22	**(6.4)**	(10.1)
Derivative financial instruments	26	**(2.2)**	(3.1)
		(271.8)	(151.8)
Total liabilities		**(1,046.4)**	(1,132.3)
Net assets		**679.6**	489.2
Equity			
Share capital	28, 29	**(25.8)**	(25.8)
Share premium account	28, 30	**(1,121.6)**	(1,120.5)
Capital redemption reserve	28	**(4.3)**	(4.3)
Retained earnings and other reserves	28	**472.1**	661.4
Total equity attributable to equity holders of the parent		**(679.6)**	(489.2)

These consolidated financial statements were approved by the Board of directors and authorised for issue on 3 March 2011. They were signed on its behalf by:

Sly Bailey
Chief Executive

Vijay Vaghela
Group Finance Director

Consolidated cash flow statement

for the 52 weeks ended 2 January 2011 (53 weeks ended 3 January 2010)

	Notes	**2010 £m**	2009 £m
Cash flows from operating activities			
Cash generated from operations	24	**110.1**	97.6
Income tax paid		**(19.1)**	(8.0)
Net cash inflow from operating activities		**91.0**	89.6
Investing activities			
Interest received		**1.4**	0.2
Proceeds on disposal of property, plant and equipment		**2.7**	8.9
Purchases of property, plant and equipment		**(14.2)**	(14.8)
Cash consideration on acquisition of business	36	**(7.4)**	–
Cash acquired on transfer of business	36	**0.2**	–
Net cash used in investing activities		**(17.3)**	(5.7)
Financing activities			
Interest paid on borrowings		**(16.3)**	(22.9)
Interest paid on finance leases		**–**	(0.6)
Repayment of borrowings		**–**	(10.0)
Repayment of obligations under finance leases		**–**	(9.8)
Purchase of own shares		**(3.5)**	–
Refund of VAT on share issue costs		**1.1**	–
Net cash used in financing activities		**(18.7)**	(43.3)
Net increase in cash and cash equivalents	27	**55.0**	40.6
Cash and cash equivalents at the beginning of period	27	**61.2**	20.6
Cash and cash equivalents at the end of period	27	**116.2**	61.2

Notes to the consolidated financial statements

for the 52 weeks ended 2 January 2011 (53 weeks ended 3 January 2010)

1 General information

Trinity Mirror plc is a company incorporated in England and Wales and listed on the London Stock Exchange. The Company's registered number is 82548. The address of the registered office is One Canada Square, Canary Wharf, London E14 5AP. The principal activities of the Group are discussed in the Business Review on pages 20 to 30.

These consolidated financial statements were approved for issue by the Board of directors on 3 March 2011. The 2010 Annual Report and Accounts will be made available on the Company's website at www.trinitymirror.com, at the Company's registered office and sent to shareholders in early April 2011.

2 Adoption of new and revised standards

The Group has adopted new, revised and amended standards during the current financial period which have had the following impact on the Group:

IAS 1 (Amended) 'Presentation of Financial Statements'. This is a presentational change only, affecting the titles and positioning of items within the financial statements. It has no impact on reported profits or total equity.

IFRS 3 (Revised) 'Business Combinations'. IFRS 3 introduces a number of changes in a number of areas, including the requirement to recognise changes in contingent consideration in the income statement rather than as an adjustment to goodwill, the requirement to recognise contingent liabilities at fair value and the requirement to expense acquisition costs as incurred rather than treating them as part of the costs of the acquisition. Business combinations executed prior to the current financial period and the resolution of related issues, are dealt with under the preceding version of the standard as previously applied by the Group. The revised standard has been applied to acquisitions during the period.

IFRS 8 'Operating Segments'. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board and chief operating decision maker to allocate resources to the segments and to assess their performance. This has not led to a change in the operating segments but has impacted disclosure.

The Group has adopted new, revised and amended standards and interpretations during the current financial period which have had no material impact on the Group:

IFRS 2	(Revised) Share-Based Payment: Vesting Conditions and Cancellations
IFRS 5	(Revised) Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	(Revised) Financial Instruments: Disclosure
IAS 7	(Amended) Statement of Cash Flows
IAS 16	(Amended) Property, Plant and Equipment
IAS 17	(Amended) Leases
IAS 19	(Amended) Employee Benefits
IAS 20	(Amended) Government Grants and Disclosure of Government Assistance
IAS 23	(Amended) Borrowing Costs
IAS 27	(Revised) Consolidated and Separate Financial Statements
IAS 28	(Amended) Investments in Associates
IAS 29	(Amended) Financial Reporting in Hyperinflationary Economies
IAS 31	(Amended) Investments in Joint Ventures
IAS 32	(Amended) Financial Instruments: Presentation
IAS 36	(Amended) Impairment of Assets
IAS 38	(Amended) Intangible Assets
IAS 39	(Amended) Financial Instruments: Recognition and Measurement
IAS 40	(Amended) Investment Property
IAS 41	(Amended) Agriculture
IFRIC 14	(Issued) The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15	(Issued) Agreements for the Construction of Real Estate
IFRIC 17	(Issued) Distributions of Non-cash Assets to Owners
IFRIC 18	(Issued) Transfers of Assets from Customers

At the date of approval of these consolidated financial statements the following new and revised standards and interpretations, which have not been applied and when adopted will have no material impact on the Group, were in issue but not yet effective:

IFRS 7	(Amendment) 'Financial Instruments' – effective for periods starting on or after 1 July 2011
IFRS 9	(Issued) 'Financial Instruments' – effective for periods starting on or after 1 January 2013
IAS 12	(Amendment) 'Deferred Tax' – effective date to be confirmed early 2011
IAS 24	(Revised) 'Related Party Disclosures' – effective for periods starting on or after 1 January 2011
IAS 32	(Amended) 'Classification of Rights Issues' – effective for periods starting on or after 1 February 2010
IFRIC 14	(Amended) 'Prepayments of a Minimum Funding Requirement' – effective for periods starting on or after 1 January 2011
IFRIC 19	(Issued) 'Extinguishing Financial Liabilities with Equity Instruments' – effective for periods starting on or after 1 July 2010

In addition, improvements to IFRS (May 2010) is effective for periods starting on or after 1 January 2011, which when adopted will have no material impact on the Group.

Notes to the consolidated financial statements continued

3 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented except for the changes in note 2 on page 61.

International Financial Reporting Standards (IFRS)
The Group has adopted standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations as adopted by the European Union (EU).

Individual standards and interpretations have to be adopted by the EU and the process leads to a delay between the issue and adoption of new standards and interpretations and in some cases amendments by the EU.

The parent company financial statements of Trinity Mirror plc for the 52 weeks ended 2 January 2011, prepared in accordance with applicable law and United Kingdom Accounting Standards, are presented on pages 100 to 109.

Basis of preparation
These consolidated financial statements have been prepared on a going concern basis as set out on page 43 of the corporate governance report.

For administrative convenience, the consolidated financial statements are made up to a suitable date near the end of the calendar year.

These consolidated financial statements have been prepared for the 52 weeks ended 2 January 2011 and the comparative period has been prepared for the 53 weeks ended 3 January 2010. The additional weeks trading in the 53 weeks ended 3 January 2010 included revenue of £9.9 million and operating profit of £4.2 million.

The Group has revised the classification of items of expenditure between cost of sales, distribution costs and administrative expenses to better reflect the nature of the costs. In the current period, £13 million of costs have been included in cost of sales and £4 million of costs have been included in distribution costs which would have previously been reported in administrative expenses.

Basis of accounting
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by EU and with those parts of the Companies Act 2006 applicable to groups reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold properties which on transition to IFRS were deemed to be the cost of the asset. A summary of the more important Group accounting policies is set out below.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of Trinity Mirror plc and all entities controlled by it for the 52 weeks ended 2 January 2011. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

On the acquisition of a business, including an interest in an associated undertaking or a joint venture, fair values are attributed to the Group's share of the identifiable assets and liabilities of the business existing at the date of acquisition and reflecting the conditions as at that date. Where necessary, adjustments are made to the financial statements of businesses acquired to bring their accounting policies in line with those used in the preparation of the consolidated financial statements.

Results of businesses are included in the consolidated income statement from the effective date of acquisition and in respect of disposals up to the effective date of relinquishing control.

Business combinations
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair value (at the acquisition date) of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the profit or loss account as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in fair value of contingent consideration classified as an asset or liability are accounted for in accordance with the relevant IFRS. Changes in the fair value of contingent consideration classified as equity are not recognised.

Investment in associates
Associates are all entities over which the Group has significant influence but not control and are accounted for by the equity method of accounting, initially recognised at cost. The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in the consolidated statement of comprehensive income.

Joint ventures
The Group has joint venture arrangements where separate entities have been established. In each entity the Group or one of its subsidiaries has an interest and along with other ventures jointly controls these entities. When material, the Group reports its interest in jointly controlled entities using equity accounting and its share of the entities' profit or loss is accounted for as a single entry in the consolidated income statement. Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

3 Accounting policies continued

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Negative goodwill arising on an acquisition is recognised directly in the consolidated income statement upon acquisition.

Goodwill is reviewed for impairment either annually or more frequently if events or changes in circumstances indicate a possible decline in the carrying value.

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit, pro-rated on the basis of the carrying amount of each asset in the unit, but subject to not reducing any asset below its recoverable amount. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the remaining amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

Other intangible assets comprise acquired publishing rights and titles in respect of print publishing activities and customer relationships and domain names in respect of online activities. On acquisition, the fair value of other intangible assets is calculated based on discounted cash flows. On disposal of an entity or closure of a title, the carrying amount of the related intangible asset is de-recognised and the gain or loss arising from de-recognition, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is recognised in the consolidated income statement.

Publishing rights and titles are initially recognised as an asset at fair value with an indefinite economic life. They are not subject to amortisation. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units. Where the asset does not generate cash flows that are independent from other assets, value in use estimates are made based on the cash flows of the cash-generating unit to which the asset belongs. The publishing rights and titles are reviewed for impairment either 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 unit relating to the asset 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 a cash-generating unit is estimated to be less than its carrying amount, the carrying value of the cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in the consolidated income statement in the period in which it occurs and may be reversed in subsequent periods.

Customer relationships and domain names are amortised using the straight-line method over the expected life over which those assets will generate revenues and profits for the Group and are tested for impairment at each reporting date.

Costs incurred in the development and maintenance of websites are only capitalised if the criteria specified in IAS 38 *Intangible Assets* are met.

Revenue recognition

Revenue is measured at the fair value of the consideration received, net of applicable discounts and value added tax. Advertising revenue is recognised upon publication. Circulation revenue is recognised at the time of sale. Printing revenue is recognised when the service is provided. Digital revenue is recognised over the period of the online campaign. Other revenue including leaflets and events revenue is recognised at the time of sale or provision of service. Rentals receivable under operating leases are credited to the consolidated income statement on a straight-line basis over the lease term. Interest income from bank deposits is recognised on an accruals basis. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases. Assets held under finance leases are recognised at their fair value at the inception of the lease or, if lower, the present value of the minimum lease payments. The asset is recognised within property, plant and equipment and the corresponding liability to the lessor is included within obligations under finance leases. Lease payments are apportioned between finance charges which are charged to the consolidated income statement and reductions in the lease obligation.

Rentals payable under operating leases are charged to the consolidated income statement 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.

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.

Retirement benefits

The Group operates a number of defined benefit pension schemes, all of which have been set up under trusts that hold their financial assets separately from those of the Group and are controlled by the trustees.

The amount recognised in the balance sheet in respect of defined benefit pension schemes is the present value of the defined benefit obligation at the reporting date less the fair value of scheme assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The resultant liability or asset of each scheme is included in non-current liabilities or non-current assets as appropriate. The defined benefit obligation is calculated at each reporting date by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds approximating to the terms of the related pension liability. Unrealised gains and losses are recognised in the consolidated statement of comprehensive income.

Payments to defined contribution pension schemes are charged as an expense as they fall due.

Notes to the consolidated financial statements continued

3 Accounting policies continued

Tax

The tax expense represents the sum of the corporation tax currently payable and deferred tax.

The corporation tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the consolidated income statement 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 Group's liability for current 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 consolidated 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 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, associates and interests in joint ventures, except where the Group 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. 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 consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in the consolidated statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated balance sheet at cost less accumulated depreciation and impairment losses.

Cost includes the purchase price and all directly attributable costs of bringing the asset to its location and condition necessary to operate as intended.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation commences when the assets are ready for their intended use.

Depreciation is charged so as to write-off the cost, other than freehold land and assets under construction which are not depreciated, using the straight-line method over the estimated useful lives of buildings (15–67 years) and plant and machinery (3–25 years).

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and production overheads. Cost is calculated using the first in first out method.

Financial instruments

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

Trade receivables

Trade receivables do not carry any interest. Conversion to a readily known amount of cash occurs over a short period and is subject to an insignificant risk of changes in value. Therefore balances are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

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

Borrowings

Sterling interest bearing loans and bank overdrafts are recorded at the proceeds received, net of direct issue costs. Foreign currency interest bearing loans are recorded at the exchange rate at the reporting date. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the consolidated income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

Derivative financial instruments

The Group uses derivative financial instruments, including currency swaps, cross-currency interest rate swaps, interest rate swaps and other hedging instruments to minimise exposure to the financial risks of changes in foreign currency exchange rates and interest rates. The Group does not use derivative financial instruments for speculative purposes. The Group has elected not to apply hedge accounting.

Derivative financial instruments are separately recognised at fair value in the consolidated financial statements. Changes in the fair value of derivative financial instruments are recognised immediately in the consolidated income statement.

Derivatives embedded in commercial contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the underlying contract, with unrealised gains or losses reported in the consolidated income statement.

Trade payables

Trade payables are not interest bearing. Payments occur over a short period and are subject to an insignificant risk of changes in value. Therefore balances are stated at their nominal value.

3 Accounting policies continued

Credit risk
The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the consolidated balance sheet are net of allowances for doubtful receivables, estimated based on prior experience and assessment of the current economic environment.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group 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. Accruals are made for legal costs in respect of libel litigation in progress and for estimated damages where it is judged probable that damages will be payable. These accruals are included in current liabilities.

Share-based payments
The Group issues equity-settled benefits to certain employees. In accordance with the transitional provisions of IFRS 2, the standard has been applied to all grants of equity instruments after 7 November 2002 that had not vested as of 3 January 2005. These equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of a stochastic (Monte-Carlo binomial) model or a modified Black-Scholes calculation. The expected life used in the model has been adjusted, based on the directors' best estimates, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Where the Group's own shares are purchased, the consideration paid including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of.

Where such shares are cancelled, the nominal value of shares cancelled is shown in the capital redemption reserve. Where such shares are subsequently reissued or disposed of, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

Dividend distributions
Dividend distributions to the Company's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividends are approved.

Non-recurring items
Items which are deemed to be non-recurring by virtue of their nature or size are included under the statutory classification appropriate to their nature but are separately disclosed on the face of the consolidated income statement to assist in understanding the financial performance of the Group.

Critical judgements in applying the Group's accounting policies
In the process of applying the Group's accounting policies, described above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Acquisitions and intangible assets
Judgements have been made in respect of the identification of intangible assets based on pre-acquisition forecasts and market analysis. The initial valuations of acquired intangible assets are reviewed for impairment at each reporting date, or more frequently if necessary.

