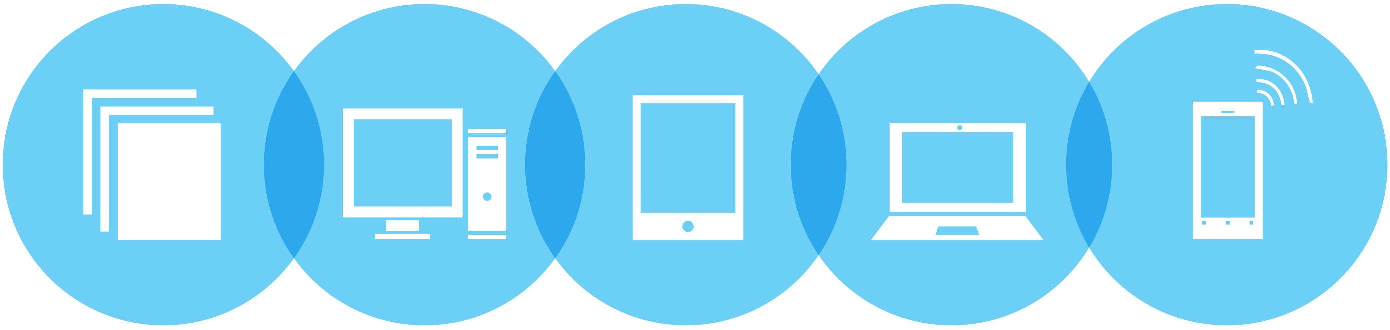
Trinity Mirror plc
Annual Report 2013



Telling the Story
Yesterday. Today. Tomorrow.

www.trinitymirror.com

Disclaimer

This Annual Report is sent to shareholders who have elected to receive a hard copy and is available on our website **www.trinitymirror.com** for those shareholders who have elected to receive a copy electronically. In this document, references to 'the Group', 'the Company', 'we' or 'our' are to Trinity Mirror plc and its subsidiaries. A reference to a year expressed as 2013 is to the 52 weeks ended 29 December 2013 and a reference to a year expressed as 2012 is to the 52 weeks ended 30 December 2012. References to 'the year' and 'the current year' are to 2013 and references to 'last year' and 'the prior year' are to 2012.

The Annual Report contains 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 Annual Report has 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 the context of the principal risk factors identified.

Welcome to the Trinity Mirror plc Annual Report for the 52 weeks ended 29 December 2013. In this report you will find information on: our business; our strategy; our performance and how we govern our business.

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CHAIRMAN'S INTRODUCTION

David Grigson
Chairman

This was my first full year as Chairman and I am pleased with the progress made by the management team in articulating and implementing our strategy for growth.

In a challenging trading environment we delivered a credible financial performance and made a number of strategic investments that position us well for the future including investments in accelerating our digital capabilities, in new digital products and in new publishing systems. We also completed our investment in a 20% shareholding in Local World.

The Board has a key role in overseeing the strategic direction of the Group and played a full part in assessing and approving the investments we made this year. You can read more about the Board's activities in the Governance section.

As a result of the non-cash impairment of the carrying value of investments in subsidiary companies held by the Company, which we announced on 4 February 2014, we have begun a process to address our distributable reserves in the first half of 2014. The Board has posted to shareholders a circular containing notice of a General Meeting to be held on 28 March 2014 to approve a resolution for a capital reduction to eliminate the deficit on the Company's profit and loss account reserve. We will then apply to the court for approval of the capital reduction which we expect to receive in the first half of 2014. After the court approval is granted the Company will rebuild distributable reserves through profit generated thereafter.

The Group continues to be highly cash generative and as we progress through 2014, and after repaying the £44.2 million of maturing long-term debt in June 2014, the Group will have a significant increase in financial flexibility as there only remains a further £68.3 million of long-term debt which does not mature until June 2017. The increased financial flexibility will provide increased headroom for investment, and the potential to return capital to shareholders alongside funding our pension obligations.

The last year has seen a number of changes to the composition of the Board. Kathleen O'Donovan and Gary Hoffman stepped down from the Board on 16 May 2013 and 13 March 2014 respectively. I thank them both for their contribution and wish them both well for the future. Lee Ginsberg and Helen Stevenson joined the Board as non-executive directors from 1 January 2014 and I welcome them. Following the departure of Gary Hoffman, Jane Lighting took on the role of Senior Independent Director on 13 March 2014.

Our strategic objective is to deliver sustainable growth in revenue and profit. The investments we are making support this ambition. We believe our strategy of driving the profitability and cash flow of our core print publishing and printing operations, whilst rapidly building our digital publishing revenues and seeking out appropriate investment opportunities, both organically and through acquisition, will deliver value for our shareholders.

Our financial performance in 2013 provides a strong base from which we can further progress our strategy and I look forward to 2014 being another step towards the delivery of sustainable growth in revenues and profits.

David Grigson
Chairman

13 March 2014

STRATEGIC REPORT

CHIEF EXECUTIVE'S INTRODUCTION

Simon Fox
Chief Executive

I have now been at Trinity Mirror for 18 months and I am pleased with what has been achieved and excited about the many opportunities which lie ahead.

Our strategy for growth, which I outlined in March 2013, is gaining momentum even though the trading environment has remained volatile.

At the Interim Management Statement in November 2013, I stated that our transformation programme was making good progress and we were beginning to see tangible signs that our strategy was delivering. It is now four months on and I am pleased to report that we have made continued progress. Our Strategic Report provides you with more detail on where we still have work to do, as well as explaining the markets we operate in and the risks we face.

During the course of 2013 we delivered a gradual improvement in revenue trends alongside investing in building our digital capability.

Our Group statutory results have been impacted by the non-cash impairment charge, which we announced on 4 February 2014, resulting in a statutory loss being reported for 2013. Our Group adjusted results, which are a more meaningful measure of the Group's performance, show that we delivered growth in operating profit and earnings per share in 2013 even though revenues remained under pressure. Cash flows remained strong with a further reduction in net debt.

2013 has been a year of much change for the business both in organisational and operational structures. I thank all of our colleagues for their hard work, creativity, professionalism and commitment that has enabled the Group to be stronger at the end of the year than it was at the beginning.

Simon Fox
Chief Executive

13 March 2014

Strong print and digital revenue trends at the end of 2013 enabled us to finish the year ahead of expectations.

It is clear to me that our strategy for growth, which I outlined in March last year, is gaining momentum. I am particularly pleased with our rapidly growing digital audience and with the benefits we are driving in harnessing the combined strength of our national and regional titles.

I look forward to making further progress with our strategic objectives during 2014.

OUR VISION

To be a dynamic and **growing** media business that is an **essential** part of our customers' **daily** lives.

STRATEGIC REPORT

OUR VALUES

Creativity. Openness. Integrity. Ambition.

We are creative; inspired by innovative journalism and publishing that meets the ever-changing needs and interests of our audience and customers.

We are open; believing that communication and transparency are key to creating an effective and collaborative work environment.

We have integrity; championing honesty and trust, and showing respect for our colleagues, audience, customers, shareholders and business partners.

We are ambitious; encouraging our people to remain driven and take pride in their achievements. They are our most valuable resource, each playing a part in enabling our success.

OUR BUSINESS

Telling the Story
Yesterday. Today. Tomorrow.

Trinity Mirror is one of the largest multimedia publishers in the UK. Our story is one that has evolved over time, beginning with just a single local publication. The Trinity Mirror portfolio now spans the UK and Ireland and our publications and digital products bring news, entertainment, information and services to consumers and connect advertisers with national, regional and local audiences every day.

Our iconic publications and digital sites on multiple platforms provide all the news, sport and showbiz stories that matter.

From the national presence of the Daily Mirror, the Daily Record, the Sunday Mirror, the Sunday People and the Sunday Mail, to big metropolitan market leading brands such as the Liverpool Echo, the Manchester Evening News, the Evening Chronicle (Newcastle), the Birmingham Mail and the South Wales Echo (Cardiff) our brands offer advertising opportunities and compelling content that can be trusted, as well as supporting inspiring events such as the Daily Mirror Pride of Britain Awards and the Great Scot Awards.

And as media evolves, our strong journalistic heritage allows us to expand our brands across digital platforms, offering our audience new and innovative ways to access the news, entertainment and information they demand.

In 2013:

16.1M

FIVE NATIONAL NEWSPAPERS REACHING 7.7 MILLION READERS EACH WEEK AND 100+ REGIONAL NEWSPAPERS REACHING 8.4 MILLION READERS EACH WEEK

800M

WE SOLD OVER 600 MILLION NATIONAL AND REGIONAL NEWSPAPERS AND PUBLISHED OVER 200 MILLION FREE NEWSPAPERS

41M

OVER 41 MILLION WORLDWIDE DIGITAL AUDIENCE EACH MONTH WITH 57% FROM THE UK AND 35% ACCESSING THROUGH OUR MOBILE SITES

2.6BN

OUR DIGITAL PUBLISHING PRODUCTS HAD OVER 2.6 BILLION PAGE VIEWS

4,758

4,758 STAFF IN 50 LOCATIONS IN THE UK AND IRELAND

OUR PERFORMANCE

Our performance in 2013 is a clear step towards our strategic objective of delivering sustainable growth in revenue and profit, despite expected declines in print revenues.

Alongside the statutory results, the Group presents its performance on an adjusted basis. The adjusted results aim to provide an underlying performance of the Group without the volatility created by a number of accounting and predominantly non-cash items. The statutory results are adjusted by 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, the pension finance charge, the pension administrative expenses and the impact of tax legislation changes. Set out in note 37 in the notes to the consolidated financial statements is a reconciliation between the statutory results and the adjusted results.

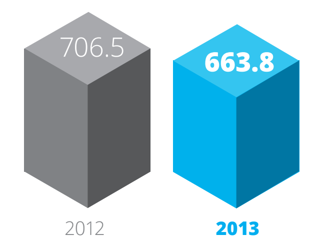
As set out in the half-yearly financial report, the statutory comparatives have been restated for the implementation of the amended pension accounting standard, IAS 19 (Amended). Note 2 in the notes to the consolidated financial statements sets out the impact of this change on the previously reported statutory results.

In addition to the financial performance measures below, the Group is focused on a number of other key performance indicators to deliver the Group's strategy. These are set out in the key performance indicators section of this Strategic Report.

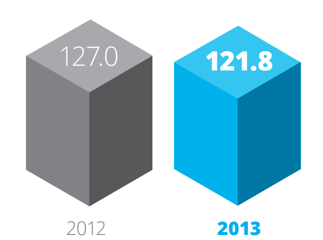
The following financial highlights are extracted from the statutory and adjusted results for 2013 and 2012:

Statutory results

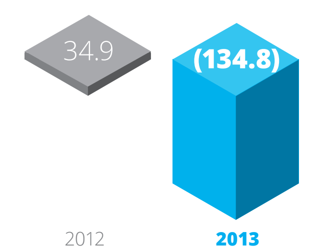
Revenue £m



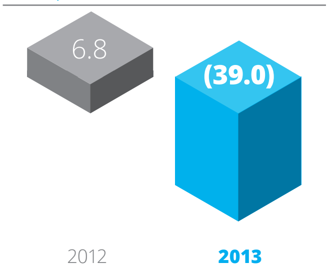
EBITDA £m



Operating profit/(loss) £m



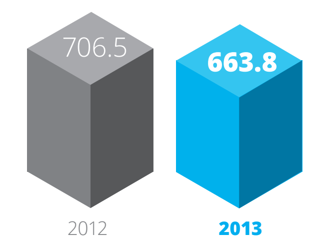
EPS p



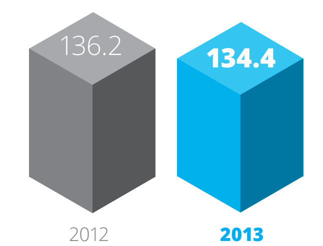
Revenue declined as expected during the year due to the structural challenges facing print media although the rate of decline reduced as the year progressed. The statutory results have been impacted by the non-cash impairment charge of £225.0 million (£180.7 million net of deferred tax) which is explained more fully in the Group financial review section of this Strategic Report.

Adjusted results

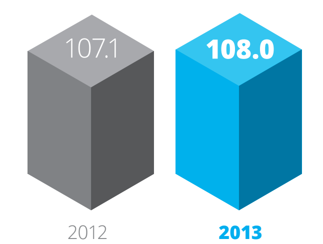
Revenue £m



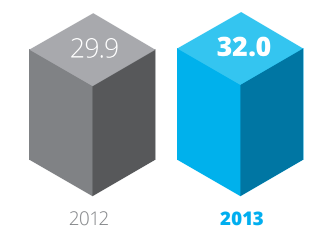
EBITDA £m



Operating profit £m



EPS p



Revenue on an adjusted basis is the same as reported in the statutory results. The adjusted results show that the Group achieved its aim of supporting profits in the short term enabling management to focus on delivering the strategy which is described in the strategic update section of this Strategic Report.

STRATEGIC REPORT
GOVERNANCE
FINANCIAL STATEMENTS

Our business

The Group publishes and distributes newspaper titles, both paid for and free, in the UK and Ireland and publishes companion digital products for its newspaper titles on multiple digital platforms: desktop, tablet and mobile, which attract a worldwide audience. The publishing activities are operated in the Publishing division.

The Publishing division builds audience and reach through a combination of paid for and free newspapers and digital sites. These provide a platform for advertisers, both national and regional, to market their products and services and for driving other commercial transactions such as leaflets, reader offers, events and commercial partnerships. The division also provides contract publishing for football clubs and other sport-related organisations.

Our portfolio of publishing brands provides news to mass market audiences. Our national newspapers, the Daily Mirror, the Daily Record, the Sunday Mirror, the Sunday People and the Sunday Mail together with our strong portfolio of regional titles, including the big metropolitan market leading brands such as the Liverpool Echo, the Manchester Evening News, the Evening Chronicle (Newcastle), the Birmingham Mail and the South Wales Echo (Cardiff) and our Metros, all form part of the fabric of everyday life for millions of people across the country.

The portfolio of newspapers is complemented by a growing portfolio of digital products which build on the strength and trust of our print brands. Our compelling content in a multi-media world ensures that we continue to increase our audiences. Our journalism provides a real strength in a fragmenting media landscape, as consumers search for content and brands that they trust and that deliver informed, timely information and opinion.

We are the only UK media business with significant national and local newspapers. Our local brands are in the major metropolitan markets in the UK where news happens. Our National Advertising Sales Agency represents, through our titles and other media companies titles, over 230 newspapers and 110 digital products which together reach 33% of British adults.

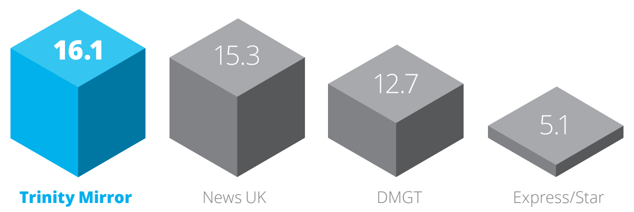
Alongside our publishing operations, the Group operates a newspaper printing business (Printing division) providing internal and external print services.

We also operate specialist digital businesses (Specialist Digital division) providing digital recruitment platforms and digital marketing services such as website design and email marketing.

Alongside the three operating divisions, the Group has a 21.5% stake in the PA Group Limited (news agency) and a 20.0% investment in Local World Holdings Limited (regional newspaper and digital publishing). These strategic investments provide good investment returns and capital appreciation.

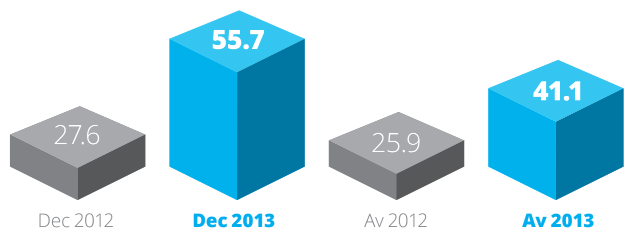
We own our print sites and presses, our information technology infrastructure and the majority of our properties outside London. We do not have supplier or customer concentration and have minimal overseas exposure.