Key sources of estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment of goodwill and other intangible assets
Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash-generating unit to which these have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Retirement benefits
Actuarial assumptions adopted and external factors can significantly vary the surplus or deficit of defined benefit pension schemes. Advice is sourced from independent actuaries in selecting suitable assumptions.

Derivative financial instruments
Derivative financial instruments are recognised at fair value and can change significantly from period to period.

Notes to the consolidated financial statements continued

4 Revenue

	2010 £m	2009 £m
Advertising	**351.3**	331.8
Circulation	**317.4**	339.3
Other	**92.8**	92.2
Total	**761.5**	763.3

5 Operating segments

The Group has adopted IFRS 8 which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board and chief operating decision maker to allocate resources to the segments and to assess their performance. The segments reported under IFRS 8 are no different to those previously reported as they reflect the operating segments of the Group about which financial information is regularly reviewed by the Board and chief operating decision maker in assessing performance and allocating resources.

The Regionals division publishes a large portfolio of newspaper and online brands across the UK. The Nationals division publishes two daily and three Sunday newspapers and related online brands and activities primarily in the UK. Central includes costs not allocated to the operational divisions and the share of results of associates. The revenues and costs of each segment are clearly identifiable and allocated according to where they arise. The Group is not subject to significant seasonality during the year.

The accounting policies used in the preparation of each segment's revenue and results are the same as the Group's accounting polices described in note 3 on pages 62 to 65.

Segment revenue and results

	Regionals 2010 £m	Nationals 2010 £m	Central 2010 £m	Total 2010 £m
Revenue				
Segment sales	**339.5**	**443.8**	**–**	**783.3**
Inter-segment sales	**(8.3)**	**(13.5)**	**–**	**(21.8)**
Total revenue	**331.2**	**430.3**	**–**	**761.5**
Segment result	**51.7**	**86.1**	**(14.5)**	**123.3**
Amortisation				**(6.0)**
Non-recurring items				**20.7**
Operating profit				**138.0**
Investment revenues				**1.4**
Pension finance charge				**(7.1)**
Finance costs				**(8.6)**
Profit before tax				**123.7**
Tax charge				**(10.4)**
Profit for the period				**113.3**

5 Operating segments continued

Segment revenue and results continued

	Regionals 2009 £m	Nationals 2009 £m	Central 2009 £m	Total 2009 £m
Revenue				
Segment sales	311.8	467.8	–	779.6
Inter-segment sales	(8.9)	(7.4)	–	(16.3)
Total revenue	302.9	460.4	–	763.3
Segment result	35.9	83.6	(14.1)	105.4
Amortisation				(7.1)
Non-recurring items				(11.3)
Operating profit				87.0
Investment revenues				0.2
Pension finance charge				(10.5)
Finance costs				(34.7)
Profit before tax				42.0
Tax charge				(12.7)
Profit for the period				29.3

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

	2010 £m	2009 £m
United Kingdom and Republic of Ireland	**756.1**	757.0
Continental Europe	**4.4**	5.4
Rest of World	**1.0**	0.9
Total	**761.5**	763.3

Notes to the consolidated financial statements continued

6 Result for the year

	2010 £m	2009 £m
Operating profit for the period is arrived at after (charging)/crediting:		
Staff costs (note 7)	**(244.4)**	(251.2)
Cost of inventories recognised as a cost of sales	**(116.8)**	(120.2)
Depreciation of property, plant and equipment:		
– owned assets	**(33.9)**	(35.9)
– under finance leases	**–**	(0.9)
Amortisation of intangible assets	**(6.0)**	(7.1)
Operating lease rentals payable:		
– property	**(6.6)**	(6.3)
– vehicles, plant and equipment	**(3.3)**	(3.8)
Trade receivables impairment	**(1.6)**	(8.8)
Net foreign exchange loss	**(0.1)**	(0.4)
Non-recurring items (note 8)	**20.7**	(11.3)
Auditors' remuneration:		
Audit fees payable to the Company's auditors for:		
– the audit of the Company's annual accounts	**(0.3)**	(0.3)
– the audit of the Company's subsidiaries pursuant to legislation	**(0.5)**	(0.5)
Total audit fees	**(0.8)**	(0.8)
Non-audit fees payable to the Company's auditors for:		
– other services pursuant to legislation	**(0.1)**	(0.1)
– other services relating to taxation	**(0.2)**	(0.1)
– other services relating to corporate finance transactions	**(0.3)**	–
Total non-audit fees	**(0.6)**	(0.2)

In addition to the amounts shown above, the auditors received fees of £21,700 (2009: £20,000) for the audit of two of the Group's pension schemes. There were no future services contracted at the reporting date (2009: £nil).

A description of the work of the Audit & Risk Committee is set out in the Corporate Governance Report on pages 40 to 45 and includes an explanation of how auditor objectivity and independence are safeguarded when non-audit services are provided by the auditors.

Total administrative expenses included in operating profit amounted to £150.2 million (2009: £205.3 million) including non-recurring items (note 8) amounting to a credit of £20.7 million (2009: £11.3 million charge) and amortisation of intangible assets of £6.0 million (2009: £7.1 million).

Total share of results of associates amounted to a profit of £0.7 million (2009: £0.5 million).

Total foreign exchange loss during the period was £9.0 million (2009: £32.9 million gain) comprising a net foreign exchange loss of £0.1 million (2009: £0.4 million loss) included in operating profit and a loss on the retranslation of borrowings of £8.9 million (2009: £33.3 million gain) included in finance costs (note 10).

7 Staff costs

The average number of persons, including executive directors, employed by the Group in the period was:

	2010 Number	2009 Number
Production and editorial	**3,186**	3,452
Sales and distribution	**1,888**	2,147
Administration	**1,576**	1,217
	6,650	6,816

All employees are employed in the United Kingdom and Republic of Ireland. The above excludes casual employees working for the Group during the period due to the impracticality of determining an average.

Staff costs, including directors' emoluments, incurred during the period were:

	2010 £m	2009 £m
Wages and salaries	**(210.3)**	(211.8)
Social security costs	**(20.4)**	(19.6)
Share-based payments in the period (note 32)	**(2.1)**	(3.2)
Pension costs – defined contribution pension schemes (note 33)	**(7.0)**	(1.1)
Pension costs – defined benefit pension schemes (note 33)	**(4.6)**	(15.5)
	(244.4)	(251.2)

Disclosure of individual directors' remuneration, share options, long-term incentive schemes, pension contributions and pension entitlements required by the Companies Act 2006 and those elements specified for audit by the Financial Services Authority are shown in the tables in the Remuneration report on pages 47 to 52 and form part of these consolidated financial statements.

8 Non-recurring items

	2010 £m	2009 £m
Gain on acquisition of business(a)	**27.3**	–
Restructuring charges(b)	**(11.1)**	(17.9)
Release of accruals(c)	**3.6**	–
Profit on disposal of land and buildings(d)	**1.3**	5.1
Defined benefit pension schemes(e)	**(0.4)**	9.9
Impairment of receivables(f)	**–**	(6.0)
Loss on disposal of business(g)	**–**	(2.4)
Total non-recurring items	**20.7**	(11.3)

(a) The gain on acquisitions of business consists of an accounting gain of £28.4 million representing negative goodwill of £23.6 million together with a gain on a cancelled contract of £4.8 million less transaction costs £1.1 million.

(b) Restructuring charges of £11.1 million (2009: £17.9 million) were incurred in the delivery of cost reduction measures and implementation of the new operating model for the Group.

(c) The Group released accruals of £3.6 million for which no further costs are expected.

(d) The Group disposed of surplus land and buildings realising a profit on disposal of £1.3 million (2009: £5.1 million).

(e) Defined benefit pension scheme liabilities increased by £0.4 million in respect of a past service cost of £8.3 million in relation to the clarification of certain members' benefits less a curtailment of £7.9 million relating to the Group closing the schemes to future accrual and the impact on redundancies (2009: £9.9 million reduction in respect of the curtailment gain relating to redundancies and the Group indicating that it will no longer exercise discretion in providing enhancements to past service on redundancy).

(f) In 2009, there was an impairment of receivables of £6.0 million which related to the write off of circulation receivables following a wholesale distributor going into administration.

(g) In 2009, the Group disposed of Globespan Media Limited incurring a loss on disposal of £2.4 million.

Notes to the consolidated financial statements continued

9 Investment revenues

	2010 £m	2009 £m
Interest income on bank deposits and other interest receipts	**1.4**	0.2

Other interest receipts include £0.9 million of interest received during the period on the refund of VAT on share issue costs in prior periods.

10 Finance costs

	2010 £m	2009 £m
Interest on bank overdrafts and borrowings	**(16.1)**	(21.8)
Interest on obligations under finance leases	**–**	(0.6)
Total interest expense	**(16.1)**	(22.4)
Fair value gain/(loss) on derivative financial instruments	**16.4**	(45.6)
Foreign exchange (loss)/gain on retranslation of borrowings	**(8.9)**	33.3
Finance costs	**(8.6)**	(34.7)

11 Tax

	2010 £m	2009 £m
Current tax		
Corporation tax charge for the period	**(25.9)**	(18.0)
Prior period adjustment	**4.7**	(1.6)
Current tax charge	**(21.2)**	(19.6)
Deferred tax (note 21)		
Deferred tax credit for the period	**0.1**	6.0
Deferred tax rate change	**11.4**	–
Prior period adjustment	**(0.7)**	0.9
Deferred tax credit	**10.8**	6.9
Tax charge	**(10.4)**	(12.7)

Reconciliation of tax (charge)/credit	%	%
Standard rate of corporation tax	**28.0**	28.0
Tax effect of items that are not deductible in determining taxable profit/(loss)	**1.4**	4.9
Tax effect of items that are not taxable in determining taxable profit/(loss)	**(7.3)**	(4.0)
Deferred tax rate change	**(9.3)**	–
Prior period adjustment	**(3.2)**	1.7
Utilisation of tax losses	**(0.9)**	–
Tax effect of share of results of associates	**(0.3)**	(0.4)
Tax charge rate	**8.4**	30.2

The standard rate of corporation tax is the UK prevailing rate of 28% (2009: 28%). The current tax liabilities amounted to £18.9 million (2009: £23.0 million) at the reporting date.

The tax in respect of actuarial gains on defined benefit pension schemes taken to the statement of comprehensive income of £30.4 million (2009: £29.6 million tax in respect of actuarial losses) comprises a current tax credit of £6.2 million (2009: £4.6 million credit) and a deferred tax charge of £36.6 million (2009: £25.0 million credit).

The change in the standard rate of corporation tax from 28% to 27% is effective from 1 April 2011. The impact on the opening deferred tax position being recalculated is a £11.4 million credit in the income statement and a £3.0 million debit in the statement of comprehensive income.

12 Dividends

No dividend is declared for either period.

13 Earnings per share

	2010 £m	2009 £m
Profit after tax before adjusted items*	**72.6**	51.1
Adjusted items*:		
Non-recurring items (after tax)	**28.2**	(7.8)
Amortisation of intangibles (after tax)	**(4.4)**	(5.1)
Impact of the fair value gain/(loss) on derivative financial instruments (after tax)	**12.0**	(32.8)
Foreign exchange (loss)/gain on retranslation of borrowings (after tax)	**(6.5)**	23.9
Tax legislation changes	**11.4**	–
Profit for the period	**113.3**	29.3

* Adjusted items relate to the exclusion of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments and the impact of tax legislation changes. A reconciliation between the adjusted result and the statutory result is provided in note 38 on page 99.

	2010 Thousand	2009 Thousand
Weighted average number of ordinary shares for basic earnings per share	**253,736**	255,874
Effect of potentially dilutive ordinary shares in respect of share options	**718**	1,989
Weighted average number of ordinary shares for diluted earnings per share	**254,454**	257,863

Basic earnings per share is calculated by dividing profit attributable to equity holders of the parent by the weighted average number of ordinary shares during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares. The number of potentially dilutive ordinary shares not currently dilutive was 7,339,255 (2009: 5,016,026).

Earnings per share	2010 Pence	2009 Pence
Adjusted earnings* per share – basic	**28.6**	20.0
Adjusted earnings* per share – diluted	**28.5**	19.8
Earnings per share – basic	**44.6**	11.5
Earnings per share – diluted	**44.5**	11.4

* Adjusted items relate to the exclusion of non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments and the impact of tax legislation changes. A reconciliation between the adjusted result and the statutory result is provided in note 38 on page 99.

The basic earnings per share impact for each category of non-recurring item disclosed in note 8 is as follows:

	2010 Pence	2009 Pence
Gain on acquisition of business	**12.3**	–
Restructuring costs	**(3.1)**	(5.0)
Release of accruals	**1.4**	–
Profit on disposal of land and buildings	**0.5**	2.0
Defined benefit pension schemes	**(0.1)**	2.8
Impairment of receivables	**–**	(1.7)
Loss on disposal of business	**–**	(1.1)
Gain/(loss) per share	**11.0**	(3.0)

Notes to the consolidated financial statements continued

14 Goodwill

	2010 £m	2009 £m
Opening balance	**74.5**	77.0
Adjustment to deferred consideration	**–**	(1.9)
Disposals (note 38)	**–**	(0.6)
Closing balance	**74.5**	74.5

In 2009 the adjustment to deferred consideration related to the reduction in the estimate of the amount payable in respect of acquisitions made in prior periods.

Goodwill is allocated to cash-generating units. The carrying value of goodwill analysed by business segment is as follows:

	2010 £m	2009 £m
Regionals	**72.3**	72.3
Nationals	**2.2**	2.2
Total	**74.5**	74.5

The Regionals division comprises nine (2009: eight) cash-generating units. The Nationals division comprises a single cash-generating unit.

The Group tests the carrying value of goodwill at the cash-generating unit level for impairment at each reporting date or more frequently if there are indications that goodwill might be impaired. At the period end reporting date, a review was undertaken on a value in use basis, assessing whether the carrying value of goodwill was supported by the net present value of future cash flows derived from those assets, using cash flow projections in respect of periods to 2020.

The key assumptions used in the value in use calculations are those regarding the discount rate, revenue and cost growth rates and the level of capital expenditure required. The post-tax discount rate used at the period end reporting date was 7.0% (2009: 7.0%) reflecting a long-term equity and debt mix based on the period end enterprise value assuming a long-term debt to EBITDA ratio of 2.5 times. The equivalent pre-tax discount rate is 8.8% (2009: 8.0%). The Group prepares cash flow forecasts derived from the most recently detailed approved annual budget and two year projections for 2011 to 2013 and high level projections for 2014 to 2020. The cash flow forecasts reflect past experience of and the risk associated with each asset. Cash flows beyond 2020 are extrapolated based on estimated growth rates which do not exceed the average long-term growth rates for the relevant markets. Capital expenditure cash flows have been forecast to reflect the cycle of capital investment required, including printing press replacement. Management believes it is appropriate to forecast for a period of greater than five years to most appropriately reflect the cash flows relating to the cash-generating units and to reflect the recovery from the current cyclical downturn.

We have assumed our current projected performance for 2011 to 2013 and then revenue growth rates in the 2014 to 2020 projections in the range between 0% and 7% which vary with management's view of the cash-generating units market position and maturity of the relevant market. The perpetuity growth rates used from 2020 vary between 0% and 2.5%.

The impairment review is sensitive to a change in key assumptions used, most notably the discount rate and the perpetuity growth rates. With the exception of the online specialist national recruitment cash-generating unit, based on the Group's sensitivity analysis, a modest change in a single factor will not result in a material impairment in any of the Group's cash-generating units. With the exception of the online specialist national recruitment cash-generating unit, a reasonably possible change of 1% in the discount rate or 1% in the perpetuity growth rates would not change the conclusions of the impairment review. The online specialist national recruitment cash-generating unit has a headroom of £6 million at the reporting date. A change in the discount rate of 7.0% of 0.4% or the perpetuity growth rate of 2.5% by 0.6% would eradicate the headroom.

15 Other intangible assets

	Publishing rights and titles £m	Customer relationships and domain names £m	Group total £m
Cost			
At 28 December 2008	1,822.8	42.5	1,865.3
Disposals (note 38)	–	(1.1)	(1.1)
At 3 January 2010	1,822.8	41.4	1,864.2
Additions (note 36)	30.0	–	30.0
At 2 January 2011	**1,852.8**	**41.4**	**1,894.2**
Accumulated amortisation			
At 28 December 2008	(965.0)	(20.7)	(985.7)
Amortisation	–	(7.1)	(7.1)
At 3 January 2010	(965.0)	(27.8)	(992.8)
Amortisation	–	(6.0)	(6.0)
At 2 January 2011	**(965.0)**	**(33.8)**	**(998.8)**
Carrying amount			
At 3 January 2010	857.8	13.6	871.4
At 2 January 2011	**887.8**	**7.6**	**895.4**

The Group tests the carrying value of publishing rights and titles with indefinite economic lives at the cash-generating unit level for impairment at each reporting date or more frequently if there are indications that publishing rights and titles might be impaired. The directors consider publishing rights and titles have indefinite economic lives due to the historic longevity of the brands and the ability to evolve the brands in the ever changing media landscape. It is not practicable to review individual publishing rights and titles due to the interdependencies of the inflows within the cash-generating units.

The impairment review of the carrying value of the Group's publishing rights and titles performed at the period end reporting date indicated that no impairment was required (2009: no impairment). The impairment review was based on comparing carrying value with value in use.

The customer relationships and domain names included above have estimated useful lives of between five and 10 years and are tested at the cash-generating unit level for impairment at each reporting date or more frequently if there are indications that customer relationships and domain names might be impaired.

Notes to the consolidated financial statements continued

15 Other intangible assets continued

The carrying value of other intangible assets analysed by business segment is as follows:

	Publishing rights and titles £m	Customer relationships and domain names £m	Total 2010 £m	Publishing rights and titles £m	Customer relationships and domain names £m	Total 2009 £m
Regionals	**240.8**	**7.6**	**248.4**	210.8	13.6	224.4
Nationals	**647.0**	**–**	**647.0**	647.0	–	647.0
Total	**887.8**	**7.6**	**895.4**	857.8	13.6	871.4

The Regionals division comprises nine (2009: eight) cash-generating units. The Nationals division comprises a single cash-generating unit.

At the period end reporting date a review was undertaken to determine value in use to assess whether the carrying value of publishing rights and titles, customer relationships and domain names were supported. Value in use was based on net present value of future cash flows derived from those assets, using cash flow projections in respect of periods to 2020.

The key assumptions used in the value in use calculations are those regarding the discount rate, revenue and cost growth rates and the level of capital expenditure required. The post-tax discount rate used at the period end reporting date was 7.0% (2009: 7.0%) reflecting a long-term equity and debt mix based on the period end enterprise value assuming a long-term debt to EBITDA ratio of 2.5 times. The Group prepares cash flow forecasts derived from the most recently approved detailed annual budget and two year projections for 2011 to 2013 and high level projections for 2014 to 2020. The equivalent pre-tax discount rate is 8.8% (2009: 8.0%). The cash flow forecasts reflect past experience of and the risk associated with each asset. Cash flows beyond 2020 are extrapolated based on estimated growth rates which do not exceed the average long-term growth rates for the relevant markets. Capital expenditure cash flows have been forecast to reflect the cycle of capital investment required including printing press replacement. Management believes it is appropriate to forecast for a period of greater than five years to most appropriately reflect the cash flows relating to the cash-generating units and to reflect recovery from the current cyclical downturn.

We have assumed our current projected performance for 2011 to 2013 and then revenue growth rates in the 2014 to 2020 projections in the range between 0% and 7% which vary with management's view of the cash-generating units market position and maturity of the relevant market. The perpetuity growth rates used from 2020 vary between 0% and 2.5%.

The sensitivity of the impairment review to changes in key assumptions is set out in note 14.

16 Property, plant and equipment

	Land and buildings Freehold £m	Land and buildings Leasehold £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost					
At 28 December 2008	204.6	21.6	387.3	13.7	627.2
Additions	1.2	–	6.2	6.6	14.0
Disposal of subsidiary undertaking	–	–	(0.1)	–	(0.1)
Disposals	(2.2)	(0.1)	–	–	(2.3)
Reclassification	7.6	4.4	(1.7)	(10.3)	–
Write-off of assets	–	(4.0)	(76.0)	(0.1)	(80.1)
At 3 January 2010	211.2	21.9	315.7	9.9	558.7
Additions	1.0	–	9.3	2.7	13.0
Acquisition of business	2.8	0.1	7.4	–	10.3
Disposals	(0.3)	(3.1)	–	–	(3.4)
Reclassification	(2.0)	0.1	9.8	(8.8)	(0.9)
Write-off of assets	(0.3)	(0.1)	(29.9)	–	(30.3)
At 2 January 2011	**212.4**	**18.9**	**312.3**	**3.8**	**547.4**
Accumulated depreciation and impairment					
At 28 December 2008	(21.8)	(7.4)	(149.3)	–	(178.5)
Charge for the period	(4.9)	(0.9)	(31.0)	–	(36.8)
Disposal of subsidiary undertaking	–	–	0.1	–	0.1
Disposals	0.2	–	–	–	0.2
Write-off of assets	–	3.7	75.8	–	79.5
At 3 January 2010	(26.5)	(4.6)	(104.4)	–	(135.5)
Charge for the period	(4.3)	(0.8)	(28.8)	–	(33.9)
Disposals	0.2	1.8	–	–	2.0
Write-off of assets	0.3	0.1	29.9	–	30.3
At 2 January 2011	**(30.3)**	**(3.5)**	**(103.3)**	**–**	**(137.1)**
Carrying amount					
At 3 January 2010	184.7	17.3	211.3	9.9	423.2
At 2 January 2011	**182.1**	**15.4**	**209.0**	**3.8**	**410.3**

Included within the carrying amount of property, plant and equipment is £nil (2009: £nil) in respect of assets under finance leases. Depreciation for the period on those assets was £nil (2009: £0.9 million).

	2010 £m	2009 £m
Capital commitments		
Expenditure contracted for but not provided in the consolidated financial statements	**0.3**	2.4

Notes to the consolidated financial statements continued

17 Investment in associates

The Group has a 21.54% interest in PA Group Limited, a news agency incorporated in England and Wales.

	2010 £m	2009 £m
Opening balance	**6.3**	7.5
Share of results of associates:		
Results recognised in the consolidated income statement	**0.7**	0.5
Share of actuarial losses recognised in equity	**(1.6)**	(1.7)
Closing balance	**5.4**	6.3

PA Group Limited	2010 £m	2009 £m
Total assets	**58.0**	62.0
Total liabilities	**(32.6)**	(32.4)
Net assets	**25.4**	29.6
Group's share of net assets	**5.4**	6.3
Revenue	**82.8**	85.6
Profit for the period	**3.4**	2.4
Group's share of results for the period	**0.7**	0.5

The financial statements of PA Group Limited are made up to 31 December each year. For the purposes of applying the equity method of accounting, the audited financial statements of PA Group Limited for the year ended 31 December 2009 together with the management accounts up to the end of December 2010 have been used with appropriate year end adjustments made.

18 Inventories

	2010 £m	2009 £m
Raw materials and consumables	**7.3**	5.9

The Group consumed £116.8 million (2009: £120.2 million) of inventories during the period.

19 Other financial assets

Trade and other receivables	2010 £m	2009 £m
Gross trade receivables	**84.5**	84.2
Allowances for doubtful receivables	**(6.0)**	(5.6)
Net trade receivables	**78.5**	78.6
Prepayments and accrued income	**19.5**	15.1
Other receivables	**1.4**	1.9
	99.4	95.6

19 Other financial assets continued

Net trade receivables

Trade receivables net of allowances for doubtful receivables at the reporting date amounted to £78.5 million (2009: £78.6 million).

The average credit period taken on sales of goods is 40 days (2009: 37 days). No interest is charged on the receivables. The Group has provided fully for all receivables over 120 days because historical experience is such that these receivables are generally not recoverable. Trade receivables less than 60 days and between 60 days and 120 days are provided for based on specific circumstances and by reference to past default experience.

Before accepting any new customers, the Group, where appropriate, uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed during the period where appropriate. There are no customers who represent more than 10% of net trade receivables in either period.

Included in net trade receivables balance are debtors with a carrying amount of £2.9 million (2009: £1.7 million) which are past their due date at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 78 days (2009: 82 days).

Ageing of past due but not impaired receivables	2010 £m	2009 £m
60–90 days	**2.6**	1.6
90–120 days	**0.3**	0.1
Total	**2.9**	1.7

Movement in allowance for doubtful debts	2010 £m	2009 £m
Opening balance	**5.6**	5.3
Impairment losses recognised	**1.6**	8.8
Acquisition of businesses	**0.8**	–
Utilisation of provision	**(2.0)**	(8.5)
Closing balance	**6.0**	5.6

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, there is no further credit provision required in excess of the allowance for doubtful debts.

There are no significant amounts included in the allowance for doubtful debts relating to impaired trade receivables which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

Ageing of impaired receivables	2010 £m	2009 £m
Less than 60 days	**1.2**	2.1
60–90 days	**2.3**	0.9
90–120 days	**0.8**	0.6
120+ days	**1.7**	2.0
Total	**6.0**	5.6

The carrying amount of trade and other receivables approximates their fair value.

	2010 £m	2009 £m
Cash and cash equivalents	**116.2**	61.2

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of one week or less. The carrying amount of these assets approximates their fair value.

Notes to the consolidated financial statements continued

20 Other financial liabilities

Trade and other payables	2010 £m	2009 £m
Trade payables	**(11.2)**	(13.3)
Social security and other taxes	**(8.6)**	(8.4)
Accruals and deferred income	**(78.7)**	(84.8)
Other payables	**(8.0)**	(9.1)
	(106.5)	(115.6)

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 36 days (2009: 33 days). For most suppliers no interest is charged on the trade payables for the first 60 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The carrying amount of trade payables approximates to their fair value.

21 Deferred tax assets and liabilities

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon:

	Accelerated tax depreciation £m	Other short-term timing differences £m	Rolled-over and held-over gains £m	Intangibles £m	Retirement benefit obligations £m	Share-based payments £m	Total £m
At 28 December 2008	(72.8)	(4.9)	(1.4)	(246.3)	57.9	0.2	(267.3)
Credit to consolidated income statement	2.1	2.2	–	2.3	0.1	0.2	6.9
Credit to equity	–	–	–	–	25.0	–	25.0
At 3 January 2010 (at 28% tax rate)	**(70.7)**	**(2.7)**	**(1.4)**	**(244.0)**	**83.0**	**0.4**	**(235.4)**
Change of tax rate applying to deferred tax:							
Credit to income	2.5	0.1	0.1	8.7	–	–	11.4
Charge to equity	–	–	–	–	(2.9)	(0.1)	(3.0)
Revised opening balance at 4 January 2010 (at 27% tax rate)	**(68.2)**	**(2.6)**	**(1.3)**	**(235.3)**	**80.1**	**0.3**	**(227.0)**
Acquisition of business	0.2	(2.4)	–	(8.1)	–	–	(10.3)
Credit/(charge) to consolidated income statement	(0.6)	(1.6)	–	1.6	–	–	(0.6)
Charge to equity	–	–	–	–	(36.6)	–	(36.6)
At 2 January 2011	**(68.6)**	**(6.6)**	**(1.3)**	**(241.8)**	**43.5**	**0.3**	**(274.5)**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances in the consolidated balance sheet:

	2010 £m	2009 £m
Deferred tax liabilities	**(318.3)**	(318.8)
Deferred tax assets	**43.8**	83.4
	(274.5)	(235.4)

At the reporting date, the Group has unused tax losses of £20.8 million (2009: £11.9 million) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. The tax losses can be carried forward indefinitely. The Group also has unrecognised capital losses of £35.9 million (2009: £37.2 million) at the reporting date.

22 Provisions

	Share-based payments £m	Property £m	Restructuring £m	Total £m
At 28 December 2008	(1.0)	(12.9)	(11.5)	(25.4)
Charged to consolidated income statement	(0.2)	(2.8)	(18.5)	(21.5)
Released to consolidated income statement	–	1.2	0.4	1.6
Utilisation of provisions	–	4.1	23.9	28.0
At 3 January 2010	(1.2)	(10.4)	(5.7)	(17.3)
Charged to consolidated income statement	(0.1)	(3.8)	(12.1)	(16.0)
Released to consolidated income statement	–	0.2	1.0	1.2
Utilisation of provisions	–	3.9	13.7	17.6
At 2 January 2011	**(1.3)**	**(10.1)**	**(3.1)**	**(14.5)**

The provisions have been analysed between current and non-current as follows:

	2010 £m	2009 £m
Current	**(6.4)**	(10.1)
Non-current	**(8.1)**	(7.2)
	(14.5)	(17.3)

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

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 restructuring provision relates to the non-recurring restructuring severance incurred in the delivery of cost reduction measures. This provision is expected to be utilised during the next period.

23 Principal subsidiaries

A list of the principal subsidiaries, including name, country of incorporation, principal activity and proportion of ordinary shares held is given in note 14 in the notes to the parent company financial statements.

24 Notes to the consolidated cash flow statement

	2010 £m	2009 £m
Operating profit	**138.0**	87.0
Depreciation of property, plant and equipment	**33.9**	36.8
Amortisation of other intangible assets	**6.0**	7.1
Share of results of associate	**(0.7)**	(0.5)
Charge for share-based payments	**2.1**	3.2
Profit on disposal of land and buildings	**(1.3)**	(5.1)
Loss on disposal of business	**–**	2.4
Gain on acquisition of business	**(28.4)**	–
Pension funding in excess of income statement charge*	**(30.2)**	(26.5)
Operating cash flows before movements in working capital	**119.4**	104.4
(Increase)/decrease in inventories	**(1.1)**	1.7
Decrease in receivables	**9.1**	23.6
Decrease in payables	**(17.3)**	(32.1)
Cash flows from operating activities	**110.1**	97.6

* Including a non-recurring charge of £0.4 million (2009: £9.9 million credit) described in note 8.