Seven-day average weekly print readership (m) (2013)



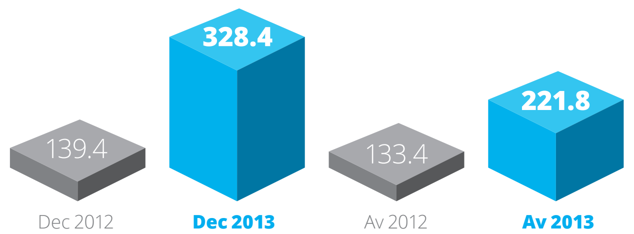
Source: NRS and Jicreg

ABCe digital audience – monthly unique users (m)



Source: ABCe

Digital engagement – monthly page views (m)



Source: Omniture

The key revenue streams of the Group are circulation and advertising driven predominantly from the print products, but increasingly and strategically, from digital products.

The revenue profile of the Group has evolved over the past five years as follows:

	2013 £m	2013 %	2008 £m	2008 %
Circulation	**286**	**43%**	345	39%
Advertising	**263**	**40%**	427	48%
Display	***143***	***22%***	*185*	*21%*
Classified	***101***	***15%***	*214*	*24%*
Other	***19***	***3%***	*28*	*3%*
Printing	**66**	**10%**	56	7%
Other	**49**	**7%**	54	6%
Total revenue	**664**	**100%**	882	100%

The revenue profile of the Group has changed with an increasing share of revenue coming from the more stable circulation revenue, with the mix of advertising revenue becoming more resilient with reduced reliance on the most cyclical classified advertising and through an increase in the more stable printing revenue.

The key categories of cost, on an adjusted basis, for the business are as follows:

	2013 £m	2013 %	2008 £m	2008 %
Labour	**(210)**	**(37%)**	(291)	(40%)
Newsprint	**(102)**	**(18%)**	(126)	(17%)
Depreciation	**(26)**	**(5%)**	(38)	(5%)
Other	**(225)**	**(40%)**	(282)	(38%)
Total costs	**(563)**	**(100%)**	(737)	(100%)

Labour accounted for 37% of costs in 2013. We have continued to invest in technology to ensure that our non-customer facing operations are as cost efficient as they can be.

At the end of 2013 the Group employed staff as follows:

Group by division	Print Number	Digital Number	Total Number	Total %
Publishing	3,476	229	3,705	78%
Printing	780	–	780	16%
Specialist Digital	–	219	219	5%
Central	50	4	54	1%
Total employees	**4,306**	**452**	**4,758**	**100%**

Publishing by function	Print Number	Digital Number	Total Number	Total %
Editorial	1,568	131	1,699	46%
Advertising	838	49	887	24%
Circulation	370	–	370	10%
Production	166	–	166	4%
Other	534	49	583	16%
Total employees	**3,476**	**229**	**3,705**	**100%**

The staff profile of the Group has evolved in recent years with an increasing proportion employed in the Group's digital operations.

Newsprint, accounting for 18% of the cost base in 2013, was procured on six or 12 month contracts from multiple suppliers from the UK, Europe and Canada, with all contracts invoiced in Sterling.

Depreciation on the Group's assets predominantly relates to land and buildings and printing presses for the Printing division. Only 32% of depreciation in 2013 related to assets held outside the Printing division. As the majority of the Group's core print plants have had investment over the past 10 years, capital expenditure is expected to remain below depreciation for many years.

The most significant elements of other costs are printing (including external printing of magazines), distribution, information technology and property including operating leases.

STRATEGIC REPORT
BUSINESS MODEL CONTINUED

Our market place

The Group businesses operate in the rapidly evolving media sector and face a challenging trading environment which continues to place structural pressure on the Group's print related revenue while at the same time presenting opportunities to grow the Group's digital revenue.

The print market continues to face challenges with paid for newspaper sales declining and the share of print advertising declining in a growing advertising market.

As the majority of the Group's revenue is currently generated from print circulation and print advertising, our strategy is to ensure that declines in print revenue are minimised and offset by growth in digital revenue.

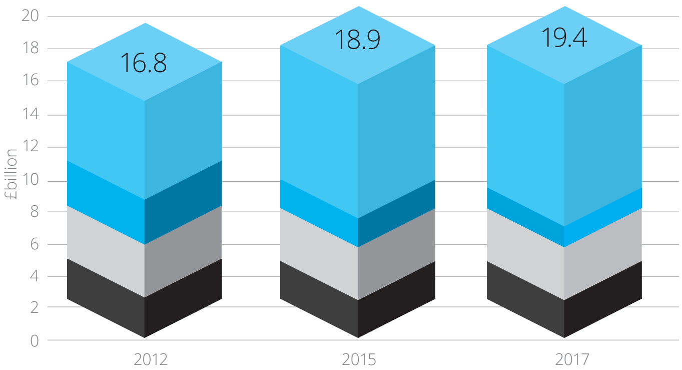
The print advertising market is forecast over the period 2013 to 2017 to decline at 9% per annum with display revenue declining by 8% and classified revenue declining by 11%.

The digital advertising market is forecast to grow over the period 2013 to 2017 at 10% per annum with display revenue growing by 14% and classified revenue growing by 9%.

The Group's strategy is to invest in its digital capabilities across products, editorial and commercial to grow our digital audience and digital revenue.

Alongside this investment, the Group will invest in new products and businesses which build on our content and audience.

Total UK advertising spend by media (£bn)



Source: Enders Analysis (Oct 2013)

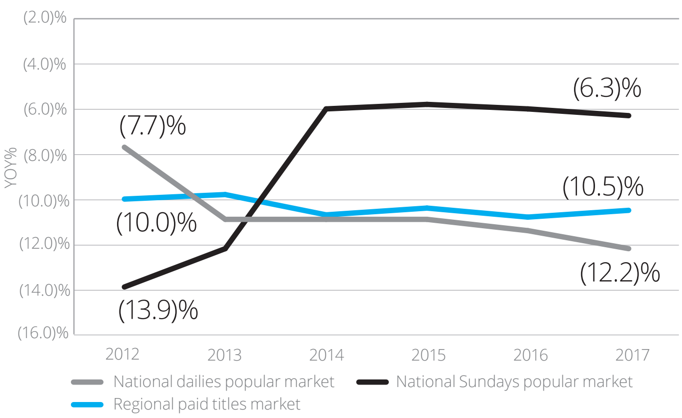
Our investment case

Revenue

Although print related revenue is expected to remain under pressure in the future, the strength of our unique portfolio of trusted national and regional brands provides confidence that the rate of decline in print revenue will ease. Whilst print related revenues will remain volatile, digital revenue growth is expected to offset the decline in print and drive growth over time.

- Circulation revenue will see minimal declines due to the benefit of cover price increases even though volume will remain under pressure. With the continued structural pressure on volumes, competitor pricing strategy is anticipated to be less aggressive.
- Print advertising revenue will remain under pressure due to continued structural challenges. However, an increasing proportion of print display advertising and the benefit of an improvement in the overall macro economic environment will help reduce the rate of decline in print revenue from those experienced in recent years. We anticipate that over time the growth in digital advertising revenue will more than offset the decline in print advertising revenue. This will also be complemented by our ability to provide advertisers with our unique portfolio of national and regional packages across both print and digital through our National Advertising Sales Agency.
- Whilst other publishing print revenue remains under pressure, further diversification of these revenue streams and growth in digital revenues will enable sustainable growth over time.

UK newspaper market yoy circulation forecast trends (yoy%)



Source: Enders Analysis (Jan 2013)

- Contract printing revenue has been growing for a number of years with spare capacity being utilised by third parties. The Group will continue to drive revenue to fill spare capacity or retire capacity if it is more efficient to do so. During 2013, the Group announced the closure of its Reading print plant which was subsequently closed in January 2014.
- Specialist digital revenue relates to our digital classified advertising businesses and our two digital marketing services businesses. In 2013, the digital property classified advertising business was sold and the digital recruitment classified advertising business was restructured to focus on its core brands and is expected to stabilise revenue during the course of 2014 with growth from 2015. The digital marketing services businesses are expected to build on the growth delivered in 2013.
- Through launching, developing, investing in or acquiring new businesses built around distinctive content and audience the Group will seek to have a portfolio of growing media businesses.

Efficiency

The structure of the Group provides flexibility to drive efficiencies. This helps support profits and cash flows over a period when print related revenue remains under pressure and there will be continued investment to grow digital revenue.

- A unified organisation structure across the national and regional brands ensures activity is driven to benefit the Group overall without the distraction of overly focusing on individual brands or regions and the Group is able to maximise revenue and drive efficiencies without impacting quality across editorial, advertising, distribution, information technology and all other functions.
- The roll out of common information technology systems across the Group provides flexibility to virtualise and consolidate functions without the barriers often created by geography, systems and local businesses practices.
- Flexible contracts for the purchase of newsprint, the largest single cost after labour, whereby contracts are for six or 12 months and volume commitments allow for variations.
- The majority of the Group's asset base is owned and unencumbered. In particular, the Group owns all of its print plants and printing presses, the majority of its key offices outside London and the entire information technology infrastructure including data centres in Canary Wharf and the Midlands. This provides the Group with significant flexibility to drive efficiencies when revenue is under pressure. The unencumbered printing assets provide flexibility to drive contract printing revenue as spare capacity is created through falling volumes or to retire capacity thereby reducing infrastructure costs.

Financial flexibility

The Group is clear on the challenges it faces and has been focused on executing its strategy and improving financial flexibility.

- Outstanding long-term debt on a contracted basis is now only £112.5 million with £44.2 million maturing in June 2014 and £68.3 million maturing in June 2017. The Group also has a committed undrawn bank facility of £110.0 million which expires in August 2015, reducing to £101.8 million in March 2014 and to £93.5 million in March 2015. At the end of 2013, the Group had cash balances of £15.5 million.
- The Group has material historic pension liabilities with the IAS 19 pension deficit of £252.2 million at the end of 2013, a reduction of £45.5 million from the end of 2012. For the principal schemes there are sufficient assets to meet all uninsured obligations as and when they fall due up to 2043. The remaining uninsured obligations will be funded by a combination of returns on assets and future deficit funding payments. The Group has aligned the triennial valuations of the principal pension schemes to 31 December 2013. These valuations are expected to be finalised during 2014 and may result in a change to the recovery plans which currently expire in 2027. The next payment under the current recovery plans is £33.5 million in 2015. At this stage no contributions are due in 2014. However, as part of the valuations currently being undertaken, the Group may make payments in 2014 if agreed in the new recovery plans.

Shareholder value

Our focus on increasing financial flexibility to consider the potential return of capital to shareholders and investment alongside funding our pension obligations will deliver enhanced returns to shareholders. Our strategic aim to deliver sustainable growth in revenue and profit will drive long-term value for shareholders.

STRATEGIC UPDATE

Our vision is to be a dynamic and growing media business that is an essential part of our customers' daily lives.

Our strategic aim is to deliver sustainable growth in revenue and profit.

As set out in the business model, our print related revenues continue to come under pressure and therefore the short-term focus has been on supporting profits and cash flow to ensure that the Group meets its debt and pension commitments alongside investing for the future. Despite the continuing pressure on revenue, the Group has delivered adjusted annual operating profit in excess of £100 million in each of the past four years with strong cash flows enabling investment, the repayment of maturing debt and continued funding of pension deficits.

To deliver sustainable growth in revenue and profit the strategy aims to limit the decline in print related revenues and reduce print related costs while delivering profitable digital revenue growth from our existing brands and from new businesses built around distinctive content or audience.

Our strategy is supported by specific investment to accelerate our digital capabilities and in the development of new businesses. In 2013 we spent £4 million and we expect to invest an incremental £5 million in 2014. In addition, we invested £4 million in print initiatives and expended £14.2 million on our investment in Local World.

We expended £8.0 million on capital expenditure in 2013 which was less than the £15 million guidance due to timing of year end payments and phasing. We expect capital expenditure of around £15 million in 2014 and then £10 million thereafter which remains well below depreciation as we do not expect any material investment in our printing infrastructure.

The executive directors are rewarded for delivery of short-term performance based on annual operating targets and for delivery of long-term performance based on delivery of shareholder value. Further details are set out in the Remuneration Report on pages 42 to 56.

We have made good progress against the five areas of strategic focus we presented in March 2013 as set out below:

'One Trinity Mirror': Harnessing the combined strength of our journalists and our audience reach under a unified organisation structure.

Actions during 2013

We have created a shared content unit, providing high-quality features pages which can be used without amendment in multiple titles across the country. This unit produces content of general appeal but which does not require a specific local flavour. Specific areas of focus are travel, motoring, food, fashion and film and entertainment reviews.

We have also increased content sharing and collaborative working between our national and regional brands and we have launched Trinity Mirror Wire, providing all of our newsrooms with access to the best live news stories and pictures from across the Group on a daily basis.

National advertising sales across the business, both print and digital, have been consolidated under our National Advertising Sales Agency. We now fully leverage the strength of our portfolio providing compelling advertising solutions to our customers with our unique portfolio of national and regional print and digital brands. Packages include the Daily Big City package comprising our daily national and regional titles with an average circulation in excess of 1.6 million and a readership in excess of 4 million and a Sunday package incorporating all our Sunday titles with an average circulation in excess of 1.8 million and a readership in excess of 4 million. Alongside these print packages we have compelling cross-media and digital packages.

We have centralised all photo archives into one central library creating a single shared resource that all our journalists can access. In addition to using our content across core brands, the move enables increased publication of stand-alone products, such as magazines and books.

Next steps

'One Trinity Mirror: Harnessing the combined strength of our journalists and our audience reach under a unified organisation structure' was a key area of initial focus within our strategy during the last quarter of 2012 and during 2013 to unify our national and regional brands. As the reorganisation is largely complete and is now our normal way of working, our focus now is to continue to enhance the effectiveness of the structure and is no longer going to be separately identified for reporting purposes.

Protecting and revitalising our core brands in print.

Actions during 2013

Launch of an enhanced publishing package for our regional Saturday titles with a rebranded edition of the We Love Telly magazine published in the Daily Mirror coupled with enhanced entertainment and features content. The launch of a new magazine for the Sunday Mirror, Notebook, with a strong emphasis on fashion and beauty.

The launch of two new free weekly newspapers in Scotland, Aberdeen Now and Edinburgh Now. These are available free in the Daily Record in Aberdeen and Edinburgh respectively and are also distributed separately in the two markets. The new titles showcase the best of the local markets, including the arts, business, columnists, sport and, of course, the people. The launch of four new titles in the North Liverpool market place. The Star series now has free bespoke editions for Anfield and Walton, Maghull and Aintree, Kirkby, and Crosby and Bootle. The launch of the Bracknell Times as a free weekly title.

The launch of more localised editions of key titles. These have included North and South editions of the Manchester Evening News, a Wirral edition of the Liverpool Echo and a county edition of the Chester Chronicle. Building on the success of the hybrid edition of the Manchester Evening News we have launched hybrid editions of the Birmingham Mail in Birmingham, the Western Mail in Swansea and the Reading Post in Reading. Hybrid editions are where the paid for circulation is supplemented by free copies to grow reach and therefore response for our advertisers.

The redesign of the Daily Mirror and Sunday Mirror together with the launch of an innovative brand campaign under the banner #Madeuthink, the first campaign of its kind for 10 years. The resulting look is both more modern and more in tune with the intelligent tabloid credentials which make the Mirror stand out from its rivals, and the multi-platform brand campaign ran across print, outdoor, TV, digital, mobile and social media. Across the year, the standard of journalism from the Mirror team has been exceptional. This is reflected in the ABC figures as both Daily Mirror and Sunday Mirror have outperformed the market in 2013. The redesign, coupled with our brand campaign will enable us to further build on this momentum.

We closed the Liverpool Post during the year. Its business content will continue within the pages of the Liverpool Echo. Around the same time, we launched seven-day publishing on the Liverpool Echo with the Sunday Echo. This is believed to be the first regional daily newspaper launch of a Sunday edition in the UK for many years and is testimony to the power, growth and success of the Echo brand across all platforms. The move will also strengthen the brand's online publishing by creating a flow of content across the weekend that will further enhance the Echo's audience growth across desktop, mobile and social media platforms.

Next steps

To keep our entire portfolio under continuous review with a view to improving products wherever possible.

Continued relentless focus on efficiency and cost management through the use of technology to simplify, centralise or outsource those processes which are non-consumer facing.

Actions during 2013

Cost management remains a key area of focus with adjusted operating costs falling by £38.5 million year on year to £562.6 million. The decline in costs is net of additional investment to revitalise our core brands, to accelerate our digital capabilities and in new businesses. We delivered £12 million of structural costs savings in 2013, £2 million ahead of the £10 million target that was set at the beginning of the year. The remainder of the cost reductions have been driven by ongoing cost mitigation actions and a fall in newsprint prices.

Next steps

The focus on efficiency and tight cost management will remain a key area of focus going forward. Our structural cost savings target for 2014 is £10 million.

Accelerating our digital capabilities to extend their reach as our audiences adopt new technologies.

Actions during 2013

All of our key brands' websites have been upgraded onto a new technology platform delivering a far improved user experience on desktop and more significantly on mobile. The product teams continue to make significant improvements to our sites including picture galleries, live blogging and search optimisation. In addition, we have reorganised our newsrooms to ensure that we can make the most of breaking news with a variety of multimedia storytelling tools.

Content is also increasingly being produced to meet the digital only demands of the communities we serve. Some examples have been our coverage of a child in North Korea dying of starvation by the side of the road while just yards away soldiers load rice onto trucks, the murder of a soldier in Woolwich and the Nigella Lawson and Charles Saatchi exclusive. Taken together, these stories achieved 19.6 million page views on the day of publication and 41.7 million page views within a month.

A new What's On service for our regional website is now up and running. It provides readers with a combination of event listings, reviews and great editorial content.

Since launching the Daily Mirror and Daily Record Apple e-editions in 2012 they both launched Android and Kindle e-editions during the year. Similarly, we launched Apple e-editions and Android e-editions for all of our other key brands.

We also strengthened our digital teams through investment in additional resource across sales, product development and editorial including the doubling of the size of the Mirror.co.uk digital editorial team. Based in London and Manchester, the 25 additional staff have enabled us to significantly increase our online content and drive audience.

We have set up a new Data Journalism Unit responsible for developing engaging content ideas for our websites and print publications. The objective is to filter through the huge amounts of freely available data from different sources, identify which of it is of interest to our audience and turn it into compelling content. Early projects include creating dynamic ways to display court lists, providing education information in an easy-to-use format, developing clever tools for property prices and unearthing hidden data which can drive powerful stories. This included the launch of the Real Schools Guide available online and in print across our key regional titles, which pulled in more than 20 key data feeds from different government bodies to provide parents with a simple-to-use way of working out which school is right for their children.

We have seen strong growth in unique users and page views for all relaunched sites with particularly strong growth on mobile as all sites are mobile enabled. We have also seen good growth in digital display advertising for all our sites and we anticipate this to improve further as we continue to grow audiences:

- Average monthly unique users across our publishing business up 58.9% year on year to 41.1 million;
- Average monthly page views across our publishing business up 66.3% year on year to 221.8 million; and
- Accelerating growth of publishing digital revenue from year on year decline in the first half of 10.0% to year on year growth of 16.8% in the second half.

Next steps

Whilst we now have the basics in place we will continue to make significant improvements to usability and content across desktop, mobile and tablets in order to drive both digital audience and revenue.

Investing in new businesses built around our distinctive content or audience.

Actions during 2013

We launched a number of new digital products through our new product development team and have made investments in print products.

In May 2013, we launched a new social media site, UsVsTh3m. The new site tests a different publishing model from the one we are familiar with and takes a mobile-first approach with a focus on social sharing. In June 2013, the first full month, the site had 464,000 unique visitors and since then it has enjoyed explosive growth with average monthly unique users in excess of four million in the last quarter of 2013.

In December 2013, we introduced Ampp3d, a mobile-first, socially-driven data journalism site. Ampp3d aims to publish more serious stories through charts and graphs and produce infographics to explore both the day's news agenda and a range of topics that people care passionately about.

The Daily Record and STV have formed an innovative digital partnership that delivers the popular STV Player to the Record's expanding desktop, mobile and tablet audience.

We completed our 20% investment in Local World which was cleared by the Office of Fair Trading on 28 June 2013. Local World delivered a strong performance in its first year of trading with our share of its adjusted post-tax profit being £5.1 million.

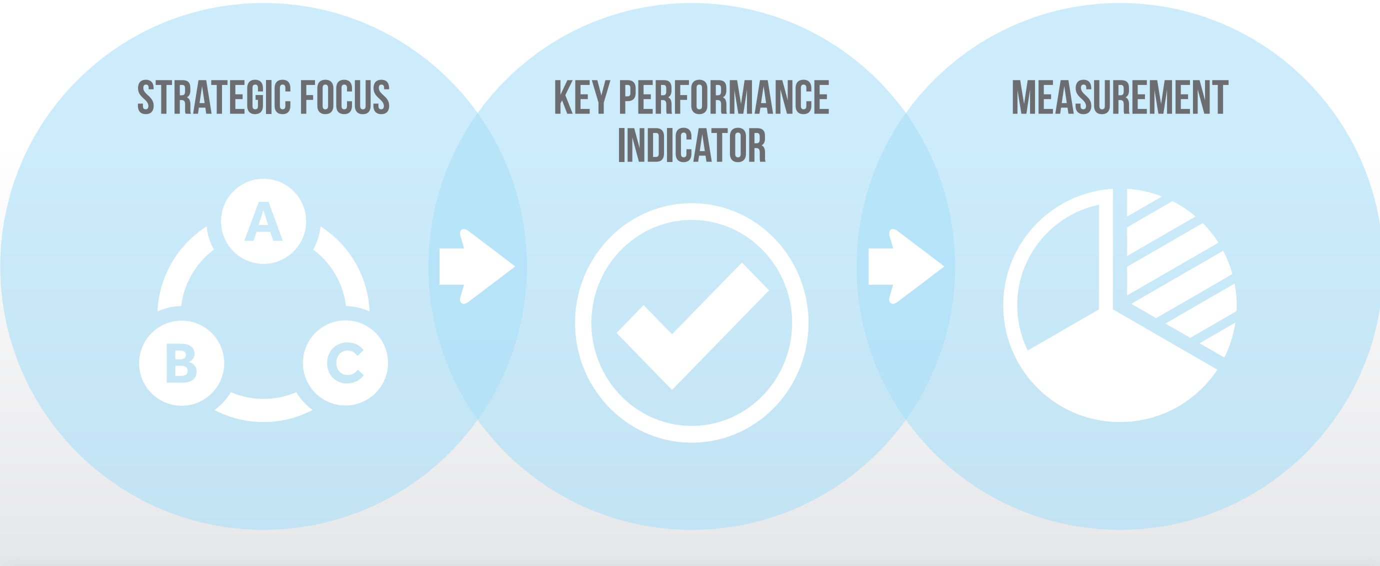
We have also increased investment in Sport Media, our sports contract publishing business. During the year, Sport Media secured new three-year publishing contracts for match day programmes and magazines with Premier League clubs: Tottenham Hotspur, West Bromwich Albion and Manchester United which alongside existing contracts with Arsenal, Chelsea, Aston Villa and Everton brings the total to seven. Sport Media also secured the print and digital publishing rights for the 2015 Rugby World Cup, being hosted in the UK.

Next steps

Investment in new businesses built around our distinctive content and audience is a key part of our strategy to deliver growth. We continue to consider and evaluate opportunities and will make investments as appropriate.

STRATEGIC REPORT
GOVERNANCE
FINANCIAL STATEMENTS

The Group's strategic objective to deliver sustainable growth in revenue and profit remains consistent but the areas of strategic focus continue to evolve. Following the progress made during 2013 the updated areas of strategic focus are set out below.



Protecting and revitalising our core brands in print	Outperform print trends	Circulation volume and revenue ahead of the market Print advertising volume and revenue ahead of the market
Growing our existing brands onto digital delivery channels	Digital growth	Digital audience (unique user and page views) growth Digital revenue (advertising and commercial) growth
Continuing our relentless focus on efficiency and cost management	Targeted cost savings	Structural cost saving and ongoing mitigating cost actions
Launching, developing, investing in or acquiring new businesses built around distinctive content or audience	Portfolio of growing businesses	Returns in excess of our cost of capital within three years and are earnings enhancing by the end of the second investment year

Deliver sustainable growth in revenue and profit

KEY PERFORMANCE INDICATORS

Strategic objective

The Group's strategic objective is to deliver sustainable growth in revenue and profit.

While the market remains challenging the Group aims to support profits and cash flows to create increased financial flexibility to consider the potential return of capital to shareholders and investment alongside funding our pension obligations.

The achievement of the Group's strategic objective and the key performance indicators are all impacted by the risks and uncertainties set out in this Strategic Report.

2013 key performance indicators

In 2013, revenue declined by 6% as the challenging economic environment and structural challenges for print continued to impact the Group's revenue, an improvement of one percentage point on the 7% decline in the prior year.

Despite the revenue fall, adjusted operating profit grew marginally and strong cash flows enabled net debt and leverage (contracted net debt/adjusted EBITDA for the 12 months to December) to fall.

The Group repaid the £54.5 million of maturing long-term debt in October 2013 from cash flow, paid £19.0 million of deficit funding to the pension schemes and continued to invest in the business during the year.

Performance against the non-financial key performance indicators set out in last year's Annual Report was:

Circulation volumes – reduce the rate of volume decline through product innovation with key titles performing better than the market. Circulation volumes declined for all newspaper titles but this was a reduction on the decline in the prior year and key brands including the Daily Mirror and Sunday Mirror performed better than the market.

Unique users – continue the growth in unique users through the continued improvement of our digital offering and launch of new digital products on multiple platforms. Total unique users for our national and regional websites and mobile grew during the year. The growth in unique users accelerated as we progressed through the year.

Audience reach – grow reach through maximising our print and digital reach. The reach of our products increased during the year with the print circulation volume decline more than offset by the increase in digital audience.

Areas of strategic focus

The Group's areas of strategic focus, the key performance indicators and how these will be measured are set out in the strategic update section of this Strategic Report.

The performance in 2013 relating to each of the areas of strategic focus is set out below:

Outperform print trends

- Circulation volumes of national newspapers outperformed the market while the regional newspapers had a mixed performance (page 25)
- Growth in print advertising volume market share for a number of the national newspapers while the regional newspapers performed less well (page 25)
- Print revenue trend improved as year progressed (page 19)

Digital growth

- Strong growth in digital audience particularly Mirror.co.uk (page 25)
- Publishing digital revenue showed a strong improvement as the year progressed (page 19)
- Specialist Digital revenue impacted by disposal and rationalisation in the classified advertising businesses (page 19)

Targeted cost savings

- Delivered £12 million of structural cost savings, £2 million ahead of target

Portfolio of growing businesses

- Invested in new business development team with a number of initiatives being considered

RISKS AND UNCERTAINTIES

There is an ongoing process for the identification, evaluation and management of the significant risks faced by the Group. How the Group manages risks is set out in the Corporate Governance Report on page 35.

Appropriate management actions are in place to minimise the impact of the other risks and uncertainties which are identified as part of the risk process. The corporate responsibility section of this Strategic Report additionally considers the risks and uncertainties relating to environmental and health and safety.

The current principal risks and uncertainties together with mitigating actions are set out below:

Risk description	Risk factors	Risk action
Strategy		
The overall strategy or elements of the strategy are inappropriate and the delivery of the strategy is badly executed.	The Group is unable to stabilise and then grow revenues, profits and cash flows.	Strategy Steering Group. Monthly review of specific strategic initiatives at Board meetings and, at least annually, review of overall strategy.
Revenue loss		
Faster than anticipated loss of revenue from print and failure to deliver new revenue streams to offset print decline and drive growth.	Future print circulation volumes decline at a faster rate than anticipated. Print advertising revenues decline at a faster rate than anticipated and digital revenues do not compensate for declines and drive growth. Other print related publishing revenues and revenue from our contract print operations could be impacted by an accelerated decline in print volumes or the loss of a major print contract customer.	The key objective of the strategy is to deliver print revenue trends better than the market with continued growth in digital revenues from existing brands and from new businesses.
Historical legal issues		
Damage to reputation arising from historical events, direct financial impact from legal claims and distraction of senior management time from delivering the strategy.	Potential financial exposures. Reputational damage for Group and brands. Inability to attract people to the Group.	Standing item on Board agenda. Co-operation with police on their inquiries. Independent consultant working with external lawyers on police enquiries, civil claims and related investigations.
Pensions		
Pension deficits grow at such a rate so as to affect the viability of the Group itself or so that the annual funding costs consume a disproportionate level of cash flow.	Increased mortality impacts liabilities. Reduced returns and investments. Government legislation. Increased funding.	Regular reporting to the Board. Good relationship and regular meetings with trustees. Review of options to de-risk pension liabilities.

The Group's strategy directly impacts a number of the principal risks and uncertainties. The strategic update section of this Strategic Report gives a detailed review of the progress to date and the future expectations of the strategy.

The Board and management continue to give significant management attention to the historical legal actions. The background to the historical legal issues is:

- Metropolitan Police investigations into inappropriate payments to public officials (Operation Elveden) and phone hacking (Operation Golding). The Company continues to co-operate with the police in their investigations.
- A current and a former journalist were arrested as part of Operation Elveden. The current employee has been informed that no charges will be brought against him and the former employee has been charged.
- Two current and two former journalists employed by the Group were arrested in connection with Operation Golding. None of the journalists have been charged.
- MGN Limited ('MGN'), the publisher of the Group's national newspapers, has been notified by the Metropolitan Police that they are at a very early stage in investigating whether MGN is criminally liable for the alleged unlawful conduct by previous employees in relation to phone hacking on the Sunday Mirror.
- MGN has received Particulars of Claim for a number of civil claims alleging phone hacking.
- Dan Evans, a former journalist of the Sunday Mirror, has pleaded guilty to phone hacking during his time at the Group in 2003 and 2004.

The Group will not accept wrongdoing and takes all allegations seriously. In addition to co-operating with the police, external lawyers have been appointed to investigate all the allegations that have been made against our employees. It is too soon to know how these matters will progress, whether further allegations or claims will be made, and their financial impact. However, due to the uncertainty whether further allegations or claims will be made, regarding the future financial implications a contingent liability has been highlighted in note 38 in the notes to the consolidated financial statements.

An update on pensions is set out in the Group financial review section of the Strategic Report.

There is a risk that shareholder approval and the subsequent court approval of a capital reduction are not given impacting the Company's ability to pay dividends until distributable reserves are restored. This is not considered to be a material risk.

The principal risks and uncertainties the Group faced during 2013, as highlighted in the 2012 Annual Report, were:

Identified last year	Update
Strategy execution	
The Group's strategy includes a number of revenue and cost initiatives.	No change to risk.
Advertising revenues	
The difficult economic environment continues to impact advertising revenues and there is a risk of a loss of major clients or reduction in a sector which may adversely affect advertising.	This risk has been combined with newspaper sales in the revenue loss risk (faster than anticipated loss of revenue from print and failure to attract new revenue streams).
Newspaper sales	
The difficult economic environment continues to impact circulation revenues and we may experience loss of readership due to competitor activity.	This risk has been combined with advertising revenues in the revenue loss risk (faster than anticipated loss of revenue from print and failure to attract new revenue streams).
Editorial breach	
An editorial error may lead to loss of readership, damaged reputation, or legal proceedings.	The risk has been split into historical legal issues (damage to reputation arising from historical events, direct financial impact from legal claims and distraction of senior management time from delivering the strategy) and breach of editorial guidelines (damage to reputation from rogue behaviour which breaches editorial guidelines or best practice).
Pensions	
Pension deficits may grow at such a rate so that annual cash funding consumes a disproportionate level of operating cash flow.	No change to risk.

STAFF ENGAGEMENT

The Group's brands live through our people. Trinity Mirror, with an award winning portfolio of newspapers, websites and digital products and employing 4,758 people in 50 locations, is one of the largest multimedia publishers in the UK.