Notes to the consolidated financial statements continued

25 Borrowings

	2010 £m	2009 £m
Loan notes	**(363.9)**	(355.0)
Derivative financial instruments (note 26)	**(2.2)**	(6.0)
	(366.1)	(361.0)
The borrowings are repayable as follows:		
On demand or within one year	**(140.0)**	(3.1)
In the second year	**(65.8)**	(137.7)
In the third year	**(51.5)**	(65.7)
In the fourth year	**(42.7)**	(50.2)
In the fifth year	**–**	(41.3)
After five years	**(66.1)**	(63.0)
	(366.1)	(361.0)
The borrowings are included in the consolidated balance sheet as follows:		
Amount included in non-current liabilities	**(226.1)**	(357.9)
Amount included in current liabilities	**(140.0)**	(3.1)
	(366.1)	(361.0)

The amount included in non-current liabilities represents borrowings of £226.1 million (2009: £355.0 million) and derivative financial instruments of £nil (2009: £2.9 million) and in current liabilities represents borrowings of £137.8 million (2009: £nil) and derivative financial instruments of £2.2 million (2009: £3.1 million). Non-current assets include £12.6 million (2009: £nil) relating to derivative financial instruments which is deducted from borrowings to calculate net debt in note 27.

	2010 £m	2009 £m
Loan notes movement in the period:		
Opening balance	**(355.0)**	(388.3)
Foreign exchange (loss)/gain on retranslation	**(8.9)**	33.3
Closing balance	**(363.9)**	(355.0)

	2010 £m	2009 £m
Composition of loan notes:		
US$270 million loan notes	**(173.3)**	(168.4)
US$252 million loan notes	**(164.6)**	(160.6)
£16 million loan notes	**(16.0)**	(16.0)
£10 million loan notes	**(10.0)**	(10.0)
	(363.9)	(355.0)

The US private placement loan notes totalling US$522 million and £26 million were issued in 2001 and 2002. On the issue date the capital repayments and fixed rate interest on the US$ denominated loan notes were swapped into floating rate sterling through the use of cross-currency interest rate swaps. As hedge accounting under IAS 39 has not been applied, the loan notes and cross-currency swaps are shown separately in accordance with IAS 39. The loan notes are disclosed at amortised cost and translated into sterling at the reporting date exchange rate and the cross-currency interest rate swaps are disclosed at fair value at the reporting date. These values do not represent the amounts required to repay the loan notes or cancel the related cross-currency interest rate swaps.

At 2 January 2011 the Group had available £178.5 million (2009: £178.5 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

All borrowings are denominated in sterling unless otherwise indicated. The bank facility and US private placement loan notes are unsecured.

25 Borrowings continued

The effective interest rates at the reporting date are as follows:

	2010 %	2009 %
US$ denominated loan notes	**6.75**	6.75
£ denominated loan notes	**7.22**	7.22

The fair value of the Group's borrowings is estimated by discounting their future cash flows at the market rate. The estimate at the reporting date is as follows:

	2010 £m	2009 £m
US$ denominated loan notes	**(337.9)**	(329.0)
£ denominated loan notes	**(26.0)**	(26.0)

In estimating the fair value of the loan notes the future cash flows have been discounted using an appropriate discount factor that includes credit risk.

The fair value of other financial assets and liabilities, excluding derivative financial instruments in note 26, are not materially different from the book values and are not repeated in this analysis.

26 Derivative financial instruments

The movement in the derivative financial instruments is as follows:

	2010 £m	2009 £m
Opening (liability)/asset	**(6.0)**	39.6
Movement in fair value	**16.4**	(45.6)
Closing asset/(liability)	**10.4**	(6.0)

The derivative financial instruments are included in the consolidated balance sheet as follows:

	2010 £m	2009 £m
Non-current liabilities	**–**	(2.9)
Current liabilities	**(2.2)**	(3.1)
Non-current assets	**12.6**	–
Closing asset/(liability)	**10.4**	(6.0)

The Group has cross-currency interest rate swaps to manage its exposure to foreign exchange movements and interest rate movements on the US private placement loan notes. Fair value is calculated using discounted cash flows based upon forward rates available to the Group. The cross-currency interest rate swaps are classed in level three of the financial instruments hierarchy.

In October 2008, an interest rate swap was entered into which converted the floating rate interest payments on £180.0 million of principal into fixed for a period of 12 months to October 2009. In April 2009, it was agreed with the counterparties in respect of £135.0 million of principal to extend the settlement date until October 2010. In October 2009, the swap in respect of £45.0 million principal was settled on the due date. In October 2010, the swap in respect of £135.0 million principal was settled on the due date. The fair value change from the prior period end up to the settlement date has been included in the movement in fair value.

Notes to the consolidated financial statements continued

27 Net debt

The statutory net debt for the Group is as follows:

	2009 £m	Cash flow £m	Consolidated income statement* £m	Transfer to current £m	2010 £m
Non-current liabilities					
Loan notes	(355.0)	–	(8.9)	137.8	**(226.1)**
Derivative financial instruments	(2.9)	–	2.9	–	**–**
	(357.9)	**–**	**(6.0)**	**137.8**	**(226.1)**
Current liabilities					
Loan notes	–	–	–	(137.8)	**(137.8)**
Derivative financial instruments	(3.1)	–	3.1	(2.2)	**(2.2)**
	(3.1)	**–**	**3.1**	**(140.0)**	**(140.0)**
Non-current assets					
Derivative financial instruments	–	–	10.4	2.2	**12.6**
	–	**–**	**10.4**	**2.2**	**12.6**
Current assets					
Cash and cash equivalents	61.2	55.0	–	–	**116.2**
	61.2	**55.0**	**–**	**–**	**116.2**
Statutory net debt	**(299.8)**	**55.0**	**7.5**	**–**	**(237.3)**

* The impact on the loan notes of translation into sterling at the reporting date exchange rate and the impact on the derivative financial instruments of being stated at fair value at the settlement date or at the reporting date are included in the consolidated income statement within finance costs as set out in note 10.

Cash and cash equivalents represent the sum of the Group's bank balances and cash in hand at the reporting date.

The contracted net debt for the Group, assuming that the private placement loan notes and the cross-currency interest rate swaps are not terminated prior to maturity, is as follows:

	2009 £m	Cash flow £m	Consolidated income statement* £m	Transfer to current £m	2010 £m
Non-current liabilities					
Loan notes	(382.1)	–	–	145.4	**(236.7)**
	(382.1)	**–**	**–**	**145.4**	**(236.7)**
Current liabilities					
Loan notes	–	–	–	(145.4)	**(145.4)**
Derivative financial instruments	(3.1)	–	3.1	–	**–**
	(3.1)	**–**	**3.1**	**(145.4)**	**(145.4)**
Current assets					
Cash and cash equivalents	61.2	55.0	–	–	**116.2**
	61.2	**55.0**	**–**	**–**	**116.2**
Contracted net debt	**(324.0)**	**55.0**	**3.1**	**–**	**(265.9)**

* The impact on the derivative financial instruments of being stated at fair value at the settlement date or at the reporting date are included in the consolidated income statement within finance costs as set out in note 10.

27 Net debt continued

The statutory net debt reconciles to the contracted net debt as follows:

	2010 £m	2009 £m
Statutory net debt	**(237.3)**	(299.8)
Loan notes at period end exchange rate	**363.9**	355.0
Loan notes at swapped exchange rates	**(382.1)**	(382.1)
Cross-currency interest rate swaps	**(10.4)**	2.9
Contracted net debt	**(265.9)**	(324.0)

28 Share capital and reserves

	Share capital £m	Share redemption premium £m	Capital redemption reserve £m	Retained earnings and other reserves £m	Total £m
At 28 December 2008	(25.8)	(1,120.5)	(4.3)	615.9	(534.7)
Total comprehensive costs for the period	–	–	–	48.5	48.5
Credit to equity for equity settled share-based payments	–	–	–	(3.0)	(3.0)
At 3 January 2010	(25.8)	(1,120.5)	(4.3)	661.4	(489.2)
Total comprehensive income for the period	–	–	–	(190.8)	(190.8)
Credit to equity for equity-settled share-based payments	–	–	–	(2.0)	(2.0)
Purchase of own shares	–	–	–	3.5	3.5
Refund of VAT on share issue costs	–	(1.1)	–	–	(1.1)
At 2 January 2011	**(25.8)**	**(1,121.6)**	**(4.3)**	**472.1**	**(679.6)**

The capital redemption reserve represents the nominal value of the shares purchased and subsequently cancelled under share buy-back programmes.

Shares purchased by the Trinity Mirror Employees' Benefit Trust ('the Trust') are included in retained earnings and other reserves at £12.8 million (2009: £10.6 million), classified as Treasury Shares.

During the period the Trust purchased 4,000,000 shares for a consideration of £4.1 million. The Trust received a payment of £3.5 million from the Company and utilised £0.6 million of cash held by the Trust to purchase these shares. During the period 310,854 shares were released to senior managers relating to the grant made in 2007 under the Deferred Share Award Plan approved in 2006.

Cumulative goodwill written off to reserves in respect of continuing businesses acquired prior to 1998 is £25.9 million (2009: £25.9 million). On transition to IFRS, the revalued amounts of freehold properties were deemed to be the cost of the asset and the revaluation reserve has been transferred to retained earnings and other reserves.

Notes to the consolidated financial statements continued

29 Called-up share capital

	2010 Number	2010 £m	2009 Number	2009 £m
Authorised				
Ordinary shares of 10 pence each	**450,000,000**	**(45.0)**	450,000,000	(45.0)

	2010 Number	2010 £m	2009 Number	2009 £m
Allotted, called-up and fully paid ordinary shares of 10 pence each				
Opening balance	**257,690,520**	**(25.8)**	257,690,355	(25.8)
Shares issued	**–**	**–**	165	–
Closing balance	**257,690,520**	**(25.8)**	257,690,520	(25.8)

The Company has one class of share capital, being ordinary shares with a nominal value of 10 pence each. The Company's ordinary shares give the shareholders equal rights to vote, receive dividends and to the repayment of capital. There are no restrictions on these shares in relation to the distribution of dividends and the repayment of capital. In 2009, 165 shares were issued under the Group's Savings-Related Share Option Scheme at a price of 453.3 pence per share.

An employee benefit trust administered by the trustee Barclays Wealth Trustees (Guernsey) Limited holds shares of the Company for subsequent transfer to employees under a restricted share plan. At 2 January 2011 the trust held 90,855 shares (2009: 90,855 shares) with a carrying value of £445,523 (2009: £445,523) and a market value of £63,144 (2009: £136,828) in the Company, none of which (2009: none) had options granted over them under the restricted share plan. Dividends on the shares are payable at an amount of 0.01 pence (2009: 0.01 pence) per share in the event that the Group declares any dividends. Shares held by the trust have been excluded from the weighted average number of shares used in the calculation of earnings per share.

The lowest closing price of the shares during the year was 64.5 pence (2009: 19.8 pence) and the highest closing price was 171.5 pence (2009: 192.0 pence). The closing share price as at the reporting date was 69.5 pence (2009: 150.6 pence).

Share option schemes

Under the terms of the Group's various share option schemes, the following options to subscribe for shares were outstanding:

Scheme	Grant dates	Number of shares	Exercise prices	Exercise dates
Executive approved	2000–2003	41,412	396–544p	May 2003–Aug 2013
Executive unapproved	2000–2003	612,762	396–544p	May 2003–Aug 2013

Long-Term Incentive Plan and Deferred Share Award Plan

The Long-Term Incentive Plan (LTIP) was approved by shareholders at the Annual General Meeting on 6 May 2004 and the Trinity Mirror Employee Benefit Trust ('the Trust') was established in Jersey and is administered by the trustee Appleby Trust (Jersey) Limited.
An amendment to the LTIP rules was approved by shareholders at the Annual General Meeting on 4 May 2006 and a new plan, the Deferred Share Award Plan (DSAP), was also approved. At the reporting date the Trust holds shares of the Company for subsequent transfer to employees under the terms of the LTIP as Performance Share awards if they vest on 14 March 2011, 3 April 2012 and 28 May 2013 and under the terms of the DSAP as Deferred Share awards if they vest on 14 March 2011, 3 April 2012 and 28 May 2013. The exercise price of the granted awards is £1 for each block of awards granted.

At the reporting date, the Trust held 5,414,484 shares (2009: 1,725,338 shares) with a carrying value of £12,761,217 (2009: £10,582,768) and a market value of £3,763,066 (2009: £2,598,359). In addition, the Trust holds cash to purchase future shares of £7,866 (2009: £554,122). The costs associated with the Trust are included in the consolidated income statement as they accrue. Shares held by the Trust have been excluded from the weighted average number of shares used in the calculation of earnings per share.

30 Share premium account

	2010 £m	2009 £m
Opening balance	**(1,120.5)**	(1,120.5)
Refund of VAT on share issue costs	**(1.1)**	–
Closing balance	**(1,121.6)**	(1,120.5)

During the period £1.1 million was credited to share premium for a cash receipt relating to a VAT refund on share issue costs relating to prior periods.

31 Operating lease commitments

Total commitments under non-cancellable operating leases:

	Vehicles, plant and equipment 2010 £m	Property 2010 £m	Vehicles, plant and equipment 2009 £m	Property 2009 £m
Within one year	**(2.5)**	**(10.1)**	(1.6)	(10.1)
Later than one and less than five years	**(3.1)**	**(35.2)**	(1.9)	(34.5)
After five years	**–**	**(19.1)**	–	(25.8)
	(5.6)	**(64.4)**	(3.5)	(70.4)

Total future minimum lease payments with tenants under non-cancellable property operating leases:

	2010 £m	2009 £m
Within one year	**1.9**	2.1
Later than one and less than five years	**5.0**	4.9
After five years	**2.6**	3.7
	9.5	10.7

Notes to the consolidated financial statements continued

32 Share-based payments

The charge related to share-based payments during the period was £2.1 million (2009: £3.2 million).

Executive share option scheme

The Company operates an existing share option scheme under which executive directors and senior management are granted options. Following the introduction of the Long-Term Incentive Plan in 2004, no further options have been granted under this scheme. The Group has applied the requirements of IFRS 2 in accordance with the transitional provisions to all grants of equity instruments after 7 November 2002 that had not vested as of 3 January 2005.

Options are exercisable between three and 10 years from the date of grant subject to the continued employment of the participant and achievement of earnings per share performance. In addition, 50% of each grant of an option to each individual is subject to a total shareholder return comparison against the FTSE Mid-250 index of companies on the date of grant. The other 50% is subject to a comparison of total shareholder return with a group of about 20 other media companies. No vesting of options will take place unless the Company's ranking is at least median.

Movements in share options granted pre 7 November 2002 are as follows:

	2010 Number of options	2009 Number of options
Options outstanding at start of period	**798,680**	1,992,600
Lapsed during the year	**(328,854)**	(1,193,920)
Options outstanding at end of period	**469,826**	798,680

The weighted average share price at the date of lapse for share options lapsed during the period was 103.7 pence (2009: 74.5 pence). The options outstanding at 2 January 2011 had a weighted average exercise price of 470.5 pence (2009: 497.5 pence) and a weighted average contractual life of one year (2009: one year). There were no share options exercised during the current or prior period.