Our drive to capture, present and analyse the news inspired the launch of our very first papers in the early 19th Century and today our commitment is just as strong. Whether via page or screen, our audiences get the trusted, reliable news service they have come to expect.

Our loyal readers and advertisers are attracted by the knowledge, insight and vital services that our iconic brands provide. None of this would be possible without our dedicated staff driving the business forward.

The commitment, innovation and drive of our staff are central to the ongoing development and success of our business. We celebrate the hard work and talent of our employees throughout the Group and use the Company's intranet site to keep our staff updated on key Group developments and to celebrate success.

During 2013 the Group has:

- Embedded our vision and values in all businesses;
- Undertaken a staff survey and developed action plans in all businesses;
- Held the second editorial conference and the first editorial awards;
- Announced the first commercial conference and the first commercial awards; and
- Introduced an innovation scheme encouraging all staff to contribute to driving innovation in all businesses.

We believe in being an employer of choice for those entering and already working in our industry. In pursuit of this aim, we feel that robust corporate responsibility programmes will be key in attracting and retaining highly skilled individuals.

The Group has in place an Employee Assistance Programme which gives employees, partners and their immediate family 24 hours a day, 365 days per year access to independent advice and guidance across a whole spectrum of welfare issues. During 2013, there were ongoing initiatives to help combat work-related stress, encourage safe driving and providing specialist training in behavioural safety for health and safety managers.

During the year, the voluntary rate of employee turnover fell year on year to 8.6% (2012: 9.8%). During the same period, the retention rate, defined as employees in the Group's employment for the full 12 months, reduced slightly to 90.0% (2012: 91.5%).

During the year, the Group's absenteeism rate, which follows the common definition used by the Advisory, Conciliation and Arbitration Service, stayed steady at an average of 2.1% (2012: 2.0%). This compares favourably with the national average level of employee absence of 3.8% (2012: 3.4%).

The Group is committed to equality of opportunity in all its employment practices to ensure we attract and retain the best people. In 2013, women made up 38.1% of staff (2012: 38.3%) and the number of women occupying senior managerial roles was 15.8% (2012: 13.6%).

STAFF ENGAGEMENT CONTINUED

The split of employees as at 29 December 2013 by gender was as follows:

	Male Number	Male %	Female Number	Female %
Directors	7	87%	1	13%
Senior managers	44	84%	9	16%
Other	2,893	62%	1,804	38%
	2,944	**62%**	**1,814**	**38%**

Senior managers have responsibility for key businesses or functions within the Group.

The Board policy on gender diversity is set out in the Nomination Committee Report on page 36 and the composition of the Board is set out in the Corporate Governance Report on page 34.

The difficult trading conditions meant that there was no annual pay award to staff in 2012. In 2013, an annual pay award was made to staff, excluding executive directors.

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. For management and staff with a bonus based on Group adjusted operating profit, a bonus of 30% of entitlement is payable in respect of the performance of the Group in 2013.

We also provide a competitive range of benefits to employees, including the opportunity to join a Group-wide defined contribution pension scheme and we continue to operate initiatives enabling staff greater flexibility in their work-life choices including childcare vouchers, cycle to work and holiday purchase schemes.

The Group implemented the Auto Enrolment pensions legislation during the year.

CORPORATE RESPONSIBILITY

The Group is not a multinational nor is it engaged in heavy industry and therefore is not exposed to significant environmental exposure.

The Group has had no human rights issues and has issued no policies that need to be disclosed for an understanding of the development, performance or position of the Group's business.

The Group is exposed to a procedural failure that leads to a failure of its environmental or health and safety policies. It is unlikely that a failure in these areas would be catastrophic.

The Group's main exposure in the corporate responsibility area would be one of reputational damage which is fundamental to its operations and is dependent upon the honesty and integrity of each and every employee. We acknowledge that the continuing development and well-being of our employees depends upon maintaining the highest standards of integrity and personal conduct in all matters which involve the Group.

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 Group's Standards of Business Conduct are embedded within the culture of the Group. The Group has a Whistle blowing Charter in place where employees may report any concerns about the integrity of the business. From 2014, this will be hosted by an independent third party. The charter is reviewed by the Audit & Risk Committee on a regular basis.

Our Corporate Responsibility Report, on pages 57 to 62, sets out the Group's:

- Environmental report which includes the key environmental risks together with a review of our performance during the year and our targets for the future;
- Health and safety report which includes the initiatives undertaken during the year and our performance during the year and our targets for the future; and
- Social and community matters including charitable donations, community engagement and fundraising.

The Group is a UK tax payer and complies with all UK requirements. The Group paid corporation tax of £22.0 million (2012: £18.1 million) and paid indirect taxes (employer and employee NI and employee PAYE) of £62.9 million (2012: £65.3 million) during the year.

The Group's main opportunity in the corporate responsibility area is also 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 believe that there are obvious commercial advantages from being seen as a socially responsible organisation.

GROUP FINANCIAL REVIEW

Income statement (page 68)

	Statutory results 2013 £m	Statutory results 2012 (restated) £m	Adjusted results 2013 £m	Adjusted results 2012 £m
Revenue	**663.8**	706.5	**663.8**	706.5
Costs	**(801.9)**	(678.8)	**(562.6)**	(601.1)
Associates	**3.3**	7.2	**6.8**	1.7
Operating (loss)/profit	**(134.8)**	34.9	**108.0**	107.1
Financing	**(26.0)**	(25.2)	**(6.7)**	(8.4)
(Loss)/profit before tax	**(160.8)**	9.7	**101.3**	98.7
Tax	**64.4**	7.2	**(22.2)**	(25.0)
(Loss)/profit after tax	**(96.4)**	16.9	**79.1**	73.7
(Loss)/earnings per share	**(39.0)p**	6.8p	**32.0p**	29.9p

The results are presented on a statutory and adjusted basis to provide a more meaningful comparison of the Group's performance. Set out in note 37 in the notes to the consolidated financial statements is the reconciliation between the statutory and the adjusted results. As set out in the half-yearly financial report, the statutory comparatives have been restated for the implementation of the amended pension accounting standard, IAS 19 (Amended). Note 2 in the notes to the consolidated financial statements sets out the impact of this change on the previously reported statutory results.

Revenue (note 5)

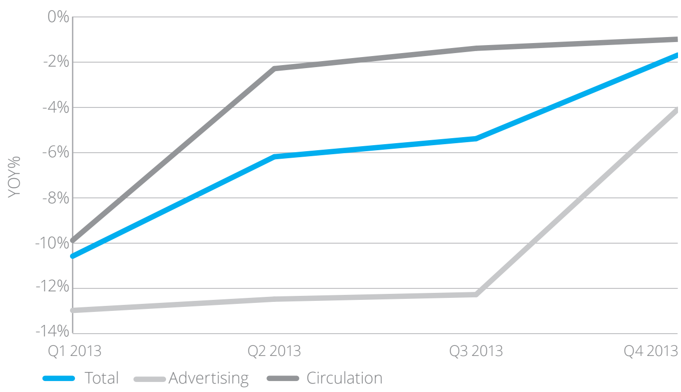
Group revenue is the same on both a statutory and adjusted basis.

	2013 £m	2012 £m	Variance £m	Variance %
Circulation	**285.8**	297.2	(11.4)	(3.8%)
Advertising	**262.7**	292.8	(30.1)	(10.3%)
Publishing Print	**236.3**	264.2	(27.9)	(10.6%)
Publishing Digital	**17.2**	16.5	0.7	4.2%
Specialist Digital	**9.2**	12.1	(2.9)	(24.0%)
Printing	**65.7**	66.3	(0.6)	(0.9%)
Other	**49.6**	50.2	(0.6)	(1.2%)
Publishing Print	**34.3**	34.8	(0.5)	(1.4%)
Publishing Digital	**2.8**	2.9	(0.1)	(3.4%)
Specialist Digital	**9.5**	9.3	0.2	2.2%
Central	**3.0**	3.2	(0.2)	(6.3%)
Revenue	**663.8**	706.5	(42.7)	(6.0%)

Revenue fell by £42.7 million or 6.0% to £663.8 million due to the difficult economic environment and the structural pressures facing print media. As we moved through the year the impact of a marginally improving economy and our strategic actions resulted in an improving revenue trend.

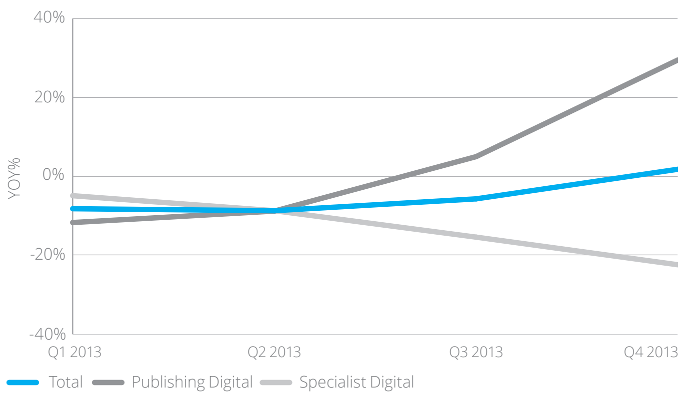
The graphs that follow show the quarterly year on year revenue trends in print and digital during the year. Print revenue is all advertising, circulation, printing and other revenues generated from activities linked to the publishing and printing of newspapers. Digital revenue is all advertising and other revenue generated by the publishing digital activities and the revenue of the Specialist Digital businesses.

Print revenue



Total print revenue showed a continuous improvement as the year progressed. Circulation revenue in January and February was impacted by the changes in the Sunday national tabloid market which saw a new UK national Sunday title launched towards the end of February 2012. From March the circulation revenue trend shows a steady improvement driven by a good volume performance and cover price increases. Advertising revenue improved as the year progressed, particularly in the last quarter, though there remains month on month volatility.

Digital revenue



Total digital revenues showed a steady improvement as the year progressed with strong growth seen in the last quarter of the year. Publishing digital revenue moved into growth in the second half of the year and this growth accelerated as our strategy of building audience gained momentum. The improved performance reflects the strong growth in publishing digital display advertising. Specialist Digital revenues experienced a significant decline from August due to the sale of the Specialist Digital property business at the end of August.

Excluding the Specialist Digital property business, total digital revenues fell by £1.1 million or 2.9% to £36.8 million. The performance in the first half was a decline of 8.9% which improved to an increase of 2.7% in the second half.

STRATEGIC REPORT
GROUP FINANCIAL REVIEW CONTINUED

Costs (notes 6 and 8)

	Statutory results 2013 £m	Statutory results 2012 (restated) £m	Adjusted results 2013 £m	Adjusted results 2012 £m
Labour	**(210.0)**	(214.0)	**(210.0)**	(214.0)
Newsprint	**(102.3)**	(122.0)	**(102.3)**	(122.0)
Depreciation	**(26.4)**	(29.1)	**(26.4)**	(29.1)
Other	**(463.2)**	(313.7)	**(223.9)**	(236.0)
Non-recurring items	**(234.3)**	(71.5)	**–**	–
Amortisation of other intangible assets	**(2.2)**	(3.0)	**–**	–
Pension administrative expenses	**(2.8)**	(3.2)	**–**	–
Other	**(223.9)**	(236.0)	**(223.9)**	(236.0)
Costs	**(801.9)**	(678.8)	**(562.6)**	(601.1)

Statutory costs increased by £123.1 million or 18.1% to £801.9 million while adjusted costs fell by £38.5 million or 6.4% to £562.6 million.

Labour costs fell by £4.0 million or 1.9% to £210.0 million due to restructuring actions during the year in print which was partly offset by salary inflation and investment in digital resource.

Newsprint costs fell by £19.7 million or 16.1% to £102.3 million due to reduced paid for volumes, fewer free copies distributed, reduced pagination and from the benefit of a price reduction.

Depreciation fell by £2.7 million or 9.3% to £26.4 million as capital expenditure is much reduced in recent years following the major press investment.

Other costs, excluding non-recurring items, amortisation of other intangible assets and pension administrative expenses, fell by £12.1 million or 5.1% to £223.9 million due to actions taken and tight management of costs.

Non-recurring items included in statutory costs in the current year and prior year are set out below. Statutory costs also include the amortisation of other intangible assets and the pension administrative expenses which are excluded from the adjusted results.

Both statutory and adjusted costs benefited from £12 million of structural cost savings and include investment of £8 million in digital and print initiatives. Structural cost savings for 2014 are expected to be £10 million with incremental investment in digital expected to be £5 million. The Group's restructuring costs for 2014 are expected to be £12 million including £2 million of costs in relation to the outsourcing of certain IT support functions.

Non-recurring items (note 8)

	Statutory results 2013 £m	Statutory results 2012 £m
Impairment of goodwill and other intangible assets	**(225.0)**	(60.0)
Restructuring charges	**(9.9)**	(11.5)
Profit on disposal of subsidiary undertaking	**0.6**	–
Non-recurring items excluding associates	**(234.3)**	(71.5)
Non-recurring items included in associates	**(0.5)**	5.5
Non-recurring items including associates	**(234.8)**	(66.0)

The impairment review of the carrying value of assets performed at the reporting date resulted in an impairment of £225.0 million in respect of assets relating to the cash-generating units in the Publishing division. The impairment comprises £3.4 million relating to goodwill and £221.6 million relating to publishing rights and titles.

Associates (note 17)

	Statutory results 2013 £m	Statutory results 2012 £m	Adjusted results 2013 £m	Adjusted results 2012 £m
Result before amortisation and non-recurring items	**6.8**	1.7	**6.8**	1.7
Amortisation of other intangible assets	**(3.0)**	–	**–**	–
Non-recurring items	**(0.5)**	5.5	**–**	–
Share of results of associates	**3.3**	7.2	**6.8**	1.7

The Group has a 21.5% investment in PA Group and a 20.0% investment in Local World, accounted for as associated undertakings.

Our statutory share of the post tax profit from associates fell by £3.9 million or 54.2% to £3.3 million and on an adjusted basis increased by £5.1 million or 300.0% to £6.8 million. The current year includes for the first time our share of the results of Local World.

The adjusted results exclude amortisation of other intangible assets and non-recurring items to be consistent with the treatment adopted by the Group. The non-recurring items in the current year reflects our share of restructuring charges incurred by Local World and in the prior year relate to a gain on disposal of its 50% interest in a business by PA Group.

On 16 December 2013, PA Group announced the disposal of its weather forecasting business, MeteoGroup for a cash consideration of €190 million. The transaction is subject to German competition clearance and is expected to complete in early 2014 with 75% of the consideration payable on completion with the balance payable one year after completion. PA Group is expected to report a profit on disposal of some £125 million. The Group will account for its share of such profit as an exceptional gain at the time of completion. At this stage it is unclear as to the quantum or timing of any dividend payable by PA Group following completion of the transaction.

Operating (loss)/profit (note 6)

	Statutory results 2013 £m	Statutory results 2012 (restated) £m	Adjusted results 2013 £m	Adjusted results 2012 £m
Operating (loss)/profit	**(134.8)**	34.9	**108.0**	107.1
Operating margin (pre associates)	**(20.8%)**	3.9%	**15.2%**	14.9%

The statutory operating loss for the year amounts to £134.8 million compared to an operating profit of £34.9 million in the prior year due to the impact of the impairment charge noted above.

Adjusted operating profit increased by £0.9 million or 0.8% to £108.0 million with operating margin increasing by 0.3 percentage points from 14.9% to 15.2%.

Financing (notes 9 and 10)

	Statutory results 2013 £m	Statutory results 2012 (restated) £m	Adjusted results 2013 £m	Adjusted results 2012 £m
Investment revenues	**0.3**	0.4	**0.3**	0.4
Pension finance charge	**(13.2)**	(11.2)	**–**	–
Finance costs	**(13.1)**	(14.4)	**(7.0)**	(8.8)
Interest on bank overdrafts and borrowings	**(7.0)**	(8.8)	**(7.0)**	(8.8)
Fair value loss on derivative financial instruments	**(8.8)**	(13.0)	**–**	–
Foreign exchange gain on retranslation of borrowings	**2.7**	7.4	**–**	–
Financing	**(26.0)**	(25.2)	**(6.7)**	(8.4)

Financing (notes 9 and 10) continued

The pension finance charge increased by £2.0 million to £13.2 million as a result of a higher opening net deficit in the pension schemes.

Within finance costs, the interest on bank overdrafts and borrowings fell by £1.8 million or 20.5% to £7.0 million due to the reduction in debt following the repayments in the current and prior year.

The net charge from the fair value changes on derivative financial instruments and the foreign exchange changes on retranslation of foreign currency borrowings increased by £0.5 million to £6.1 million.

(Loss)/profit before tax

	Statutory results		Adjusted results	
	2013 £m	2012 (restated) £m	2013 £m	2012 £m
(Loss)/profit before tax	(160.8)	9.7	101.3	98.7

The statutory loss before tax for the year amounts to £160.8 million compared to a profit of £9.7 million in the prior year due to the operating loss from the impact of the impairment charge noted above.

Adjusted profit before tax increased by £2.6 million or 2.6% to £101.3 million due to the higher operating profit and lower net interest cost.

Tax (note 11)

	Statutory results		Adjusted results	
	2013 £m	2012 (restated) £m	2013 £m	2012 £m
Tax credit/(charge)	64.4	7.2	(22.2)	(25.0)
Effective tax rate	40.0%	74.2%	(21.9%)	(25.3%)

The statutory tax credit of £64.4 million (2012: £7.2 million) comprises a current tax charge of £18.1 million (2012: £23.3 million) and a deferred tax credit of £82.5 million (2012: credit of £30.5 million). The deferred tax credit includes a material credit relating to the impact on opening deferred tax balances of changes in the rate of corporation tax and a further material credit relating to the impairment charge noted above.

The adjusted tax charge of £22.2 million (2012: £25.0 million) represents 21.9% (2012: 25.3%) of adjusted profit before tax and reflects the benefit of the reduction in the rate of corporation tax and that the share of results from associates is accounted for after tax and is now a more significant component of adjusted operating profit.

(Loss)/earnings per share (note 13)

	Statutory results		Adjusted results	
	2013 £m	2012 (restated) £m	2013 £m	2012 £m
(Loss)/profit after tax	(96.4)	16.9	79.1	73.7
Number of shares	247,328	246,686	247,328	246,686
(Loss)/earnings per share	(39.0)p	6.8p	32.0p	29.9p

The statutory loss after tax amounts to £96.4 million compared to a profit of £16.9 million in the prior year due to the loss before tax from the impact of the impairment charge noted above with the loss per share being 39.0 pence.

Adjusted profit after tax increased by £5.4 million or 7.3% to £79.1 million with adjusted earnings per share increasing by 2.1 pence or 7.0% to 32.0 pence.

Cash flow (page 71)

	2013 £m	2012 (restated) £m
Statutory operating (loss)/profit	(134.8)	34.9
Non cash items	253.0	87.6
Operating cash flow	118.2	122.5
Pension funding	(16.2)	(7.7)
Working capital	(9.1)	(5.6)
Cash flows from operating activities	92.9	109.2
Income tax paid	(22.0)	(18.1)
Net interest paid	(5.4)	(7.5)
Net capital expenditure	(7.3)	(5.3)
Acquisition of associate	(14.2)	–
Disposal of subsidiary	2.5	–
Purchase of own shares	(3.0)	–
Dividends received	2.3	0.1
Net cash flow	45.8	78.4
Borrowings repaid	(54.5)	(69.7)
Net (decrease)/increase in cash	(8.7)	8.7
Cash at start of period	24.2	15.5
Cash at end of period	15.5	24.2

Non cash items (note 24)

Non cash items in operating profit represent: depreciation of fixed assets, impairment and amortisation of other intangible assets, the share of results of associates, the share-based payments charge, the profit on disposal of fixed assets, the profit on disposal of subsidiary undertakings and the write-off of fixed assets.

Pension funding (note 33)

Pension funding represents the amounts paid to the pension schemes to fund the pension schemes deficits of £19.0 million (2012: £10.9 million) less the pension administrative costs of £2.8 million (2012: £3.2 million) charged in the consolidated income statement.

Working capital

Working capital outflows are primarily due to cash expended on restructuring and property provisions net of the charges in the year and the timing of the year end.

Income tax paid

Income tax paid increased due to the reduced pension scheme deficit funding payments in 2012 compared to 2011.

Net interest paid

Net interest paid comprised £5.7 million interest paid on borrowings less £0.3 million interest received. The reduction is due to debt repayments in the current and prior year.

Net capital expenditure

Net capital expenditure was £7.3 million against depreciation of £26.4 million. The Group continued its investment programme in a new publishing system, spending £8.0 million during the year. Proceeds of £0.7 million were received from the disposal of fixed assets. The Group's capital expenditure for 2014 is expected to be £15 million and £10 million per annum thereafter.

Acquisition of associate (note 17)

Acquisition of associate relates to the investment in Local World.

Disposal of subsidiary (note 36)

Disposal of subsidiary relates to the disposal of Trinity Mirror Digital Property.

Own shares acquired (note 29)

The Trustees of the employee benefit trust purchased 2.6 million shares for a consideration of £3.0 million during the year.

Dividend received (note 17)

Dividends of £2.3 million were received from PA Group.

Borrowings repaid (note 27)

The Group repaid £54.5 million of maturing long-term debt during the year.

Cash balances (note 27)

Cash balances fell by £8.7 million during the year. The prior year end cash balance included £14.2 million held in escrow in respect of the acquisition of Local World.

Balance sheet (page 70)

	2013 £m	2012 £m
Intangible assets	**683.1**	912.7
Property, plant and equipment	**337.6**	357.5
Investment in associates	**26.8**	12.6
Retirement benefit assets	**15.7**	36.7
Deferred tax assets	**57.0**	68.9
Derivative financial instruments	**1.9**	5.2
Non-current assets	**1,122.1**	1,393.6
Cash and cash equivalents	**15.5**	24.2
Short-term debt	**(40.4)**	(49.7)
Medium-term debt	**(62.0)**	(104.9)
Derivative financial instruments	**(3.2)**	(2.7)
Retirement benefit obligation	**(267.9)**	(334.4)
Deferred tax liabilities	**(180.7)**	(262.9)
Provisions	**(24.1)**	(15.9)
Net current other assets/(liabilities)	**12.4**	(8.3)
Non-current liabilities and net current liabilities	**(550.4)**	(754.6)
Net assets	**571.7**	639.0

	2013 £m	2012 £m
Share capital	**(25.8)**	(25.8)
Share premium account	**(1,121.6)**	(1,121.6)
Capital redemption reserve	**(4.3)**	(4.3)
Retained earnings and other reserves	**580.0**	512.7
Equity	**(571.7)**	(639.0)

Intangible assets (notes 14 and 15)

	2013 £m	2012 £m
Publishing rights and titles	**666.2**	887.8
Customer relationships and domain names	**4.9**	7.1
Goodwill	**12.0**	17.8
Intangible assets	**683.1**	912.7

Intangible assets (notes 14 and 15) continued

Publishing rights and titles reduced due to the £221.6 million impairment charge. Goodwill reduced due to the £3.4 million impairment charge and the disposal of Trinity Mirror Digital Property Limited. Customer relationships and domain names have fallen by £2.2 million reflecting amortisation charged in the year.

Property, plant and equipment (note 16)

	2013 £m	2012 £m
Land and buildings	**182.3**	187.8
Plant and equipment	**142.9**	163.7
Assets under construction	**12.4**	6.0
Property, plant and equipment	**337.6**	357.5

Property, plant and equipment fell due to the depreciation charge of £26.4 million and £0.5 million of disposals and £1.2 million of write-offs being higher than additions of £8.2 million.

Investment in associates (note 17)

Investment in associates includes the £14.2 million investment in Local World Holdings Limited. The carrying value of our 20.0% share has increased by £1.9 million being the statutory share of results of the associate.

The carrying value of our 21.5% share in PA Group Limited fell by £1.9 million from £12.6 million to £10.7 million. This reflects the statutory share of results of the associate of £1.4 million partially offset by actuarial losses of £1.0 million taken directly to equity and dividends received of £2.3 million.

Deferred tax (note 21)

Deferred tax assets fell by £11.9 million from £68.9 million to £57.0 million primarily due to the decrease in the retirement benefit obligation included in liabilities partially offset by an increase in the share-based payments deferred tax asset..

Deferred tax liabilities fell by £82.2 million from £262.9 million to £180.7 million primarily due to the restatement of the opening liability following the reduction in the corporation tax rate from 23.0% to 20.0% and an impairment charge of £225.0 million.

Derivative financial instruments (note 26)

Derivative financial assets of £1.9 million represent the surplus on valuation of cross-currency interest rate swaps calculated in accordance with IAS 39. These swaps relate to the loan notes maturing after more than one year.

Derivative financial liabilities of £3.2 million represent the loss on valuation of cross-currency interest rate swaps calculated in accordance with IAS 39. These swaps relate to the loan notes maturing within one year.

The use of financial instruments is disclosed in note 26 in the notes to the consolidated financial statements.

Pensions (note 33)

The Group operates a defined contribution pension scheme with contributions and associated costs charged to operating profit. The defined benefit pension schemes operated by the Group were closed to future accrual in 2010.

Pensions (note 33) continued

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. As part of the refinancing in March 2012, the Group agreed to reduce the annual deficit funding payments to £10.0 million for 2012, 2013 and 2014. In December 2013 the Group accelerated payment of £9.1 million due in 2014.

The Group has aligned the triennial valuations of the principal pension schemes to 31 December 2013. These valuations are expected to be finalised during 2014 and may result in a change to the recovery plans which currently require payment of £33.5 million per annum from 2015. At this stage no contributions are due in 2014. However, as part of the valuations currently being undertaken, the Group may make payments in 2014 if agreed in the new recovery plans.

The accounting pension deficit fell during the year by £45.5 million from £297.7 million (£229.2 million net of deferred tax) to £252.2 million (£201.8 million net of deferred tax) reflecting the impact of an increase in assets of £58.0 million partially offset by an increase in liabilities of £12.5 million. The increase in assets was driven by asset returns and company contributions being higher than pension payments. The increase in liabilities is due to a further fall in the real discount rates of 0.65% from 1.70% to 1.05% partially offset by a change in demographic assumptions.

Assumed life expectancies at the year end are around 0.3 years lower than the prior year. This reflects the results of a postcode mortality analysis carried out by the Group's actuaries in 2013, which showed that the Group's scheme members are expected to live to a marginally lower age than a typical UK pension scheme member. The prior year life expectancies were consistent with the assumptions for the latest funding valuations, which included a margin for prudence. In addition, for the year end valuation, the Group has included assumptions for future rates of pension commutation and of early retirement reductions applying to pensions, to reflect recent experience in the schemes. These three updated assumptions reduced the net deficit at the beginning of the year by £47 million.

The change in the accounting pension deficit does not impact current funding commitments. Retirement benefit assets of £15.7 million represent the surplus on certain schemes and the retirement benefit obligations of £267.9 million represent the deficit on certain schemes.

Net debt (note 27)

The Group held available cash balances at the reporting date of £15.5 million. At the prior year end the Group held available cash balances of £10.0 million and also held £14.2 million in escrow in respect of the investment in Local World which completed on 7 January 2013.

Contracted net debt, assuming that the private placement loan notes and the cross-currency interest rate swaps are not terminated prior to maturity, fell by £45.8 million from £142.8 million to £97.0 million.

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

On a statutory basis, net debt fell by £39.7 million from £127.9 million to £88.2 million. The fair value of the Group's cross-currency interest rate swaps at the reporting date was a liability of £1.3 million (2012: £2.5 million asset). The period end Sterling amount of the US$ denominated and the Sterling private placement loan notes was £102.4 million (2012: £154.6 million).

The Group repaid the maturing loan notes of £54.5 million in October 2013 from cash balances without the need to draw on the Group's bank facility. Repayments on the private placement loan notes beyond 2013 are £44.2 million in June 2014 and £68.3 million in June 2017.

In June 2012, the Group entered into a two-year interest rate swap in respect of £100.0 million of loan notes which ensures that interest on this debt is now fixed at 2.6% until June 2014.

The Group had no drawings during the year on its £110.0 million bank facility which is in place until August 2015. The facility amount reduces to £101.8 million in March 2014 and further reduces to £93.5 million in March 2015.

Provisions (note 22)

Provisions increased by £8.2 million from £15.9 million to £24.1 million. The increase is driven by the reclassification of items previously held in accruals of £10.1 million.

Net current other assets/(liabilities) (notes 19 and 20)

Net current other assets/(liabilities) includes current assets excluding cash and cash equivalents, less trade and other payables and current tax liabilities. The increase is driven by the reclassification to provisions of items previously held in accruals and the timing of the year end.

Equity (notes 29, 30 and 31)

Equity at the year end was £571.7 million, a decline of £67.3 million from £639.0 million. This decline reflects the £72.3 million of total comprehensive costs for the year, a credit to equity for equity-settled share-based payments of £8.0 million and a debit to equity for purchase of own shares of £3.0 million. The total comprehensive costs for the year include the loss for the period including the impact of the impairment charge of £225.0 million partially offset by the actuarial gains on the defined benefit pension schemes.

Parent Company balance sheet (page 107)

	2013 £m	2012 £m
Called-up share capital	**25.8**	25.8
Share premium account	**1,121.6**	1,121.6
Capital redemption reserve	**4.3**	4.3
Profit and loss account	**(514.8)**	198.6
Equity shareholders' funds	**636.9**	1,350.3

The Company undertakes an annual review of the carrying value of the investments in subsidiary companies held by the Company. As a result of a change in assumptions, particularly around the discount rate, a non cash impairment charge of £700 million was made in 2013. This charge has resulted in a negative profit and loss account reserve in the Company's balance sheet.

We have begun a process to address our distributable reserves in the first half of 2014. The Board has posted to shareholders a circular containing notice of a General Meeting to be held on 28 March 2014 to approve a resolution for a capital reduction to eliminate the deficit on the Company's profit and loss account reserve. We will then apply to the court for approval of the capital reduction which we expect to receive in the first half of 2014. After the court approval is granted the Company will rebuild distributable reserves through profit generated thereafter.

STRATEGIC REPORT

DIVISIONAL FINANCIAL REVIEW

The Group has four operating segments, each of which is a division, that are regularly reviewed for the purposes of allocating resources and assessing performance. The divisional review that follows is presented on an adjusted basis and there is no difference between the operating profit by division and the segment result of each operating segment that is shown in note 4 in the notes to the consolidated financial statements.

The operating segments are: Publishing which includes all of our newspapers and associated digital publishing; Printing which provides printing services to the publishing segment and to third parties; Specialist Digital which includes our digital classified and our digital marketing services businesses; and Central which includes revenue and costs not allocated to the operational divisions and our share of results of associates.

The revenue and adjusted operating profit by operating segment is presented below:

	2013 £m	2012 £m	Variance £m	Variance %
Publishing	**576.4**	615.6	(39.2)	(6.4%)
Printing	**65.7**	66.3	(0.6)	(0.9%)
Specialist Digital	**18.7**	21.4	(2.7)	(12.6%)
Central	**3.0**	3.2	(0.2)	(6.3%)
Revenue	**663.8**	706.5	(42.7)	(6.0%)
Publishing	**118.5**	125.1	(6.6)	(5.3%)
Printing	**–**	–	–	–
Specialist Digital	**0.4**	(2.9)	3.3	113.8%
Central	**(10.9)**	(15.1)	4.2	27.8%
Adjusted operating profit	**108.0**	107.1	0.9	0.8%

Publishing

The Publishing division publishes paid for national newspapers and paid for and free regional newspapers and operates a portfolio of related digital products. Key brands include the Daily Mirror, the Sunday Mirror, the Sunday People, the Daily Record, the Sunday Mail, the Liverpool Echo, the Manchester Evening News, the Evening Chronicle (Newcastle), the Birmingham Mail and the South Wales Echo (Cardiff) and we publish Metros in each of our key metropolitan markets.