Details of the share options outstanding and the weighted average exercise price of options granted post 7 November 2002 are as follows:

	Number of options	Exercise price
Granted post 7 November 2002:		
– 28 February 2003	184,348	395.5p

Movements in share options granted post 7 November 2002 are as follows:

	Options granted 28 February 2003		Options granted 7 August 2003	
	2010	2009	**2010**	2009
Options outstanding at end of period	**184,348**	505,689	**–**	653,368
Lapsed during the year	**–**	(321,341)	**–**	(653,368)
Options outstanding at end of period	**184,348**	184,348	**–**	–

The options outstanding at 2 January 2011 had a weighted average exercise price of 395.5 pence (2009: 395.5 pence) and a weighted average contractual life of two years (2009: three years). No share options were exercised and none lapsed during the current or prior period. The weighted average share price at the date of lapse for share options lapsed during the prior period was 68.5 pence.

The estimated fair values at the date of grant of the share options granted on 28 February 2003 was £375,145. The fair value was calculated using a stochastic (Monte-Carlo binomial) model at the date of grant. The inputs to the model were: expected volatility 27.0%, expected life 6.0 years, expected dividend yield 4.4% and risk-free rate 3.9%. Expected volatility was determined by calculating the historical volatility of the Company's share price over a period prior to the grant date that is commensurate with the length of the expected life of the option. The expected life of the options used in the model is a weighted average driven by simulated share price movements in the model.

32 Share-based payments continued

Long-Term Incentive Plan and Deferred Share Award Plan
Under these schemes, the Remuneration Committee can recommend the grant of awards of shares to an eligible employee. From 2006, awards have taken the form of Performance Shares or Deferred Shares. Prior to 2006 awards took the form of Performance Shares and Matching Shares. All awards prior to 2008 have lapsed. Full details of how the schemes operate are explained on page 48 of the Remuneration Report.

The vesting period is three years and is subject to continued employment of the participant. The Performance Shares granted in 2008, 2009 and 2010 vest if targets measuring the Company's total shareholder return against the performance of a comparator group of companies are met. The Deferred Shares have no performance conditions.

The movement in the number of Performance Shares and Deferred Shares during the period was:

	2010 Deferred Shares	**2010 Performance Shares**	2009 Deferred Shares	2009 Performance Shares
Awards outstanding at start of period	**1,008,452**	**3,301,407**	1,199,765	2,769,046
Granted during the period	**1,629,900**	**1,724,886**	36,796	1,345,382
Lapsed during the period	**(22,620)**	**(664,147)**	(13,357)	(813,021)
Exercised during the period	**(310,854)**	**–**	(214,752)	–
Awards outstanding at end of period	**2,304,878**	**4,362,146**	1,008,452	3,301,407

The share price at the date of grant for both the Performance Shares and the Deferred Shares was 99.8 pence (2009: 28.5 pence). The weighted average share price at the date of lapse for awards lapsed during the period was 141.6 pence (2009: 57.1 pence). The weighted average share price at the date of exercise for awards exercised during the period was 120.1 pence (2009: 89.3 pence).

The estimated fair values at the date of grant of the shares awarded are as follows:

	Awarded in 2010 £	Awarded in 2009 £	Awarded in 2008 £
Performance Shares	**1,054,000**	194,000	1,504,000
Deferred Shares	**1,627,000**	9,000	1,943,000

The fair values for the Performance Shares were calculated using a stochastic (Monte-Carlo binominal) model and for the Deferred Shares a modified Black-Scholes calculation at the date of grant. The inputs to the model for awards from 2008 were as follows:

	Performance award 2010	**Deferred award 2010**	Performance award 2009	Deferred award 2009	Performance award 2008	Deferred award 2008
Expected volatility (%)	**101.5**	**–**	80.5	–	22.8	–
Expected life (years)	**3.0**	**3.0**	3.0	3.0	3.0	3.0
Expected dividend yield (%)	**–**	**–**	–	–	8.0	–
Risk-free (%)	**1.4**	**–**	2.1	–	3.9	–

Expected volatility has been determined by calculating the historical volatility of the Company's share price over the three year period prior to the grant date. The exercise price used in the model is £nil as the exercise price of the granted awards is £1 for each block of awards granted.

Notes to the consolidated financial statements continued

32 Share-based payments continued

Savings-Related Share Option Scheme
In 2006, options were granted over 2,917,754 shares at a subscription price of 453.3 pence per share under the terms of the Savings-Related Share Option Scheme. The estimated fair value of the options was £3,706,597. The fair values were calculated using a modified Black-Scholes calculation at the date of grant. The inputs to the model were: expected volatility 20.3%, expected life 3.25 years, expected dividend yield 3.9% and risk free rate 4.4%. Expected volatility has been determined by calculating the historical volatility of the Company's share price over the three year period prior to the grant date.

The movement in the number of shares under option during the period was:

	2010 £m	2009 £m
Options outstanding at start of period	**–**	1,328,348
Exercised during the period	**–**	(165)
Lapsed during the period	**–**	(1,328,183)
Awards outstanding at end of period	**–**	–

The weighted average share price for the options lapsed during the prior period was 137.9 pence. The weighted average share price for the options exercised during the prior period was 70.5 pence.

33 Retirement benefit schemes

Defined benefit pension schemes
The Group operates 10 defined benefit pension schemes for certain employees which were closed to new entrants with effect from 1 January 2003 and closed to future accrual from 31 March 2010. All employees have the option to join the Trinity Mirror Pension Plan, a defined contribution pension scheme.

Formal valuations of the defined benefit pension schemes are carried out regularly. The actuarial methods and assumptions used to calculate each scheme's assets and liabilities vary according to the actuarial and funding policies adopted by their respective trustees. All of the schemes are being funded in accordance with the recommendations of the respective actuaries. The most significant of the schemes are the Mirror Group Pension Scheme (the 'Old Scheme'), the MGN Past Service Pension Scheme (the 'Past Service Scheme'), the MGN Pension Scheme (the 'MGN Scheme'), the Trinity Retirement Benefit Scheme (the 'Trinity Scheme') and the Midland Independent Newspapers Pension Scheme (the 'MIN Scheme') which together represent the majority of the aggregate value of the schemes assets and liabilities.

The Old Scheme and the Past Service Scheme cover the liabilities for service up to 13 February 1992 for employees and former employees who worked regularly on the production and distribution of Mirror Group's newspapers. The Old Scheme was closed on 13 February 1992 and the Past Service Scheme was established to meet the liabilities, which are not satisfied by payments from the Old Scheme and the Maxwell Communications Pension Plan or by the State. The last formal valuation of these schemes was completed in October 2008 for valuation date as at 31 December 2007 and showed a deficit of £106.6 million. During 2010, £14.1 million was paid into the schemes (2009: £6.5 million). For 2011, agreement has been reached with the trustees to pay £14.1 million into the schemes. The next full actuarial valuation of the schemes is 31 December 2010. The valuation of the schemes is likely to be completed in 2011.

The last formal valuations were completed in June 2010 for valuation date as at 30 June 2009 for the Trinity Scheme, in October 2008 for valuation date as at 31 December 2007 for the MGN Scheme and in June 2008 for valuation date as at 31 March 2007 for the MIN Scheme. These valuations showed deficits of £102.2 million, £55.7 million and £28.2 million respectively. During 2010 deficit funding payments were £6.2 million (2009: £2.3 million), £7.0 million (2009: £4.8 million) and £2.5 million (2009: £2.4 million) respectively. For 2011, agreement has been reached with the trustees to pay £6.2 million, £7.0 million and £2.5 million respectively into these schemes. The next full actuarial valuation dates for these schemes are: Trinity Scheme 30 June 2012, the MGN Scheme 31 December 2010 and the MIN Scheme 31 March 2010. The valuations of the MGN Scheme and the MIN Scheme are likely to be completed in 2011.

For the purposes of the Group's annual consolidated financial statements, valuations have been performed in accordance with the requirements of IAS 19 with scheme liabilities calculated using a consistent projected unit valuation method and compared to the value of the scheme assets at 31 December 2010, the last day prior to the reporting date for which such values were available. IFRIC 14 has been adopted and has had no impact on the retirement benefit assets or obligations. Following detailed consideration and legal advice on the recoverability of pension scheme surpluses we are no longer applying the asset ceiling.

33 Retirement benefit schemes continued

The assets and liabilities of the most significant schemes included above as at the reporting date are:

	Old Scheme/ Past Service Scheme £m	MGN Scheme £m	Trinity Scheme £m	MIN Scheme £m
Present value of scheme liabilities	(750.1)	(381.7)	(314.5)	(187.7)
Fair value of scheme assets	602.3	323.9	360.7	171.2
Scheme (deficit)/surplus	**(147.8)**	**(57.8)**	**46.2**	**(16.5)**

Based on actuarial advice, the assumptions used in calculating the scheme liabilities and the actuarial value of those liabilities and the expected return on scheme assets are:

	2010 %	2009 %
Principal annual actuarial assumptions used:		
Discount rate	**5.40**	5.70
Retail price inflation rate	**3.45**	3.50
Consumer price inflation rate	**2.70**	–
Expected return on scheme assets	**4.80–6.40**	5.00–6.90
Expected rate of salary increases	**–**	3.75
Pension increases:		
Pre 6 April 1997 pensions	**2.60–5.00**	3.00–5.00
Post 6 April 1997 pensions	**3.10–3.75**	3.40–3.75
In deferment	**2.70–3.45**	3.50

The impact on the defined benefit obligation at the reporting date to variations in key assumptions are: a 0.25% decrease in the discount rate would increase the obligation by £60 million, a 0.25% increase in the inflation assumptions would increase the obligation by £40 million and the effect of a one year increase in assumed life expectancy would increase the obligation by £60 million.

Post-retirement mortality tables and future life expectancies at age 65 are:

	Future life expectancy (years) for a pensioner currently aged 65		Future life expectancy (years) at age 65 for a non-pensioner currently aged 55	
	Male	Female	Male	Female
At 31 December 2006	18.6	21.3	19.6	22.4
At 30 December 2007	20.1	23.0	21.6	24.4
At 28 December 2008	21.4	23.8	23.2	25.6
At 3 January 2010	21.6	24.0	23.4	25.7
At 2 January 2011	**21.7**	**24.1**	**23.5**	**25.8**

Notes to the consolidated financial statements continued

33 Retirement benefit schemes continued

The amount included in the consolidated balance sheet, consolidated income statement and consolidated statement of comprehensive income arising from the Group's obligations in respect of its defined benefit pension schemes is as follows:

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Present value of scheme liabilities	**(1,685.1)**	(1,683.1)	(1,378.8)	(1,538.5)	(1,511.0)
Fair value of scheme assets	**1,524.1**	1,398.1	1,233.6	1,458.9	1,322.9
Effect of asset ceiling	**–**	(11.6)	(61.7)	(45.2)	(24.9)
Net scheme deficit	**(161.0)**	(296.6)	(206.9)	(124.8)	(213.0)
Non-current asset – retirement benefit assets	**61.1**	–	–	–	–
Non-current liabilities – retirement benefit obligations	**(222.1)**	(296.6)	(206.9)	(124.8)	(213.0)
Net scheme deficit	**(161.0)**	(296.6)	(206.9)	(124.8)	(213.0)
Net scheme deficit included in consolidated balance sheet	**(161.0)**	(296.6)	(206.9)	(124.8)	(213.0)
Deferred tax included in consolidated balance sheet	**43.5**	83.0	57.9	34.9	63.9
Net scheme deficit after deferred tax	**(117.5)**	(213.6)	(149.0)	(89.9)	(149.1)

	2010 £m	2009 £m
Current service cost	**(4.6)**	(14.6)
Past service costs	**–**	(0.9)
Total included in staff costs	**(4.6)**	(15.5)
Curtailment gain	**7.9**	4.3
Past service costs	**(8.3)**	5.6
Total included in non-recurring items	**(0.4)**	9.9
Expected return on scheme assets	**85.5**	76.7
Interest cost on pension scheme liabilities	**(92.6)**	(87.2)
Pension finance charge	**(7.1)**	(10.5)
Total included in the consolidated income statement	**(12.1)**	(16.1)

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Effect of changes in actuarial assumptions on scheme liabilities	**16.7**	(294.1)	231.9	12.9	68.1
Experience adjustments on scheme liabilities	**8.1**	2.0	(23.0)	9.1	0.9
Experience adjustments on scheme assets	**76.1**	136.3	(349.5)	(6.0)	15.5
Effect of asset ceiling	**11.6**	50.1	(16.5)	(20.3)	(21.8)
Consolidated statement of comprehensive income	**112.5**	(105.7)	(157.1)	(4.3)	62.7

The cumulative amount of actuarial gains and losses recognised in the consolidated statement of comprehensive income since adoption of IFRS is losses of £58.7 million (2009: £171.2 million).

Pension schemes assets include no direct investments in the Company's ordinary shares nor any property assets occupied or other assets used by the Group for any period.

Up to 31 March 2010, prior to closure of the schemes to future accrual, the contribution rates for the Group's most significant schemes range from 15.0% to 20.0% of pensionable salaries. The contributions made during the year totalled £35.2 million (2009: £32.1 million). The Group expects to contribute approximately £35 million to its defined benefit pension schemes in 2011.

The movement in liabilities during the period includes a £80.1 million benefit due to the government announced changes in state pension increases being linked to CPI instead of RPI which impacts most deferred pensions in the Group's schemes.

33 Retirement benefit schemes continued

	2010 £m	2009 £m
Changes in the fair value of scheme assets:		
Opening fair value of scheme assets	**1,398.1**	1,233.6
Expected return	**85.5**	76.7
Actuarial gains	**76.1**	136.3
Contributions by employer	**35.2**	32.1
Employee contributions	**1.2**	6.3
Benefits paid	**(78.0)**	(86.9)
Annuity contract	**6.0**	–
Closing fair value of scheme assets	**1,524.1**	1,398.1

The actual return on scheme assets was £161.6 million (2009: £213.0 million).

	2010 £m	2009 £m
Changes in the present value of scheme liabilities:		
Opening present value of scheme liabilities	**(1,683.1)**	(1,378.8)
Current service cost	**(4.6)**	(14.6)
Past service costs	**(8.3)**	4.7
Curtailment gain	**7.9**	4.3
Interest cost	**(92.6)**	(87.2)
Actuarial gain/(losses)	**24.8**	(292.1)
Employee contributions	**(1.2)**	(6.3)
Benefits paid	**78.0**	86.9
Annuity contract	**(6.0)**	–
Closing present value of scheme liabilities	**(1,685.1)**	(1,683.1)

	2010 £m	2009 £m
Fair value of scheme assets:		
UK equities	**299.4**	290.2
US equities	**98.3**	76.4
Other overseas equities	**252.7**	227.2
Property	**20.6**	3.1
Corporate bonds	**487.3**	461.0
Fixed interest gilts	**43.1**	31.0
Index linked gilts	**231.3**	177.4
Cash and other	**91.4**	131.8
Fair value of scheme assets	**1,524.1**	1,398.1

Notes to the consolidated financial statements continued

33 Retirement benefit schemes continued

	2010 %	2009 %
Expected nominal rates of return on plan assets:		
Equities	**8.10**	8.00
Property	**6.30**	6.40
Corporate bonds	**5.40**	5.70
Fixed interest gilts	**4.20**	4.50
Index linked gilts	**4.00**	4.20
Cash	**4.10**	4.40

For each scheme the expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes. The expected return for each asset class reflects a combination of historical performance analysis, the forward-looking views of the financial markets as suggested by the yields available and the views of investment organisations.