The Publishing division also holds events and exhibitions related to its publishing activities and undertakes contract publishing for football and other sports.

The revenue and operating profit of the Publishing division is as follows:

	2013 £m	2012 £m	Variance £m	Variance %
Circulation	**285.8**	297.2	(11.4)	(3.8%)
Advertising	**253.5**	280.7	(27.2)	(9.7%)
Print advertising	**236.3**	264.2	(27.9)	(10.6%)
Digital advertising	**17.2**	16.5	0.7	4.2%
Other	**37.1**	37.7	(0.6)	(1.6%)
Print other	**34.3**	34.8	(0.5)	(1.4%)
Digital other	**2.8**	2.9	(0.1)	(3.4%)
Revenue	**576.4**	615.6	(39.2)	(6.4%)
Print	**556.4**	596.2	(39.8)	(6.7%)
Digital	**20.0**	19.4	0.6	3.1%
Costs	**(457.9)**	(490.5)	32.6	6.6%
Operating profit	**118.5**	125.1	(6.6)	(5.3%)
Operating margin	**20.6%**	20.3%	0.3%	1.5%

Revenue fell by 6.4% or £39.2 million to £576.4 million.

Circulation revenue fell by 3.8% with January and February declining by 13.4% and March to December declining by 1.8%. The January and February performance was distorted by the launch of a new UK national Sunday title towards the end of February 2012. The March to December revenue trend was an improvement on the prior year reflecting the benefit of cover price increases for a number of our titles and improved year on year volume trends. The Daily Mirror in particular continued to achieve volume trends ahead of the market.

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

	2013 Volume actual[a] 000	2012 Volume actual[a] 000	Change %	**2013 Average readership[b] 000**	2012 Average readership[b] 000	Change %
Daily Mirror	**1,028**	1,078	(4.6%)	**2,456**	2,994	(18.0%)
Sunday Mirror	**1,023**	1,173	(12.8%)	**2,566**	3,255	(21.2%)
Sunday People	**413**	499	(17.2%)	**741**	1,145	(35.3%)
Daily Record[c]	**226**	250	(9.7%)	**705**	792	(11.0%)
Sunday Mail[c]	**259**	295	(12.2%)	**800**	910	(12.1%)

a Average ABC circulation for the 12 months to December 2013 and December 2012.
b Average NRS readership for the 12 months to December 2013 and December 2012.
c Within Scottish market only.

The Daily Mirror, the Sunday Mirror and the Sunday People have outperformed circulation market trends. The Daily Mirror circulation volume was down 4.6%, the best performer in a UK national daily tabloid market that declined by 8.6%. Excluding January and February, the Sunday Mirror declined by 5.6%, the best performer in the UK national Sunday tabloid market, and the Sunday People declined by 9.6% in a UK national Sunday tabloid market that declined by 10.4%. The Daily Record and the Sunday Mail both outperformed the Scottish circulation market trends. The Daily Record was down 9.7% against an overall Scottish daily tabloid market decline of 10.2%. Excluding January and February, the Sunday Mail was down 9.7% against an overall Scottish Sunday tabloid market decline of 10.4%.

The circulation and readership volumes for our daily and Sunday regional titles are set out below:

	2013 Daily circulation^	**2013 Average readers***	2012 Daily circulation^	2012 Average readers*
Liverpool Echo	**71,522**	**192,501**	77,849	206,673
Manchester Evening News<	**70,601**	**337,969**	74,702	354,957
Evening Chronicle (Newcastle)	**40,709**	**149,746**	45,225	170,115
Sunday Sun (Newcastle)	**36,838**	**104,187**	40,569	128,800
Birmingham Mail>	**39,575**	**133,670**	40,004	111,149
Evening Gazette (Teesside)	**30,625**	**85,838**	35,511	95,949
Sunday Mercury (Birmingham)	**30,204**	**92,721**	34,270	105,130
Daily Post (North Wales)	**27,414**	**73,331**	29,577	76,045
Coventry Telegraph	**26,006**	**74,521**	29,266	82,871
South Wales Echo (Cardiff)	**25,278**	**72,659**	28,893	78,083
Western Mail (Wales)+	**22,849**	**57,379**	23,035	64,164
Wales on Sunday	**20,191**	**66,057**	22,660	72,823
The Journal (Newcastle)	**19,144**	**88,975**	21,851	99,273
Huddersfield Daily Examiner	**16,941**	**45,874**	18,242	49,374
Paisley Daily Express	**6,767**	**17,290**	7,232	15,672

^ Actual average ABC July to December 2013 and July to December 2012
* JIC REG January to June 2013 and January to June 2012
< Daily circulation (Monday – Saturday) with average readers (Thursday – Friday)
> Became hybrid during the year. Daily circulation (Monday – Friday) with average readers (Friday only)
+ Became hybrid during the year. Daily circulation (Monday – Friday) with average readers (Thursday – Friday)

The market for our regional titles remains difficult with declines of 7.9% for paid for dailies, 8.8% for paid for weeklies and 10.5% for paid for Sundays. These declines are broadly in line with the trends forecast for the market. As with the Sunday national titles, the regional Sunday titles performance is distorted by the launch of a new UK national Sunday title towards the end of February 2012.

Advertising revenues declined by 9.7% with print declining by 10.6% and digital increasing by 4.2%. Within print advertising, display declined by 10.4%, classified by 10.5% and other categories by 11.4%. The improvement in digital advertising is driven by growth of 30.1% in display with classified declining by 18.0%.

The Daily Mirror and the Sunday Mirror have grown print advertising volume market share with the Daily Mirror growing share from 18.0% to 18.4% and the Sunday Mirror growing underlying share from 15.5% to 17.1%. The Sunday People maintained underlying share at 10.9%. The Daily Record grew share from 14.6% to 14.7% and the Sunday Mail underlying share declined from 28.5% to 27.7% against the main Scottish competitor set. The Sunday market has been distorted by the launch of a new UK national Sunday title in February 2012 and therefore for the Sunday titles underlying excludes January and February.

For our regional newspapers, we believe our print advertising performance is broadly in line with market trends with the exception of recruitment where we have underperformed the market following the centralisation of all recruitment advertising in 2012 which was reversed in the second quarter of 2013. We have seen an improvement in the recruitment trend in the second half of the year but this is still behind the market performance.

Although our digital advertising revenue performance is being adversely impacted by an 18.0% decline in classified advertising revenues we have seen a strong 30.1% growth in display advertising revenues.

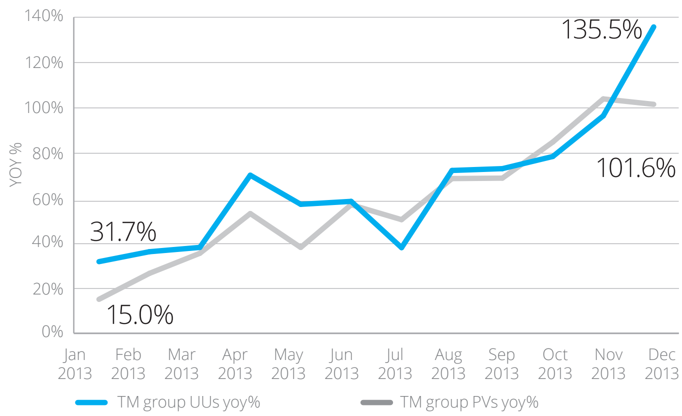
Unique users and page views for our publishing websites were as follows:

	2013 Average monthly UUs*	**2013 Average monthly PVs<**	2012 Average monthly UUs*	2012 Average monthly PVs<
National websites and mobile	**29,748**	**143,184**	15,880	68,943
Regional websites and mobile	**11,391**	**78,621**	10,003	64,446
Total websites and mobile	**41,139**	**221,805**	25,883	133,389

* Unique users are actual average ABCe January to December 2013 and January to December 2012
< Page views are actual average Omniture January to December 2013 and January to December 2012

We have delivered strong growth in our publishing digital audience with average monthly unique users for the year up 58.9% to 41.1 million year on year with average monthly page views for the year up 66.3% to 221.8 million year on year. We have seen particularly strong growth in mobile. In December, average monthly unique users were up 101.6% to 55.7 million year on year with average monthly page views up 135.5% to 328.4 million year on year.

Monthly UUs and PVs yoy growth



We have seen accelerating growth in total unique users and page views as we progressed through the year, in particular for Mirror.co.uk. Growth is being driven by our investment in accelerating the Group's digital capabilities with our core websites now operating on a new digital content management system which has enhanced features and is fully mobile enabled.

Digital display revenue has similarly seen accelerated growth as we progressed through the year, again in particular for Mirror.co.uk. The growth in digital display revenue lags the audience growth as we build the audience and invest in the commercial digital selling skills of sales teams.

Other revenues fell by 1.6% with print declining by 1.4% and digital by 3.4%. The print decline is driven by reduced leaflets, reader offers and returns waste sales partly offset by increased revenues from events, syndication and by the new contracts secured by our sports contract publishing business including the match day programmes contract for Manchester United. The digital decline is due to reduced interactive and online revenues including bingo. There was a much better performance in the second half as our sales teams drove new opportunities on the back of the growing audiences.

Publishing digital revenues grew by 3.1% during the year. Excluding digital recruitment advertising, which fell by 24.8% and was impacted by the centralisation of all recruitment advertising in 2012, which was reversed in the second quarter of 2013, publishing digital revenues grew by 9.7%.

Costs fell by £32.6 million or 6.6% to £457.9 million. The cost reduction includes structural cost actions by management and the continued tight management of the cost base to help mitigate the impact of a challenging print market. The reduction includes the benefit of a fall in newsprint prices. The reduction is net of a £2 million investment in digital resources and product development and £4 million in print initiatives.

Although revenues fell by £39.2 million, operating profit only fell by £6.6 million or 5.3% to £118.5 million. Operating margin increased by 0.3 percentage points from 20.3% to 20.6%.

Printing

The Printing division provides printing services to the Publishing division and to third parties. The division is the largest UK provider of newspaper contract printing services to third parties and operates eight print sites with 25 full colour presses. The Publishing division accounted for 64% of the volumes for the Printing division with the balance being for third-party customers. The Printing division has a nil operating result as the net costs, being all external revenues less costs, are charged to the Publishing division.

The revenue and costs of the Printing division is as follows:

	2013 £m	2012 £m	Variance £m	Variance %
Contract printing	**38.4**	36.7	1.7	4.6%
Newsprint supply	**24.6**	26.7	(2.1)	(7.9%)
Other revenue	**2.7**	2.9	(0.2)	(6.9%)
Revenue	**65.7**	66.3	(0.6)	(0.9%)
External costs	**(198.4)**	(219.5)	21.1	9.6%
Publishing division recharge	**132.7**	153.2	(20.5)	(13.4%)
Costs	**(65.7)**	(66.3)	0.6	0.9%
Operating result	**–**	–	–	–

Revenues fell by £0.6 million or 0.9% to £65.7 million. Higher revenues from contract printing have been more than offset by reduced revenues from newsprint supplied to contract print customers due to newsprint price and volume reductions together with a decline in other revenues as a result of a fall in waste prices.

External costs fell by £21.1 million or 9.6% to £198.4 million. This includes newsprint price and volume declines and cost reduction initiatives partially offset by costs associated with increases in contract printing revenues and inflationary cost increases.

The costs recharged to the Publishing division were £132.7 million compared to £153.2 million in the prior year. The reduction in the recharge includes the benefit of the fall in newsprint prices and volumes, reduced volumes for the Sunday titles following the launch of a new UK national Sunday title towards the end of February 2012 and the benefit of cost reduction measures which have been partially offset by inflationary cost increases.

Specialist Digital

The Specialist Digital division includes Trinity Mirror Digital Recruitment, our digital classified recruitment vertical and Rippleffect and Communicator, our digital marketing services businesses. Trinity Mirror Digital Property Limited, a digital classified property vertical was sold effective the end of August 2013. Happli, a daily deals business, which was launched in 2011 and closed in 2012, was also included in the Specialist Digital division.

Trinity Mirror Digital Recruitment has rationalised its portfolio and focuses on the key brands of GAAPweb (finance and accountancy), totallylegal (legal), SecsintheCity (secretarial) and Fish4. Rippleffect is an award-winning digital marketing services agency which helps brands connect with their audiences, providing services which combine the right digital strategy with the best in design and technology to ensure engaging, creative and commercially successful digital solutions. Communicator is a digital communications agency which develops and manages digital communications across email, mobile, social and web enabling clients to send targeted customer communications on a global scale.

The revenue and operating profit of the Specialist Digital division is as follows:

	2013 £m	2012 £m	Variance £m	Variance %
Advertising	9.2	12.1	(2.9)	(24.0%)
Other	9.5	9.3	0.2	2.2%
Revenue	**18.7**	21.4	(2.7)	(12.6%)
Costs	**(18.3)**	(24.3)	6.0	24.7%
Operating profit/(loss)	**0.4**	(2.9)	3.3	113.8%

The revenue and operating profit of the Specialist Digital division excluding Trinity Mirror Digital Property Limited and Happli is as follows:

	2013 £m	2012 £m	Variance £m	Variance %
Advertising	7.3	9.2	(1.9)	(20.7%)
Other	9.5	9.1	0.4	4.4%
Revenue	**16.8**	18.3	(1.5)	(8.2%)
Costs	**(16.6)**	(18.0)	1.4	7.8%
Operating profit	**0.2**	0.3	(0.1)	(33.3%)

Advertising revenue relating to the digital classified recruitment vertical declined by £1.9 million or 20.7% to £7.3 million due to reduced activity in the recruitment market and the impact of a rationalisation of the portfolio. Other revenues from the digital marketing services businesses grew by £0.4 million or 4.4% to £9.5 million with both businesses growing year on year.

The Specialist Digital division underlying operating profit fell by £0.1 million to £0.2 million with cost savings substantially offsetting the revenue declines.

Central

The Central division includes revenue and costs not allocated to the operational divisions and the share of results of associates.

The revenue and operating loss of the Central division is as follows:

	2013 £m	2012 £m	Variance £m	Variance %
Revenue	3.0	3.2	(0.2)	(6.3%)
Costs	(20.7)	(20.0)	(0.7)	(3.5%)
Associates	6.8	1.7	5.1	300.0%
Operating loss	**(10.9)**	(15.1)	4.2	27.8%

The result for the year was a loss of £10.9 million compared to a loss of £15.1 million in the prior year.

Revenue primarily relates to rental income from surplus office space at the Group's main office at Canary Wharf.

Costs not allocated to the operational divisions increased by £0.7 million from £20.0 million. to £20.7 million. The cost increase is driven by a £2 million investment in a new business development team and a number of initiatives which we invested in during the year.

The increase in the share of results of associates is driven by £5.1 million from our 20.0% interest in Local World which was completed on 7 January 2013. The PA Group profit at £1.7 million remained the same as the prior year.

FUTURE PERFORMANCE

Current trading

2014 has started in line with our expectations with revenue in January and February falling by 3% year on year. By category circulation revenue fell by only 1%, advertising revenue fell by 8%, printing revenue grew by 4% and other revenues fell by 1%. We continue to see good growth in digital revenues for the Publishing division.

Outlook

Whilst we expect continued month on month volatility, at this early stage in the year we anticipate an improvement in trends as we progress through 2014. Although newsprint prices have increased for the first half of 2014, in addition to an increase in the second half of 2013, we expect further structural cost savings of £10 million and ongoing cost mitigation actions to ensure that the Group has adequate headroom for investment whilst supporting profits and cash flows.

Following the capital reduction and after the repayment of £44.2 million of maturing debt in June 2014, we will have increased financial flexibility to consider all options for driving value for shareholders. This will include a potential return of capital to shareholders, considering further investment opportunities to build a stable and growing portfolio of print and digital assets, alongside meeting our obligations to fund our pension schemes to address historic deficits.

Increased financial flexibility, together with continued momentum on the delivery of the Group's strategy for growth provides the Board with confidence that performance for 2014 will be in line with expectations.

By order of the Board

Simon Fox
Chief Executive

13 March 2014

GOVERNANCE

CHAIRMAN'S GOVERNANCE INTRODUCTION

David Grigson
Chairman

High standards of corporate governance enhance performance and protect our shareholders.

Dear Shareholder

As a Board we believe that Corporate Governance is a live subject that we should strive to keep constantly fresh and under review. This is not because we like ticking boxes but it is because we believe that high standards of corporate governance enhance performance and protect our shareholders. This report is intended to give shareholders an understanding of the Group's corporate governance arrangements and how they operated in the year.

One of my key tasks during the year has been to lead the search for new non-executive directors. Kathleen O'Donovan left the Board after the Annual General Meeting in May 2013 and we knew that Gary Hoffman was close to completing nine years as a director. We are a relatively small Board, so in replacing two directors it was important to ensure that the chemistry was right. In Lee Ginsberg and Helen Stevenson I believe that we have found two directors who will bring strong but complementary skills to the Board. And I am delighted that with Helen's appointment we have gone some way to restoring the gender balance that was such a prominent feature of the Board I joined in 2012.

The Board has played a key role in overseeing the strategic direction of the Group and in monitoring the progress we are making to deliver growth in digital audiences, revenues and profits. I am confident that we are on the right path and am pleased with the progress made while also acknowledging that we still have much to do. Our ambition is to turn many years of slow decline in our revenues into a period of sustainable growth and we will continue to challenge the direction and pace of change to help deliver this outcome.

We have, of course, taken an oversight role in ensuring that the Group continues to trade profitably at a time when our industry is under pressure to transform and the economy is only just emerging from recession. Against this backdrop I am delighted that we have delivered another year of adjusted profit growth with the accompanying strong cash flows that enable us to make good progress in repaying our long-term debt.

We are also conscious that two very different issues from our past affect our present.

The first is our historical pension liabilities. The Board regularly discusses the obligations we owe to the various Group pension schemes and our strategies, working with the schemes' trustees, to manage to ensure that those liabilities will be fully funded.

Of an entirely different nature are the civil and criminal legal claims that have been made against the Group, particularly allegations of phone hacking and payments to public officials. The Board dedicates considerable time to directly overseeing the investigations into those claims through our independent external legal advisers from whom it has received regular reports.

Compliance with the UK Corporate Governance Code

As a listed company, Trinity Mirror plc is required to report on how it has applied the main principles of the UK Corporate Governance Code ('the Code'). A revised version of the Code was published in September 2012, which applies to companies with reporting periods commencing on or after 1 October 2012. This is the first year that the Company has reported against the revised code.

Throughout the 52 weeks ended 29 December 2013, the Company largely complied with the Code with the exception of Principle C.3.1. Departure from the Code was only temporary and the reasons for this are set out fully on page 33. The Code can be read in full at www.frc.org.uk.

We comply with the corporate governance statement requirements pursuant to the FSA's Disclosure and Transparency Rules by virtue of the information included in this 'Corporate Governance' section of the Annual Report together with information contained in the 'Shareholder Information' section on page 117.

David Grigson
Chairman

13 March 2014

GOVERNANCE

BOARD OF DIRECTORS

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1. David Grigson

Chairman,
Appointment date: May 2012 (appointed as a non-executive director in January 2012)

Committee membership: Chairman of the Nomination Committee, member of the Remuneration Committee and attends the Audit & Risk Committee meetings by invitation of its Chairman.

Experience: David is a Chartered Accountant and was the CFO of Emap plc, CFO of Reuters Group plc, non-executive director of Carphone Warehouse Group PLC and Chairman of Anobii Limited.

External appointments: Non-executive director of Standard Life plc, Senior Independent Director and non-executive director at Ocado Group plc, non-executive Chairman at Creston plc, non-executive Chairman of Investis Limited and Director/Trustee at the Dolma Development Fund.

2. Simon Fox

Chief Executive,
Appointment date: September 2012

Committee membership: Member of the Nomination Committee and attends the Audit & Risk and Remuneration Committee meetings at the invitation of the respective Committee Chairmen.

Experience: Simon was previously Chief Executive Officer of HMV Group plc. Prior to this, he was Chief Operating Officer for Kesa Electricals plc with responsibility for Kesa's subsidiaries in the UK and Continental Europe and its e-commerce businesses. Simon began his career as a graduate trainee at Security Pacific Bank and worked at Boston Consulting Group. Thereafter, he founded Office World, the UK's first out-of-town office supplies retailer. Simon was previously a non-executive director at Guardian Media Group plc.

External appointments: Non-executive director of PA Group Limited and a non-executive director of Local World Holdings Limited.

3. Lee Ginsberg

Non-Executive Director,
Appointment date: January 2014

Committee membership: Chairman of the Audit & Risk Committee and member of the Nomination and Remuneration Committees.

Experience: Lee is a Chartered Accountant by profession and is Chief Financial Officer and an Executive Director of Dominos Pizza Group plc. Lee joined Dominos in 2004 as Finance Director and Company Secretary. Lee has announced his retirement from Dominos Pizza Group effective 2 April 2014. Prior to his role at Dominos Pizza Group, Lee held the post of Group Finance Director for Holmes Place plc, where he also served for 18 months as Deputy Chief Executive. Previously, Lee held the position of Group Finance Director at Etam plc.

External appointments: Non-executive director of Mothercare plc.

4. Mark Hollinshead

Chief Operating Officer,
Appointment date: October 2012

Committee membership: Attends the Audit & Risk, Nomination and Remuneration Committee meetings at the invitation of the respective Committee Chairmen.

Experience: 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 Limited, prior to which he was Managing Director of Midland Weekly Media Limited. Previously, he was Business Development Director at Thomson Regional Newspapers Limited, 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 Limited in the mid 1980s. Mark spent the early part of his career working in advertising agencies. He was previously Chairman of Scottish Athletics Limited.

External appointments: Director of the Newspaper Publishers Association Limited and a non-executive director of Nova Holdings Limited.

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5. Jane Lighting

Senior Independent Director,
Appointment date: January 2008

Committee membership: Chairman of the Remuneration Committee and member of the Audit & Risk and Nomination Committees.

Experience: Jane was Chief Executive of the television company, Channel 5 and of Flextech plc. Prior to that she was founder and CEO of Minotaur International Limited. She started her career with television production company Video Arts. Between 2009 and 2013 she served as a non-executive director of Paddy Power Plc.

External appointments: Jane is a Trustee and Fellow of the Royal Television Society and Council Member of the British Screen Advisory Council.

6. Donal Smith

Non-Executive Director,
Appointment date: March 2012

Committee membership: Member of the Audit & Risk, Nomination and Remuneration Committees.

Experience: Previously CEO of Data Explorers and before that at Thomson Reuters plc, Donal was the CEO of Thomson Financial Europe and Asia. Prior to that, he was the CEO of Financial Times Electronic Publishing and publisher of FT.com.

External appointments: Director of BI-SAM Technologies S.A., Commodity Vectors Limited and Credit Benchmark Limited, and Chairman of Selerity Inc.

7. Helen Stevenson

Non-Executive Director,
Appointment date: January 2014

Committee membership: Member of the Audit & Risk, Nomination and Remuneration Committees.

Experience: Helen was Chief Marketing Officer UK at Yell Group plc from 2006 to 2012 and prior to this she served as Lloyds TSB Group Marketing Director. Helen started her career with Mars Inc where she spent 19 years, culminating in her role as European Marketing Director, leading category strategy development across Europe. Helen has in the past served as a non-executive director on the main Board of the Department of Work and Pensions.

External appointments: Non-executive director of St Ives plc, the Skipton Building Society and serves on the Strategic Advisory Board of Henley Business School. She is also a partner of Navitas IP.

8. Vijay Vaghela

Group Finance Director,
Appointment date: May 2003

Committee membership: Attends the Audit & Risk Committee meetings by invitation of its Chairman.

Experience: Vijay is 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.

External appointments: An Independent Member of the Audit Committee of The Football Association and non-executive director of Local World Holdings Limited.

9. Paul Vickers

Secretary and Group Legal Director,
Appointment date: September 1999 (April 1994 Mirror Group plc)

Committee membership: Attends the Audit & Risk, Nomination and Remuneration Committee meetings at the invitation of the respective Committee Chairmen.

Experience: Paul 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. In 1994 he became a Director of Mirror Group plc which merged with Trinity plc to form Trinity Mirror plc.

External appointments: Director of the Press Standards Board of Finance, the body that funds and sets the remit for the PCC and director of the Regulatory Funding Company.

Leadership

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. The Board sets the Company's strategic aims and ensures that the necessary resources are in place to allow the Company's objectives to be met and to review management performance. The Board sets the Company's values and standards and ensures that its obligations to shareholders and others are met.

The directors' biographies setting out their skills and experience can be found on pages 30 and 31.

The Board has a formal schedule of matters reserved to it for decision. 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/footer_links/corporate-governance/board-committees.

The current Board composition is five non-executive directors and four executive directors.

Board activity

Key areas of focus for the Board in 2013 included:

- Strategy
- Risk reviews
- Editorial controls and historical legal issues
- Digital publishing
- New product development
- The Mirror brand
- Pensions
- Governance and Board performance

The Board expects that the areas of focus for 2014 will remain the same as 2013 with the exception of the Mirror brand which was successfully re-launched in September 2013.

Chairman and Chief Executive

The roles of the Chairman and Chief Executive are separated. Their responsibilities are clearly defined, set out in writing and agreed by the Board.

Role of the Chairman

The Chairman, David Grigson, ensures that the directors receive accurate, timely and clear information. He is responsible for cultivating a boardroom culture of honesty and openness which encourages debate, challenge where appropriate and enables non-executive directors to make an effective contribution. The Chairman sets the Board's agenda and ensures sufficient time is allocated for the discussion of all agenda items. The Chairman also consults with the non-executive directors, in particular the Senior Independent Director on matters of corporate governance.

Role of the Chief Executive

As Chief Executive, Simon Fox is responsible for the day-to-day leadership, operations, performance and management of the Company within the strategy and plans agreed by the Board. This is implemented through the executive directors and the rest of the senior management team.

Executive Directors

Mark Hollinshead, Vijay Vaghela and Paul Vickers support Simon Fox with the implementation of the Company's strategy and operational performance.

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 ensures that effective communication flows between the Board and its committees and between senior management and the non-executive directors. The Company Secretary also advises the Board on corporate governance matters and ensures that Board procedures are followed.

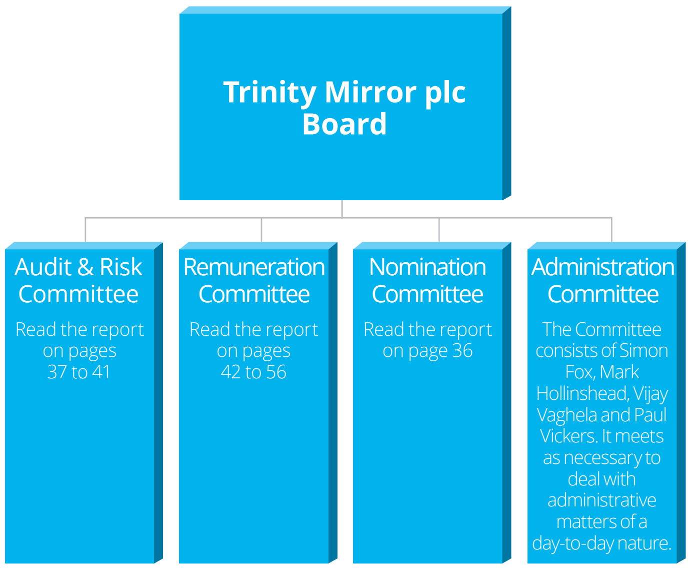
The Board has considered the effect of Paul Vickers' roles as an executive director and Company Secretary and believes that Mr Vickers is able to maintain independence where required. The Chairman reviews Mr Vickers' performance regularly and appropriate procedures are in place which allow him to perform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

Senior Independent Director

The Senior Independent Director, Jane Lighting, is available to shareholders to assist with addressing concerns they may raise.

Our governance structure

The Company's governance framework is set out in the diagram below:



Committee membership

The Board has agreed that all non-executive directors, other than the Chairman, 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.

The Chairman chairs the Nomination Committee and is a member of the Remuneration Committee. He attends the Audit & Risk

Committee meetings by invitation of its Chairman. During the year, David Grigson temporarily chaired the Audit & Risk Committee following the departure of its former Chair, Kathleen O'Donovan on 16 May 2013. Lee Ginsberg joined the Board on 1 January 2014 and was appointed Chairman of the Audit & Risk Committee with effect from that date and Mr Grigson stepped down from the Committee.

When Kathleen resigned from the Board at the Annual General Meeting in May 2013, the position of Chairman of the Audit & Risk Committee became vacant. The Board had selected a preferred external candidate to fill the vacancy and to replace Kathleen as Chairman of the Committee. However, the candidate was unable to accept the position due to personal health reasons and the Board felt that David Grigson, being the non-executive director with the most relevant financial experience, would be the most suitable person to act as interim Chairman of the Audit & Risk Committee until a permanent replacement for the role was found. During the time Mr Grigson acted as interim Chairman of the Audit & Risk Committee, an independent non-executive director presented the findings of the Audit & Risk Committee to the Board. The Board recognises that this was a temporary departure from Principle C.3.1 of the Code which has now been addressed.

Board attendance

The number of scheduled Board and Committee meetings held during the year and directors' attendance is set out in the table below.

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.

The Board held 11 scheduled meetings in 2013. The Board holds meetings in its regional offices as well as its London office. This provides a valuable opportunity for the directors to further their understanding of the Group's operations and key regions. In 2013, the Board held meetings in Glasgow and Birmingham.

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 senior management team attend Board meetings by invitation and make presentations regularly.

Effectiveness

Director independence

The independence of non-executive directors is considered annually as part of the Board Performance Evaluation process.

The Board believes that all its non-executive directors continue to demonstrate independence in character and judgement and are independent as defined by section B.1.1 of the Code.

The Board believes that the Chairman was independent at the date of his appointment. During 2013, Mr. Grigson became Chairman of Investis Limited. The Board is comfortable that this appointment, together with his other declared significant commitments, which are his Chairmanship of Creston plc and non-executive directorships of Standard Life plc and Ocado plc, do not detract from his ability to devote sufficient time to the Company to properly fulfil his responsibilities and be effective in his role.

Biographical details of the non-executive directors are set out on pages 30 and 31.

Board performance evaluation

The Board's performance and effectiveness is reviewed annually. It has adopted a policy of engaging with external consultants every third year. The last external evaluation was facilitated by Dr Tracy Long of Boardroom Review and considered performance in 2011. An independent review will be conducted in respect of performance in 2014.

In 2013, the Board undertook an evaluation of its own performance and that of its committees and individual directors through a process overseen by the Chairman and the Secretary and Group Legal Director. The evaluation took the form of a detailed questionnaire completed by each director. The evaluation focused on boardroom culture and dynamics, strategic development, the effectiveness of the Board and in carrying out its roles and responsibilities, Board processes and the role of the Chairman.

The results were presented to and discussed at a Board meeting in January 2014 as part of a wider corporate governance review. Overall, it was concluded that the Board, its committees and membership continued to be effective.

2013 Board and Committee meetings and attendance

	BOARD		AUDIT & RISK COMMITTEE		REMUNERATION COMMITTEE		NOMINATION COMMITTEE	
	Scheduled	Unscheduled	Scheduled	Unscheduled	Scheduled	Unscheduled	Scheduled	Unscheduled
Director								
David Grigson	11/11	1/1	6/6	1/1	8/8	None	4/4	None
Simon Fox	11/11	1/1	6/6**	1/1**	7/8**	None	4/4	None
Gary Hoffman	10/11	0/1	5/6	0/1	8/8	None	4/4	None
Mark Hollinshead	10/11*	1/1	4/6**	1/1**	N/A	None	3/4*	None
Jane Lighting	10/11*	1/1	5/6*	1/1	7/8	None	4/4	None
Kathleen O'Donovan***	5/5	N/A	2/2	1/1	4/4	None	1/1	None
Donal Smith	11/11	1/1	6/6	1/1	8/8	None	4/4	None
Paul Vickers	11/11	1/1	6/6**	1/1**	8/8**	None	4/4	None
Vijay Vaghela	11/11	1/1	6/6**	1/1**	N/A	None	4/4	None

* absence due to illness

** attends meetings at the invitation of the Committee Chairman

*** Kathleen O' Donovan left the Board on 16 May 2013. She attended all the meetings she was eligible to attend during the period.