Defined contribution pension schemes

The Group operates two defined contribution pension schemes for qualifying employees, the Southnews Money Purchase Scheme which is closed to new members and the Trinity Mirror Pension Plan. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The current service cost charged to the consolidated income statement of £7.0 million (2009: £1.1 million) represents contributions payable to these schemes by the Group at rates specified in the scheme rules. Contributions that were due have been paid over to the schemes at both reporting dates.

34 Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through an optimal balance of debt and equity. The capital structure of the Group consists of debt, which includes the borrowings (note 25), cash and cash equivalents (note 19) and equity attributable to equity holders of the parent comprising share capital and reserves (note 28).

Gearing ratio

The Board reviews the capital structure, including the level of gearing and interest cover, as required. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

The gearing ratio and interest cover at the reporting date were as follows:

	2010 £m	2009 £m
Net debt (note 27)	**(237.3)**	(299.8)
EBITDA	**177.9**	130.9
Net debt to EBITDA	**1.3**	2.3
Operating profit (note 38)	**123.3**	105.4
Total interest expense (note 10)	**(16.1)**	(22.4)
Interest cover	**7.7**	4.7

Net debt is defined as long-term and short-term borrowings and includes derivative financial instruments less cash and cash equivalents. EBITDA is stated after non-recurring items with the exception of the impairments of intangible assets and fixed assets. Operating profit is before non-recurring items and amortisation.

For 2010 the financial covenants attached to the bank facility are a minimum interest cover of 2.5 times and a maximum net debt to EBITDA ratio of 3.75 times. For 2011 the minimum interest cover increases to 2.75 times and net debt to EBITDA decreases to 3.5 times. As a result of the cash generated by the Group during 2010 at the end of the year the Group cash balance increased from £61.2 million to £116.2 million.

The financial covenants in respect of the US$ private placement loan notes remained unchanged during 2010, requiring minimum interest cover of 2.0 times and for net debt to EBITDA a maximum cover of 4.0 times. The financial covenants are the same in 2011.

34 Financial instruments continued

Externally imposed capital requirement
The Group is subject to externally imposed capital requirements based on net worth covenants under the US private placement loan notes as well as in respect of the £178.5 million bank facility.

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 3.

Categories of financial instruments
The Group's significant financial assets are cash and trade and other receivables which are classified as loans and receivables and are accordingly held at amortised cost. Trade and other payables, bank overdrafts and loan notes are all designated as other financial liabilities and held at amortised cost. The Group's derivative financial instruments are classified as fair value through the consolidated income statement.

Financial risk management objectives
The Group's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the Group through regular meetings with the Group Finance Director analysing exposures by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments where appropriate to hedge these exposures. The use of financial derivatives is governed by policies approved by the Board, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's Treasury function provides a monthly report to the Board covering compliance with covenants and other Treasury related matters.

Market risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group has entered into specific derivative financial instruments to manage its exposure to interest rate and foreign currency risk primarily in respect of the US private placement loan notes as set out in note 26.

Foreign currency risk management
The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts where appropriate.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2010 £m	2009 £m	**2010 £m**	2009 £m
Euro	**–**	–	**1.6**	1.6
US$	**(327.5)**	(331.9)	**0.4**	0.1

Notes to the consolidated financial statements continued

34 Financial instruments continued

Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro and US$.

The Euro exposure arises on sales of newspapers in Europe. The Euro sales represent less than 1% (2009: 2%) of Group revenue. The Euros are kept on deposit and used to fund Euro costs. When Euros on deposit build to a target balance they are converted into sterling. The Group does not hedge the Euro income or deposits because the risk of foreign exchange movements is not deemed to be significant.

The US$ exposure arises on the US private placement loan notes which are mainly US$ denominated and fixed interest. At the time of the US private placement loan notes issue the Group entered into cross-currency interest rate swaps to change the US$ principal and US$ fixed interest profile of the debt to sterling principal and sterling floating interest. The timing of the swaps exactly match every private placement principal and interest payment due. As a result the Group is not subject to any US$ foreign exchange exposure on its US private placement loan notes and matching swaps. The Group's consolidated balance sheet shows the US private placement loan notes converted to sterling at the reporting date currency rate. The matching swaps are carried at fair value which represents the value of the fixed to floating swap, the currency element of the principal payments due and the currency element of the interest payments due. The difference between the valuation approaches gives rise to a charge or credit to the consolidated income statement.

The following tables detail the Group's sensitivity to a 10% increase and decrease in the sterling rate against the Euro and US$ in the current and prior period. A 10% movement in exchange rates based on the level of foreign currency denominated monetary assets and liabilities represents the assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items including external loans, that are unhedged.

	Euro currency impact		US$ currency impact	
10% strengthening of sterling	**2010 £m**	2009 £m	**2010 £m**	2009 £m
Decrease in profit	**(0.2)**	(0.2)	**–**	–
Decrease in equity	**–**	–	**–**	–

	Euro currency impact		US$ currency impact	
10% weakening of sterling	**2010 £m**	2009 £m	**2010 £m**	2009 £m
Increase in profit	**0.2**	0.1	**–**	–
Increase in equity	**–**	–	**–**	–

Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts only to cover specific foreign currency payments such as significant capital expenditure. During the current and prior period no contracts were entered into.

Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through interest rate cycles.

The Group's exposures to interest rates on the financial assets and liabilities are detailed in the liquidity risk management section of this note.

34 Financial instruments continued

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared using the Group's monthly cash forecasting model. A 2% increase in interest rates has been used and represents the assessment of a reasonably possible change.

If interest rates had been 2% higher/lower and all other variables were held constant, the Group's profit for the period would decrease/increase by £7.6 million (2009: £7.6 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of the interest rate swaps at the reporting date is determined by discounting the future cash flows using yield curves at the reporting date and the credit risk inherent in the contract and is disclosed below. In calculating fair value, consideration has been given to the turmoil in the financial markets.

In October 2008, an interest rate swap was entered into which converted the floating rate interest payments on £180.0 million of principal into fixed for a period of 12 months to October 2009. In April 2009, it was agreed with the counterparties in respect of £135.0 million of principal to extend the settlement date until October 2010. In October 2009, the swap in respect of £45.0 million principal was settled on the due date. In October 2010, the swap in respect of the outstanding principal of £135.0 million was settled on the due date.

Other price risks

The Group has no listed equity investments and is not directly exposed to equity price risk. The Group does not actively trade these investments. The Group has indirect exposure through its defined benefit pension schemes.

Credit risk management

Credit risk refers to the risk that a counterparty with the Group will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group only transacts with financial institutions that are rated the equivalent to investment grade and above. This information is supplied by independent rating agencies where available and, if not, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and credit ratings of its counterparties are reviewed by the Board at appropriate times and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers spread across diverse sectors. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are connected entities. Concentration of credit risk with a single counterparty is limited by reference to the long-term credit ratings assigned for that counterparty by Standard and Poor's. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

The table below shows the internal credit limit and amount on deposit with the Group's major counterparties at the reporting date using the Standard and Poor's credit rating symbols:

Financial Institution	Location	Rating	2010 Credit limit £m	2010 Balance £m	2009 Credit limit £m	2009 Balance £m
HSBC	London	AA	**75.0**	**–**	50.0	0.1
Santander UK	London	AA	**75.0**	**15.2**	20.0	15.0
Lloyds TSB Bank plc	London	A+	**25.0**	**88.2**	50.0	34.1
Barclays Bank plc	London	A+	**25.0**	**–**	50.0	1.1
National Westminster Bank	London	A+	**25.0**	**7.1**	50.0	6.0
Royal Bank of Scotland plc	London	A+	**25.0**	**4.2**	20.0	4.9
Ulster Bank plc	Dublin	A	**5.0**	**1.5**	20.0	–

The Board agreed that due to the risk profile of Lloyds TSB Bank plc with its substantial government stake and it offering a marginally better rate of interest, the Group would hold the majority of its cash with Lloyds TSB Bank plc. This remains under review and cash balances will fall materially after repayment of the £145.4 million of loan notes due in October 2011.

Notes to the consolidated financial statements continued

34 Financial instruments continued

Liquidity risk management
Liquidity risk results from having insufficient financial resources to meet day-to-day fluctuations in working capital and cash flow. Ultimate responsibility for liquidity risk management rests with the Board. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Liquidity risk and interest risk tables
The following tables detail the Group's remaining contractual maturity for its non-derivative and derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group could be required to pay. The table includes both principal and interest cash flows. Where the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest and foreign currency rates as illustrated by the yield curves existing at the reporting date.

	Less than 1 year £m	1–2 years £m	2–3 years £m	3–4 years £m	4–5 years £m	More than 5 years £m
2010						
Non-derivative financial instruments:						
Sterling variable interest rate	**–**	**–**	**–**	**–**	**–**	**–**
Sterling fixed interest rate	**17.9**	**0.7**	**0.7**	**10.4**	**–**	**–**
Non-sterling fixed interest rate	**145.3**	**78.2**	**61.8**	**37.8**	**4.7**	**71.0**
Derivative financial instruments:						
Financial assets	**145.3**	**78.2**	**61.8**	**7.8**	**4.7**	**71.0**
Financial liabilities	**(136.2)**	**(73.5)**	**(57.6)**	**(35.6)**	**(2.9)**	**(68.3)**
2009						
Non-derivative financial instruments:						
Sterling variable interest rate	–	–	–	–	–	–
Sterling fixed interest rate	1.9	17.9	0.7	0.7	10.4	–
Non-sterling fixed interest rate	26.3	140.9	75.9	59.9	36.7	73.4
Derivative financial instruments:						
Financial assets	26.3	140.9	75.9	59.9	36.7	73.4
Financial liabilities	(14.3)	(143.8)	(77.8)	(60.8)	(37.8)	(75.4)

The non-derivative financial instruments include the US private placement loan notes, bank overdrafts, finance leases and the bank facility. The non-sterling fixed interest rate liabilities arise on the Group's US private placement loan notes. The related swaps are shown under derivative instruments.

Swaps are gross settled and each leg of the swap is split into either a financial asset or liability. The weighted average effective interest rate is set out in note 25.

The Group has access to financial facilities of which the total unused amount is £178.5 million (2009: £178.5 million) at the reporting date. The Group expects to meet its other obligations from cash held on deposit, operating cash flows and its committed financing facilities.

Fair value of financial instruments
The fair value of the Group's financial liabilities are set out in note 25.

35 Related party transactions

The immediate parent and controlling party of the Group is Trinity Mirror plc. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Transactions with the retirement benefit schemes are disclosed in note 33. Details of other related party transactions are disclosed below.

Trading transactions
The Group traded with the following associated undertakings and joint ventures: PA Group Limited and fish4 Limited (up to 13 October 2010). This trade generated revenue of £nil (2009: £nil) and the Group incurred charges for services received of £4.5 million (2009: £4.9 million). Financial support of £nil (2009: £0.5 million) was provided during the period.

Sales of goods and services to related parties were made at the Group's usual list prices less average volume discounts. Purchases were made at market prices discounted to reflect volume purchase and the relationship between the parties. Any outstanding amounts will be settled by cash payment.

Compensation of key management personnel
Key management personnel of the Group comprise the non-executive directors and members of the Executive Committee (which includes all of the executive directors) and their remuneration during the period was as follows:

	2010 £m	2009 £m
Short-term employee benefits	**(5.1)**	(5.4)
Retirement benefits	**(0.7)**	(0.7)
Share-based payments in the period	**(1.2)**	(1.4)
Termination of employment payments	**–**	(0.3)
	(7.0)	(7.8)

The remuneration of directors and other key executives is determined by the Remuneration Committee having regard to competitive market position and performance of individuals. Further information regarding the remuneration of individual directors is provided in the Remuneration Report on pages 47 to 52.

Notes to the consolidated financial statements continued

36 Acquisitions

GMG Regional Media
On 28 March 2010 the Group acquired the trade and assets of GMG Regional Media.

	2010 £m
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Trade and other receivables	12.3
Inventory	0.3
Property, plant and equipment	10.3
Identifiable intangible assets	30.0
Trade and other payables	(4.1)
Deferred tax	(10.5)
Total identifiable assets	**38.3**
Negative goodwill	(23.6)
Total consideration	**14.7**
Satisfied by:	
Initial cash consideration	7.4
Additional payment for working capital	2.5
Contract cancellation	4.8
Total consideration	**14.7**

Trade and other receivables include trade receivables with a gross value of £10.1 million reduced by a bad debt provision of £0.4 million and prepayments of £2.6 million.

The negative goodwill of £23.6 million arising on the acquisition has been taken to non-recurring items included in administrative expenses in the consolidated income statement. The negative goodwill arises due to the value of the identifiable assets acquired and liabilities assumed are more than the total consideration. The negative goodwill is not taxable for income tax purposes.

The contract cancellation of £4.8 million relates to the value ascribed to a pre-existing print contract which was terminated as part of the acquisition consideration and has been taken to non-recurring items included in administrative expenses in the consolidated income statement. The accounting gain is not taxable for income tax purposes.

Acquisition related transaction costs, included in non-recurring items within administrative expenses in the consolidated income statement, amounted to £1.1 million.

GMG Regional Media contributed £50.9 million to the Group's revenue and £5.7 million to the Group's profit for the period between the date of acquisition and the reporting date.

fish4
The Group took control of the 50% interest in fish4 not previously controlled on 13 October 2010. The consideration was £1 and the fair value of assets transferred was £0.9 million and the fair value of liabilities transferred was £0.9 million. The assets include trade receivables with a gross value of £0.6 million reduced by a bad debt provision of £0.4 million, prepayments of £0.2 million, cash of £0.2 million, deferred tax of £0.2 million and other debtors of £0.2 million.

fish4 contributed £0.9 million to the Group's revenue and a loss of £0.4 million to the Group's profit for the period between the date of full control and the reporting date.

Impact on results for the period
If control of both GMG Regional Media and fish4 had been completed on the first day of the reporting period, the Group's revenue for the period would have been £781.0 million and the Group's operating profit for the period would have been £136.9 million.

37 Disposals

There were no disposals during 2010. During 2009 the Group disposed of Globespan Media Limited realising a loss on disposal of £2.4 million.

	2009 £m
Goodwill	(0.6)
Other intangible assets	(1.1)
Trade and other receivables	(0.7)
Net assets	(2.4)
Loss on disposal	(2.4)
Total consideration	–

38 Reconciliation of statutory results to adjusted results

52 weeks ended 2 January 2011

	Statutory results £m	**Non-recurring items £m[a]**	**Amortisation £m[b]**	**Finance costs £m[c]**	**Tax legislation changes £m[d]**	**Adjusted results £m**
Revenue	**761.5**	**–**	**–**	**–**	**–**	**761.5**
Operating profit	**138.0**	**(20.7)**	**6.0**	**–**	**–**	**123.3**
Profit before tax	**123.7**	**(20.7)**	**6.0**	**(7.5)**	**–**	**101.5**
Profit after tax	**113.3**	**(28.2)**	**4.4**	**(5.5)**	**(11.4)**	**72.6**
Basic earnings per share (pence)	**44.6**	**(11.0)**	**1.7**	**(2.2)**	**(4.5)**	**28.6**

53 weeks ended 3 January 2010

	Statutory results £m	Non-recurring items £m[a]	Amortisation £m[b]	Finance costs £m[c]	Tax legislation changes £m[d]	Adjusted results £m
Revenue	763.3	–	–	–	–	763.3
Operating profit	87.0	11.3	7.1	–	–	105.4
Profit before tax	42.0	11.3	7.1	12.3	–	72.7
Profit after tax	29.3	7.8	5.1	8.9	–	51.1
Basic earnings per share (pence)	11.5	3.0	2.0	3.5	–	20.0

[a] Details of non-recurring items are set out in note 8.
[b] Amortisation of other intangible assets.
[c] Impact of the translation of foreign currency borrowings and fair value changes on derivative financial instruments.
[d] Tax legislation changes relates to the impact of the change in the tax rate from 28% to 27% on the opening deferred tax position in 2010.

Parent company accounts

Independent auditor's report to the members of Trinity Mirror plc

We have audited the parent company financial statements of Trinity Mirror plc for the 52 weeks ended 2 January 2011 which comprise the parent company 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 statement of directors' responsibilities on page 53, the directors are responsible for the preparation of the parent company 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 parent company 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 parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the parent company financial statements:

– give a true and fair view of the state of the Company's affairs as at 2 January 2011;

– 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 matters prescribed by the Companies Act 2006

In our opinion:

– the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and

– the information given in the directors' report for the 52 weeks ended 2 January 2011 for which the financial statements are prepared is consistent with the parent company 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

– the parent company financial statements and the part of the directors' remuneration report to be audited 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.

Other matter

We have reported separately on the consolidated financial statements of Trinity Mirror plc for the 52 weeks ended 2 January 2011.

Panos Kakoullis
(Senior Statutory Auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
3 March 2011

Parent company balance sheet

at 2 January 2011 (3 January 2010) Company registration number 82548

	Notes	2010 £m	2009 £m
Fixed assets			
Investments	4	**1,572.9**	1,571.6
		1,572.9	1,571.6
Current assets			
Debtors			
– due within one year	5	**1,897.0**	1,188.1
– due after more than one year	5	**12.6**	428.3
Cash at bank and in hand		**82.3**	15.1
		1,991.9	1,631.5
Creditors: amounts falling due within one year			
Borrowings	7	**(140.0)**	(4.2)
Other creditors	8	**(1,945.9)**	(1,588.7)
		(2,085.9)	(1,592.9)
Net current (liabilities)/assets		**(94.0)**	38.6
Total assets less current liabilities		**1,478.9**	1,610.2
Creditors: amounts falling due after more than one year			
Borrowings	7	**(226.1)**	(357.9)
Deferred tax liabilities	6	**(7.3)**	(4.9)
		(233.4)	(362.8)
Net assets before pension scheme assets		**1,245.5**	1,247.4
Pension scheme assets	9	**2.9**	–
Net assets		**1,248.4**	1,247.4
Equity capital and reserves			
Called-up share capital	10	**25.8**	25.8
Share premium account	11	**1,121.6**	1,120.5
Capital redemption reserve	12	**4.3**	4.3
Profit and loss account	12	**96.7**	96.8
Equity shareholders' funds		**1,248.4**	1,247.4

These parent company financial statements were approved by the Board of directors and authorised for issue on 3 March 2011. They were signed on its behalf by:

Sly Bailey
Chief Executive

Vijay Vaghela
Group Finance Director

Notes to the parent company financial statements

for the 52 weeks ended 2 January 2011 (53 weeks ended 3 January 2010)

1 Accounting policies

The parent company financial statements of the Company are presented as required by the Companies Act 2006. As permitted, the parent company financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The particular accounting policies adopted are described below and have been applied on a consistent basis in the current and prior period.

The Company has taken advantage of the exemption contained in FRS 1 and has not produced a cash flow statement. The Company has also taken advantage of the exemption contained in FRS 8 and has not reported transactions with fellow Group undertakings. The Company, as a parent company of a group drawing up consolidated financial statements that meet the requirements of IFRS 7, is exempt from disclosures that comply with the United Kingdom Generally Accepted Accounting Practice equivalent FRS 29.

In the current year certain minor amendments to UK financial reporting standards were issued by the UK Accounting Standards Board. The adoption of these amendments has not had any material impact on the parent company financial statements.

At the date of approval of these parent company financial statements, the amendments to SSAP 25, FRS 8 and FRS 29 have not been applied but were in issue but not yet effective and have therefore not been applied and their adoption will have no material impact on the parent company financial statements.

Basis of accounting

These parent company financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards of the United Kingdom Accounting Standards Board and pronouncements of the Urgent Issues Task Force.

Income from shares in Group undertakings

These amounts represent dividends from investments. The dividends are recognised in the period in which the dividend is declared.

Fixed asset investments

Fixed asset investments 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.

Deferred taxation

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.

Retirement benefits

Each pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full and presented on the face of the balance sheet. The movement in the scheme surplus or deficit is split between operating and financing items in the profit and loss account. The full service cost of the pension provision is charged to operating profit. Any difference between the expected return on assets and that actually achieved is reflected in other recognised gains and losses in the period.

Foreign currency

Transactions denominated in foreign currencies are translated at the rates of exchange prevailing on the date of the transactions. Exchange differences are taken through the profit and loss account.

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Capital instruments

Capital instruments are accounted for in accordance with the principles of FRS 26 and are classified as equity share capital, non-equity share capital, minority interest or debt as appropriate.

Financial instruments

Financial instruments are accounted for in accordance with the principles of FRS 26. Any premium or discount associated with the purchase of interest rate and foreign exchange instruments is amortised over the life of the transaction. Interest receipts and payments are accrued to match the net income or cost with the related finance expense. No amounts are recognised in respect of future periods. Gains and losses on early termination or on repayment of borrowings, to the extent that they are not replaced, are taken to the profit and loss account.

Employee share option schemes

Shares held within employee share option schemes are dealt with in the balance sheet as a deduction from equity shareholders' funds in accordance with FRS 20.

2 Result for the period

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the period. The Company reported a retained loss for the period of £0.9 million (2009: £20.5 million). The audit fees relating to the Company are disclosed in note 6 in the notes to the consolidated financial statements and are borne by another Group company.

3 Staff costs

The average number of persons, including directors, employed by and charged to the Company in the period was:

	2010 Number	2009 Number
Administration	**8**	8

A number of employees (not directors) who have contracts of employment with the Company are charged to other Group companies and their staff costs are disclosed in those companies' statutory accounts.

All employees are employed in the United Kingdom.

	2010 £m	2009 £m
Staff costs, including directors' emoluments, incurred during the period were:		
Wages and salaries	**3.3**	3.3
Social security costs	**0.6**	0.6
Share-based payments	**0.7**	1.2
Pension costs	**0.5**	0.5
	5.1	5.6

Disclosure of individual directors' remuneration, share options, long-term incentive schemes, pension contributions and pension entitlements required by the Companies Act 2006 and those elements specified for audit by the Financial Services Authority are shown in the tables in the Remuneration Report on pages 47 to 52 and form part of these parent company financial statements.

4 Investments

	Shares in Group undertakings £m
Cost	
At 3 January 2010	1,951.6
Share-based payments debit in subsidiary undertakings	1.3
At 2 January 2011	**1,952.9**
Provisions for impairment	**(380.0)**
Net book value	
At 3 January 2010	1,571.6
At 2 January 2011	**1,572.9**

The principal subsidiary undertakings of the Company are set out in note 14.

5 Debtors

	2010 £m	2009 £m
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	**1,896.7**	1,187.1
Other debtors	**0.3**	1.0
	1,897.0	1,188.1
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertakings	**–**	428.3
Derivative financial instruments	**12.6**	–
	12.6	428.3

Notes to the parent company financial statements continued

5 Debtors continued

The details of the Company's derivative financial instruments are the same as those of the Group and are disclosed in note 26 in the notes to the consolidated financial statements.

6 Deferred tax liabilities

	2010 £m	2009 £m
Opening liability	**(4.9)**	(9.1)
Change of tax rate applying to deferred tax	**0.2**	–
Revised opening balance	**(4.7)**	(9.1)
Tax (charge)/credit	**(2.6)**	4.2
Closing liability	**(7.3)**	(4.9)

	2010 £m	2009 £m
Amounts recognised comprise:		
Other short-term timing differences	**(7.3)**	(4.9)

7 Borrowings

	Due within one year 2010 £m	Due after more than one year 2010 £m	Due within one year 2009 £m	Due after more than one year 2009 £m
Bank overdrafts	**–**	**–**	1.1	–
Loan notes	**137.8**	**226.1**	–	355.0
Derivative financial instruments	**2.2**	**–**	3.1	2.9
	140.0	**226.1**	4.2	357.9

	2010 £m	2009 £m
Loan notes comprise:		
US$270 million unsecured loan notes	**173.3**	168.4
US$252 million unsecured loan notes	**164.6**	160.6
£16 million unsecured loan notes	**16.0**	16.0
£10 million unsecured loan notes	**10.0**	10.0
	363.9	355.0

Syndicated unsecured bank loan

There is no drawing (2009: £nil) on the bank facility of £178.5 million (2009: £178.5 million) which is committed until June 2013.

7 Borrowings continued

US$270 million and £16 million unsecured loan notes
On 24 October 2001, the Group issued unsecured loan notes totalling US$350 million and £22 million through a private placing in the United States and United Kingdom respectively. The outstanding balance of the loan notes consist of three series of loan notes totalling US$270 million and £16 million with different interest rates and maturities as follows:

US$190 million 7.04% fixed rate Series B notes due 24 October 2011
£16 million 7.3% fixed rate Series D notes due 24 October 2011
US$80 million 7.19% fixed rate Series C notes due 24 October 2013

All the notes are repayable in full on maturity. Both the capital repayments and interest payments under the US$ denominated loan notes have been swapped into floating rate sterling through the use of cross-currency interest rate swaps. At 2 January 2011, £189.3 million (2009: £184.4 million) (net of costs) remains outstanding under these loan notes. The costs of the issue are being written off over the term of the notes.

US$252 million and £10 million unsecured loan notes
On 20 June 2002, the Group issued unsecured loan notes totalling US$252 million and £10 million through a private placing in the United States and United Kingdom respectively. The placing consisted of four series with different interest rates and maturities as follows:

US$102 million 7.17% Series A notes due 20 June 2012
US$50 million 7.27% Series B notes due 20 June 2014
£10 million 7.14% Series D notes due 20 June 2014
US$100 million 7.42% Series C notes due 20 June 2017

All the loan notes are repayable in full on maturity. Both the capital repayment and interest payments under the US$ denominated loan notes have been swapped into floating rate sterling through the use of cross-currency interest rate swaps. At 2 January 2011, £174.6 million (2009: £170.6 million) (net of costs) remains outstanding under these loan notes. The costs of the issue are being written off over the term of the notes.

Derivative financial instruments
The details of the Company's derivative financial instruments are the same as those of the Group and are disclosed in note 26 in the notes to the consolidated financial statements.

8 Other creditors

	2010 £m	2009 £m
Amounts owed to subsidiary undertakings	**1,936.4**	1,579.6
Other creditors	**0.6**	1.3
Accruals and deferred income	**8.9**	7.8
	1,945.9	1,588.7

Notes to the parent company financial statements continued

9 Pension scheme assets and liabilities

The Company contributes to a number of the Group's defined benefit pension schemes which operate for employees of a number of Group companies and is the sponsoring company for the Trinity Mirror plc Retirement Plan (the 'Scheme'). The Company accounts for the Scheme in these parent company financial statements. The Company has announced the closure of this scheme to future accrual from 31 March 2010. For the schemes where the Company is not the sponsoring company, it is impracticable for the Company to identify its share of the underlying assets and liabilities and under FRS 17 the actual cost of providing pensions to these schemes is charged to the profit and loss account as incurred during the period.

The pension credit before tax in the Company's profit and loss account in the period was £0.3 million (2009: £0.2 million).

Based on actuarial advice, the financial assumptions used in calculating the Scheme's liabilities under FRS 17 are:

	2010 %	2009 %	2008 %	2007 %	2006 %
Inflation rate	**3.45**	3.50	2.75	3.30	3.00
Discount rate	**5.40**	5.70	6.50	5.80	5.10
Expected return on Scheme's assets	**4.90**	5.80	6.20	5.80	5.90
Expected rate of salary increases	**–**	3.75	3.25	4.35	4.00
Rate of pension increases in payment: pre 6/04/97 pensions	**3.75**	3.75	3.50	3.80	3.00
Rate of pension increases in payment: post 6/04/97 pensions	**3.75**	3.75	3.50	3.80	3.00
Rate of pension increase in deferment	**2.70**	3.50	2.75	3.30	3.00

Mortality rates are as follows:

	2010 Years	2009 Years	2008 Years	2007 Years	2006 Years
Future life expectancy for a pensioner currently aged 65:					
– male	**21.7**	21.6	21.4	20.1	18.6
– female	**24.1**	24.0	23.8	23.0	21.3
Future life expectancy at age 65 for a non-pensioner currently aged 55:					
– male	**23.5**	23.4	23.2	21.6	19.6
– female	**25.8**	25.7	25.6	24.4	22.4

Expected contributions and deficit payments for 2011 are £nil million and £0.6 million respectively.

The amount included in the balance sheet in respect of the Scheme is as follows:

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Fair value of the Scheme's assets	**24.3**	17.1	15.8	16.7	13.6
Actuarial value of the Scheme's liabilities	**(20.3)**	(12.7)	(11.2)	(14.5)	(14.7)
Net surplus/(deficit)	**4.0**	4.4	4.6	2.2	(1.1)
Irrecoverable surplus	**–**	(4.4)	(4.6)	(2.2)	–
Deferred tax	**(1.1)**	–	–	–	0.3
Net surplus/(deficit)	**2.9**	–	–	–	(0.8)

The movement in liabilities during the period includes a £0.5 million benefit due to the government announced changes in state pension increases being linked to CPI instead of RPI which impacts deferred pensions in the Scheme.

9 Pension scheme assets and liabilities continued

The movement in the surplus/(deficit) during the period is analysed below:

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Opening surplus/(deficit) in the Scheme	**4.4**	4.6	2.2	(1.1)	(3.6)
Current service cost	**–**	(0.1)	(0.2)	(0.2)	(0.2)
Contributions	**0.5**	1.2	2.1	2.8	1.9
Pension finance credit	**0.3**	0.3	0.2	–	–
Actuarial (losses)/gains	**(1.2)**	(1.6)	0.3	0.7	0.8
Net surplus/(deficit)	**4.0**	4.4	4.6	2.2	(1.1)

The expected rates of return on each class of assets and the market value of assets, in the Scheme are:

	Expected rate of return at 2010 %	**Market value at 2010 £m**	Expected rate of return at 2009 %	Market value at 2009 £m	Expected rate of return at 2008 %	Market value at 2008 £m	Expected rate of return at 2007 %	Market value at 2007 £m	Expected rate of return at 2006 %	Market value at 2006 £m
UK equities	**8.10**	**2.90**	8.00	2.90	7.90	2.70	7.90	4.40	8.00	4.20
US equities	**8.10**	**–**	8.00	–	7.90	–	7.90	–	8.00	–
Other overseas equities	**8.10**	**1.20**	8.00	1.30	7.90	1.30	7.90	1.80	8.00	1.60
Property	**6.30**	**–**	6.40	–	7.00	–	6.50	–	6.00	–
Corporate bonds	**5.40**	**6.40**	5.70	7.10	6.50	7.60	5.80	0.50	5.10	0.50
Fixed interest gilts	**4.20**	**–**	4.50	–	3.90	–	4.60	4.90	4.50	2.40
Index linked gilts	**4.00**	**7.00**	4.20	5.70	4.20	3.90	4.50	3.80	4.40	3.50
Cash	**4.10**	**6.80**	4.40	0.10	3.60	0.30	4.35	1.30	4.00	1.40
		24.3		17.10		15.80		16.70		13.60

The movement in the fair value of Scheme's assets during the period is analysed below:

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Opening fair value of Scheme's assets	**17.1**	15.8	16.7	13.6	11.4
Expected return on Scheme's assets	**0.9**	1.0	1.0	0.8	0.7
Actuarial gain/(loss) on Scheme's assets	**1.2**	1.4	(2.7)	0.2	0.4
Contributions	**0.5**	1.2	2.1	2.8	1.8
Benefits paid	**(1.4)**	(2.3)	(1.3)	(0.7)	(0.7)
Annuity contract	**6.0**	–	–	–	–
Closing fair value of Scheme's assets	**24.3**	17.1	15.8	16.7	13.6

The profit and loss account is analysed below:

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Profit and loss account excluding pension scheme	**93.8**	96.8	115.3	608.9	589.3
Pension scheme	**2.9**	–	–	–	(0.8)
Profit and loss account	**96.7**	96.8	115.3	608.9	588.5

Notes to the parent company financial statements continued

10 Called-up share capital

The details of the Company's called-up share capital are disclosed in note 29 in the notes to the consolidated financial statements. Dividends are disclosed in note 12 in the notes to the consolidated financial statements.

11 Share premium account

The details of the Company's share premium account are disclosed in note 30 in the notes to the consolidated financial statements.

12 Other reserves

	Capital redemption reserve £m	**Profit and loss account £m**
Opening balance	4.3	96.8
Transfer of retained loss for the period	–	(0.9)
Other net recognised gains in the period	–	2.3
Share-based payments credit	–	2.0
Purchase of own shares	–	(3.5)
Closing balance	**4.3**	**96.7**

The capital redemption reserve represents the nominal value of the shares purchased and subsequently cancelled as part of share buy-back programmes.

13 Operating lease commitments

The Company has annual commitments under non-cancellable operating leases in respect of land and buildings as follows:

	2010 £m	2009 £m
On operating leases which expire:		
After five years	**6.7**	6.8

The Company had contracted with tenants for the following future minimum lease payments:

	2010 £m	2009 £m
On operating leases which expire:		
Within one year	**0.1**	0.1
In second to fifth years	**0.4**	0.4
After five years	**1.0**	1.0
	1.5	1.5

14 Principal subsidiaries

Details of the Company's principal subsidiaries, all of which are incorporated in the United Kingdom, at 2 January 2011 are as follows:

	Principal activity	Proportion of ordinary shares held %
Subsidiary undertakings		
MGL2 Limited	Holding company	100.00*
Trinity Mirror Regionals plc	Holding company	100.00*
Trinity Mirror Digital Limited	Holding company	100.00*
MGN Limited	Newspaper publishing	100.00
Scottish Daily Record and Sunday Mail Limited	Newspaper publishing	100.00
Gazette Media Company Limited	Newspaper publishing	100.00
NCJ Media Limited	Newspaper publishing	100.00
Trinity Mirror Southern Limited	Newspaper publishing	100.00
Media Wales Limited	Newspaper publishing	100.00
Trinity Mirror North West & North Wales Limited	Newspaper publishing	100.00
Trinity Mirror Cheshire Limited	Newspaper publishing	100.00
Trinity Mirror Merseyside Limited	Newspaper publishing	100.00
Trinity Mirror North Wales Limited	Newspaper publishing	100.00
Trinity Mirror Huddersfield Limited	Newspaper publishing	100.00
Trinity Mirror Midlands Limited	Newspaper publishing	100.00
Scottish and Universal Newspapers Limited	Newspaper publishing	100.00
MEN Media Limited	Newspaper publishing	100.00
AMRA Limited	National advertising sales house	100.00
Trinity Mirror Printing Limited	Contract printers	100.00
Trinity Mirror Printing (Blantyre) Limited	Contract printers	100.00
Trinity Mirror Printing (Cardiff) Limited	Contract printers	100.00
Trinity Mirror Printing (Midlands) Limited	Contract printers	100.00
Trinity Mirror Printing (Newcastle) Limited	Contract printers	100.00
Trinity Mirror Printing (Oldham) Limited	Contract printers	100.00
Trinity Mirror Printing (Saltire) Limited	Contract printers	100.00
Trinity Mirror Printing (Teesside) Limited	Contract printers	100.00
Trinity Mirror Printing (Watford) Limited	Contract printers	100.00
Trinity Mirror Digital Recruitment Limited	Online recruitment	100.00
Trinity Mirror Digital Property Limited	Online property	100.00
Rippleffect Studio Limited	Digital marketing services	100.00
fish4 Limited	Online recruitment	53.55**

* Owned directly by the Company.
** Controlled by the Group.

In addition to the companies shown above, the Company also holds investments in a number of other subsidiary undertakings, which in the directors' opinion do not significantly affect the figures in the consolidated financial statements. In accordance with Section 410(2)(a) of the Companies Act 2006, a full list of subsidiaries was annexed to the 2010 annual return and submitted to Companies House. A full list of subsidiaries will be submitted to Companies House during 2011.

Group five year summary

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Income statement					
Revenue	**762**	763	872	971	1,003
Operating profit before non-recurring items	**117**	98	138	190	184
Operating profit/(loss) after non-recurring items	**138**	87	(88)	30	(63)
Pension finance (charge)/credit	**(7)**	(10)	11	12	10
Finance costs net of investment revenues	**(7)**	(35)	4	(21)	(36)
Continuing operations profit/(loss) before tax	**124**	42	(73)	21	(89)
Discontinued operations profit before tax	**–**	–	–	136	60
Tax (charge)/credit	**(11)**	(13)	14	46	18
Profit/(loss) for the period	**113**	29	(59)	203	(11)
Basic earnings per share before non-recurring items	**33.6p**	14.5p	38.4p	56.6p	42.5p
Non-recurring items continuing and discontinued	**11.0p**	(3.0)p	(61.0)p	13.3p	(46.5)p
Basic earnings/(loss) per share of total operations	**44.6p**	11.5p	(22.6)p	69.9p	(4.0)p
Dividends per share	**–**	–	3.2p	21.9p	21.9p
Balance sheet					
Intangible assets	**970**	946	957	1,149	1,418
Property, plant and equipment	**410**	423	449	447	421
Other assets and liabilities	**(463)**	(580)	(522)	(496)	(675)
	917	789	884	1,100	1,164
Net debt	**(237)**	(300)	(349)	(248)	(441)
Net assets	**680**	489	535	852	723
Total equity	**(680)**	(489)	(535)	(852)	(723)

Shareholder information

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United Kingdom
Telephone: +44 (0) 207 293 3000
Company website: www.trinitymirror.com

Registered in England and Wales No. 82548

Company contacts
Paul Vickers, Secretary and Group Legal Director
Claire Harrison, Investor Relations Manager
Nick Fullagar, Director of Corporate Communications
Vijay Vaghela, Group Finance Director

Annual General Meeting
The Notice of Meeting sets out the resolutions being proposed at the Annual General Meeting which will be held at 11.00 am on Thursday, 12 May 2011 at the Hilton London Canary Wharf, Marsh Wall, London E14 9SH.

Auditors
Deloitte LLP
2 New Street Square
London EC4A 3BZ

Registrars
Equiniti Limited
Aspect House, Spencer Road,
Lancing, West Sussex BN99 6DA

Telephone: 0871 384 2235*
For Overseas Shareholders: +44 121 415 7047

* Calls to this number are charged at 8 pence per minute from a BT landline. Calls from other telephone providers may vary. Lines are open from 8.30am to 5.30pm Monday to Friday.

If you have any queries regarding your shareholding, please contact the registrars.

Shareview
Shareview is a website operated by Equiniti and gives you access to services over the internet that enable you to check details of your shareholding at any time. To register for the service, go to www.shareview.co.uk

Share price information
As well as using the Trinity Mirror website to view details of the current and historical share price, shareholders can find share prices listed in most national newspapers. For a real-time buying or selling price, you should contact a stockbroker.

ADRs
Trinity Mirror has a sponsored Level 1 American Depositary Receipt (ADR) programme for which BNY Mellon acts as Depositary.
Each ADR is equivalent to two Trinity Mirror Group ordinary shares. Dividends are paid in US Dollars via the Depositary. Details of the ADR programme are as follows:

Exchange: OTC (Over-The-Counter)
Symbol: TNMRY
CUSIP: 89653Q105
Ratio (ADR: Ord) 1:2

For more information, contact:

BNY Mellon, Shareholder Services
P.O. Box 358516
Pittsburgh PA 15252-8516
USA

Toll free for US domestic callers: 1-888-BNY-ADRs
International: 1-201-680-6825
Email: shrrelations@bnymellon.com

Warning to shareholders – boiler room scams
Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. These are typically from overseas based ‘brokers’ who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as boiler rooms.

If you receive any unsolicited investment advice:
- Make sure you get the correct name of the person and organisation.
- Check that they are properly authorised by the FSA before getting involved by visiting www.fsa.gov.uk/pages/register
- Report the matter to the FSA either by calling 0300 500 5000 or visiting www.moneymadeclear.fsa.gov.uk
- If the calls persist, hang up.

Analysis of share register at 2 January 2011
As at 2 January 2011, there were 15,832 holders of ordinary shares whose shareholdings are analysed below:

Range	Number of holdings	Percentage of total holders	Total number of shares	Percentage of ordinary shares
1 – 50	418	2.64%	12,474	0.00%
51 – 100	5,570	35.18%	414,313	0.16%
101 – 500	6,968	44.01%	1,492,192	0.58%
501 – 1,000	1,076	6.80%	788,705	0.31%
1,001 – 10,000	1,462	9.23%	4,161,595	1.61%
10,001 – 50,000	139	0.88%	3,272,655	1.27%
50,001 – 100,000	52	0.33%	3,655,545	1.42%
100,001 – 500,000	73	0.46%	17,812,633	6.91%
500,001 – 1,000,000	29	0.18%	20,594,355	7.99%
1,000,001 +	45	0.28%	205,486,053	79.74%
Totals	**15,832**	**100.00%**	**257,690,520**	**100.00%**

Investor relations

We communicate with the financial community on a regular and ongoing basis to support our stakeholders in their investment decision process. While the investor relations programme is driven by statutory reporting requirements, it also contains a strong element of additional communication in the form of meetings and presentations.

Key activities

In addition to standard regulatory reporting, key themes in our communications with the financial market in 2010 were the modernisation of business processes and structures throughout the Group via the implementation of the new operating model, implications of the fragile economic environment, the downturn in advertising, the acquisition of GMG Regional Media, the strength of our balance sheet, our financing facilities and our pension position.

Key dates in 2010

4 March 2010 Preliminary Results Announcement
13 May 2010 Annual General Meeting
13 May 2010 Interim Management Statement
29 July 2010 Interim Results Announcement
11 November 2010 Interim Management Statement

In 2010, the focus of our investor relations efforts continued to be on institutional investors and analysts. This year we maintained a proactive targeting programme, reaching out to new investors in the UK, Continental Europe and the US. In addition to these marketing efforts, we continued to respond to ad hoc queries and meeting requests from analysts and investors. We held meetings with over 40 institutional investors during the year. The largest concentration of meetings was among UK investors, followed by the US and Continental Europe.

Key dates in 2011

3 March 2011 Preliminary Results Announcement
12 May 2011 Annual General Meeting
12 May 2011 Interim Management Statement
28 July 2011 Interim Results Announcement
10 November 2011 Interim Management Statement

Key contacts

Sly Bailey, Chief Executive
Vijay Vaghela, Group Finance Director
Paul Vickers, Secretary and Group Legal Director
Nick Fullagar, Director of Corporate Communications
Claire Harrison, Investor Relations Equity Analyst

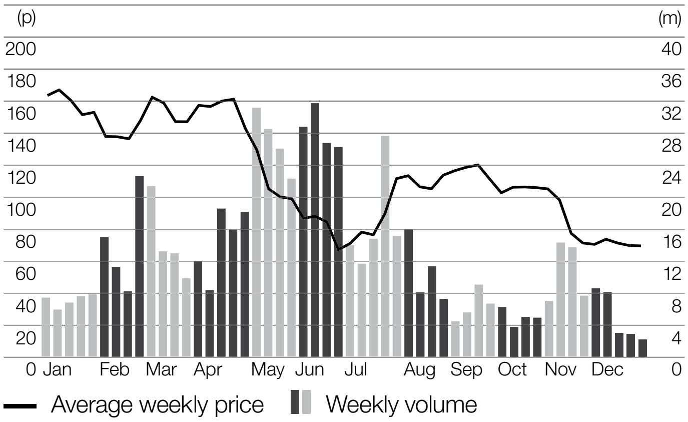
Dividend policy

Our dividend policy is to increase dividend progressively while maintaining a dividend cover (adjusted earnings per share/dividend per share) of at least 2x if earnings are increasing. However, in light of the challenging trading environment faced by the Group, the Board concluded at the 2008 preliminary results that it was prudent to retain maximum financial flexibility for the Group. Therefore, alongside actions being taken on costs and in other areas of the business, the Board did not pay a final dividend for 2008 or any dividend for 2009 and is not declaring a dividend for 2010.

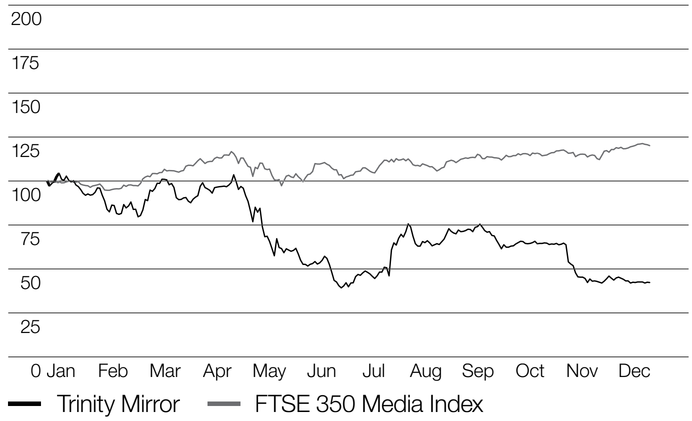
Online share dealing

Trinity Mirror provides an internet-based service called Shareview through Equiniti Limited. The service allows current shareholders to sign up for e-communication and receive shareholder mailings electronically, buy and sell shares online using Shareview Dealing and send their voting instruction electronically if they have already registered for Shareview or have received a voting form with an electronic reference. For more information on the service, please see www.trinitymirror.com/ir/services/dealing/

Trinity Mirror share price and traded volumes 2010



Trinity Mirror vs FTSE 350 Media Index 2010



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