GOVERNANCE

CORPORATE GOVERNANCE REPORT CONTINUED

Appointments

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

The Articles state that 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. However, the Board is fully supportive of the Code and all directors will continue to seek re-election on an annual basis at future Annual General Meetings in line with Provision B.7.1 of the Code. Further information is included in the Notice of Meeting.

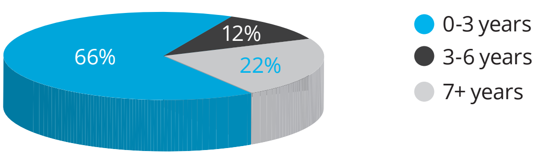
Non-executive directors are appointed for an initial term of three years and may be invited to serve subsequent terms. Prior to seeking re-election at the end of their initial term by shareholders, the Nomination Committee meets to consider whether his or her performance continues to be effective and 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 January 2014.

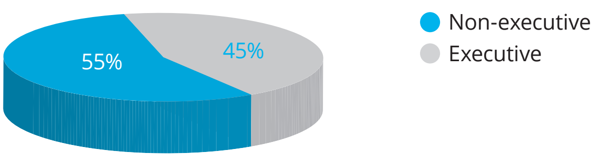
The Chairman and the non-executive directors have letters of appointment which are available for inspection at the registered office of the Company during normal business hours and at the place of the Company's Annual General Meeting. The executive directors have service contracts which are similarly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

The Board has a Nomination Committee which leads the process for Board appointments and makes recommendations to the Board.

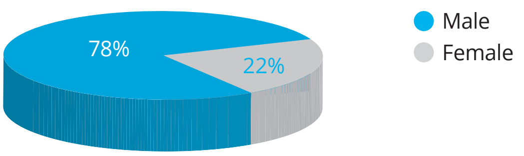
Board tenure



Board composition



Board diversity



Board induction, training and development

A full, formal and individually tailored induction programme is provided for all new directors upon appointment. This includes an assessment of their training requirements and provision of the appropriate training. New directors are provided with background reading about the Group to assist their understanding of the nature of the Company, its business and the markets in which it operates. Details of Board procedures and other governance-related matters are also provided as part of the induction process.

Throughout their tenure, directors receive updates on relevant issues as appropriate, taking into account their individual qualifications and experience. The Secretary and Group Legal Director facilitates any other professional development that directors 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.

The Board is satisfied that each director has sufficient time to devote to discharging their responsibilities as a director of the Company.

Independent advice

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

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 2013 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, an annual review has been conducted and the Board will continue to monitor and review potential conflicts of interest on a regular basis.

Directors' indemnity and insurance

As approved by shareholders at the 2008 Annual General Meeting, 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.

Relations with shareholders

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

The Board receives 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 institutional shareholders and analysts.

The Company's website, www.trinitymirror.com, 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 results 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.

Accountability

Risk management and internal control

The Board has overall responsibility for the Company's system of risk management and internal controls. The Board regularly reviews the Company's material risks and its internal controls. The risk management process is supported by our internal auditors reviewing the effectiveness of internal controls and our external auditors undertake regular reviews of our internal control mechanisms and provide assurances on their effectiveness.

Further information on internal controls and risk management can be found on pages 40 and 41 of the Audit & Risk Committee Report. The principal risks and uncertainties the Group faced during the year are set out in the Strategic Report on pages 16 and 17.

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 Strategic Report on pages 15 to 28 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 and the structural changes in the market on the Group's revenues and profits. The Group undertakes regular forecasts and projections of trading for targeting performance and identifying areas of focus for management to improve performance and mitigate the impact of any deterioration in the economic outlook and structural challenges;
- The impact of the competitive environment within which the Group's businesses operate;
- 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; and
- The committed finance facilities available to the Group. The Group has access to a committed bank facility of £110.0 million under which drawings can be made with 24 hours' notice and was undrawn at the year end. The bank facility reduces to £101.8 million in March 2014 and further reduces to £93.5 million in March 2015 and remains at this level until August 2015. The Group also has overdraft facilities of £25.0 million to meet day-to-day working capital requirements.

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's financing facilities for the foreseeable future.

The directors have reasonable expectations 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.

Annual General Meeting

Shareholders will have the opportunity to meet and put questions to the directors at the Annual General Meeting, which will be held at the Hilton London Canary Wharf Hotel, South Quay, London E14 9SH on 15 May 2014.

A detailed explanation of each item of business to be considered at the Annual General Meeting is included in the Notice of Meeting which will either be sent to the shareholders in advance of the Annual General Meeting or will be available to download from the website www.trinitymirror.com/investors. Shareholders who are unable to attend the Annual General Meeting are encouraged to vote in advance of the meeting, either online at www.sharevote.co.uk or by using the proxy card which will be sent to all shareholders.

At last year's Annual General Meeting held on 16 May 2013, all resolutions were passed with votes in support of a resolution ranging from 91.41% to 99.97%.

The Company has given notice for a General Meeting to be held on 28 March 2014 to request shareholder approval for a capital reduction to offset the deficit on the profit and loss account reserve.

David Grigson
Chairman

13 March 2014

GOVERNANCE

NOMINATION COMMITTEE REPORT

David Grigson
Chairman of the Nomination Committee

Dear Shareholder

I am pleased to present the report of the Nomination Committee for the 52 weeks ended 29 December 2013.

Current members

David Grigson (Chairman)
Simon Fox
Lee Ginsberg
Jane Lighting
Donal Smith
Helen Stevenson

Gary Hoffman left the Committee on 13 March 2014. Helen Stevenson and Lee Ginsberg joined the Committee on 1 January 2014.

Biographical details of the Committee members can be found on pages 30 and 31.

Role of the Committee

The role of the Nomination Committee is to:

- Review the Board's structure, size and composition, including the balance of skills;
- Make recommendations regarding any adjustments to the composition of the Board;
- Assess the time commitment required from non-executive directors and evaluate whether the non-executive directors are committing enough time to fulfil their duties; and
- Propose recommendations to the Board for the continuation in service (or not) of each director.

The Committee's most important function is to ensure that Board membership comprises the best possible mix of skills, knowledge, experience and gender diversity so as to enhance the quality of its deliberations and decisions.

The Committee has formal terms of reference which are available from the Company's website http://www.trinitymirror.com/footer-links/corporate-governance/board-committees.

Activities during 2013

The Committee met four times during the year to consider board composition and related governance issues.

There is a formal and transparent procedure in place for making new appointments to the Board. During the period under review, the Committee worked with Egon Zehnder, an executive search agency, in its search for suitable candidates for non-executive appointments to the Board. Egon Zehnder has no other connection with Trinity Mirror.

Suitable candidates that the search identified were interviewed and met with the Board. The Committee recommended to the Board that Lee Ginsberg and Helen Stevenson be appointed as non-executive directors with effect from 1 January 2014. Being a relatively small board, we sought to appoint non-executive directors with the right chemistry, insight, skills and experience that would assist with the Company's transformation and we are confident that Helen and Lee's strong and complimentary skills fulfill that brief.

Following the departure of Kathleen O'Donovan at the Annual General Meeting in May 2013, the Committee undertook the task of finding an external non-executive director that could replace Kathleen and act as Chairman of the Audit & Risk Committee. A suitable candidate was selected and offered the position but was ultimately unable to accept the position due to personal health reasons.

Following a recommendation from the Committee, the Board resolved to appoint Lee Ginsberg as Chairman of the Audit & Risk Committee effective 1 January 2014.

The Committee recommended that Jane Lighting be appointed as the Senior Independent Director following the departure of Gary Hoffman from the Board on 13 March 2014.

Areas of focus 2014

In 2014, the Committee will continue to focus on assessing the appropriateness of the structure, size and composition of the Board and its Committees.

Diversity

The Board recognises the importance of diversity, including gender, in the boardroom and seeks to recruit directors with varied backgrounds, skills and experience. Whilst recognising the importance of diversity in board composition, it is the Board's policy that Board appointments be made on merit judged against objective criteria, taking account of the skills, experience and expertise of candidates.

The Board is pleased that the appointment of Helen Stevenson has increased female representation on the Board. There are currently two female members of the Board which is 22%.
The Board hopes to retain or improve this level in the future.

David Grigson
Chairman of the Nomination Committee

13 March 2014

AUDIT & RISK COMMITTEE REPORT

Lee Ginsberg
Chairman of the Audit & Risk Committee

Dear Shareholder

I am pleased to present the report of the Audit & Risk Committee for the 52 weeks ended 29 December 2013.

Current members

Lee Ginsberg (Chairman)
Jane Lighting
Donal Smith
Helen Stevenson

Gary Hoffman left the Committee on 13 March 2014. Helen Stevenson and I joined the Committee on 1 January 2014.

The composition of the Committee changed during 2013 with the resignation of Kathleen O'Donovan at the Annual General Meeting in May 2013. Kathleen was a non-executive director and chaired the Audit & Risk Committee. The Board identified an external non-executive director to take over as Chairman of the Committee following Kathleen's departure but the candidate was eventually unable to accept the role due to personal health reasons.

As previously explained on page 33, the Board decided to temporarily depart from compliance with Principle C.3.1 of the Code *(the company chairman may be a member of, but not chair, the audit committee)*, and appointed David Grigson as interim Chairman of the Committee on 23 July 2013 until my appointment on 1 January 2014. The Board felt that as David had the most recent and relevant financial experience of the non-executive directors it would be most appropriate to appoint him as interim Chairman of the Committee. During David's time as interim Chairman, a non-executive member of the Committee presented its findings to the Board in order to preserve independence of reporting.

All members of the Committee are non-executive directors and their biographical details are set out pages 30 and 31. The Board is satisfied that the members of the Committee have a wide range of commercial and financial experience which allows the Committee to fulfil its Terms of Reference. The Terms of Reference of the Committee are published on the Company website: www.trinitymirror.com/footer-links/corporate-governance/board-committees.

The Committee has identified me as the member having recent and relevant financial experience for the purposes of the Code.

Meetings of the Audit & Risk Committee are also attended by the executive directors, the Head of Risk and Audit and representatives from the Company's auditors, Deloitte LLP.

Role and activity of 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 and assess the Annual Report in order to determine whether it can advise the Board that, taken as a whole, the Annual Report is fair, balanced and understandable and provides shareholders with the information they need to assess the Company's performance, business model and strategy as required by provision C.1.1 of the Code;
- Review significant financial reporting issues;
- 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;
- Review and approve the external audit plan;
- 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; and
- Review and approve the internal audit plan.

The Terms of Reference authorise the Committee to obtain independent advice at the Company's expense.

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.

Main activities of the Committee during 2013

The Committee had six scheduled meetings during the year.

Items reviewed at the Audit & Risk Committee meetings in 2013 were:

- Reports and Financial Statements;
- Tax and Treasury Policies;
- Editorial Governance;
- Review of Whistleblowing Process and Procedures;
- Internal Audit Plan;
- Review of Results of Internal Audit;
- Risk Management Plan;
- External Audit Plan;
- Review of effectiveness of External Auditors;
- Findings from the External Auditors on the 2013 interim review;
- Findings from the External Auditors on the 2012 year end audit; and
- External Audit fees.

In 2014, to date, the Committee has focused on the 2013 year end.

Annual Report

The Committee has undertaken a review and assessment of the Annual Report in order to determine whether it can advise the Board that, taken as a whole, the Annual Report is fair, balanced and understandable and provides shareholders with the information they need to assess the Company's performance, business model and strategy as required by provision C.1.1 of the Code.

The Committee performed the following steps:

- Reviewed reports from management outlining the requirements which were updated as an ongoing part of the year end process;
- Considered the results of an independent review performed by a senior individual outside of the finance function;
- Reviewed the outcomes of reviews performed by the auditors and the annual report printers; and
- Discussed the above reports at Audit & Risk Committee meetings.

Significant financial issues

The Committee assesses whether suitable accounting policies have been adopted and whether management have made appropriate estimates and judgements. The Committee reviews accounting papers prepared by management which provide details on the main financial reporting judgements. The Committee also reviews reports by the external auditors on the full year and half year results which highlight any issues with respect to the work undertaken on the audit.

The Committee considered the following significant issues in relation to the financial statements:

Impairment review

Each year a detailed impairment review is undertaken to compare the carrying value of assets held on the consolidated balance sheet and the Trinity Mirror plc balance sheet to their value in use. The value in use is calculated using a discounted cash flow model and there are a number of judgements made in setting the assumptions that underpin the model. A paper summarising the conclusions of the review is presented to the Committee. The auditors also undertake a review of the detailed model supporting the review.

Both the Committee and auditors challenge the conclusions of the review and consider any external factors which may change the conclusions of the review.

The key assumptions underpinning model are as follows:

- The discount rate, based on the weighted average cost of capital ('WACC'). This is calculated after due consideration to market factors impacting the WACC and items that are specific to the Group such as the current capital structure and the best estimate of future movements in the capital structure;
- Three-year projections which are separately presented to and approved by the Board;
- Long-term growth rates;
- The identification of cash-generating units; and
- The appropriateness of the indefinite life assumption for publishing rights and titles.

The conclusions of the review and the sensitivity of the review to changes in the key assumptions are disclosed in the notes to the consolidated and parent company financial statements.

Impairment is not considered a principal risk for the Group as it relates to historic transactions with no cash impact nor is there any impact on the financial covenants for the Group's debt facilities.

The impairment review in respect of the 2013 year end concluded that an impairment of £225 million (prior to the release of deferred tax of £44.3 million) was required to the carrying value of assets held in the consolidated balance sheet and that an impairment of £700 million was required to the carrying value of investments held in the Trinity Mirror plc Company balance sheet. Disclosure of the impairments are in notes 14 and 15 in the notes to the consolidated financial statements and note 4 in the notes to the parent company financial statements.

Historical legal issues

The historical legal issues relate to two investigations being undertaken by the Metropolitan Police in relation to inappropriate payments to public officials and phone hacking. In addition to the risk of ongoing legal costs, the Group could be exposed to potential civil claims from individuals.

This is a standing item on the Board agenda and therefore is not specifically an agenda item for the Committee. The Committee does assess whether any matters relating to historical legal issues have any impact on the consolidated financial statements and that the Annual Report contains sufficient disclosure of such matters.

The auditors' year end report details the procedures undertaken by them and the discussions with management and this is discussed in detail by the Committee.

One of the Group's four principal risks relates to historical legal issues and the risk and the management action to mitigate the risk and also the disclosure relating to the latest position are set out in the risks and uncertainties section of the Strategic Report.

Pension schemes

At each year end the Group's actuaries, Towers Watson, undertake a detailed calculation of the IAS 19 valuation of the Group's defined benefit pension schemes and of the specific financial disclosures in the financial statements. A detailed report prepared by Towers Watson setting out the judgements, assumptions and conclusions is presented to the Committee for review. Full disclosure of the Group's pension schemes is in note 33 in the notes to the consolidated financial statements.

The assumptions are agreed by management after taking advice from Towers Watson. This includes external benchmarking of the key assumptions by Towers Watson.

The auditors perform a detailed review of the report prepared by Towers Watson and of the key assumptions used for the valuation including external benchmarking.

The assumptions regarding the discount rate, inflation rates and mortality rates are given particular attention and challenge by the Committee members and auditors. Disclosure of the valuation and the sensitivity of the valuation to changes in the key assumptions are disclosed in note 33 in the notes to the consolidated financial statements.

Trinity Mirror plc is the sponsoring company for one of the Group's schemes and disclosure of the valuation relating to this scheme is included in note 10 in the notes to the parent company financial statements.

Pension schemes are one of the Group's four principal risks that are set out in the risks and uncertainties section of the Strategic Report. This sets out the risk and the management action to mitigate the risk.

For the 2013 year end, the Group has adopted IAS 19 (Amended) and has restated the prior year comparatives. The impact of the adoption of the amended standard was disclosed in the half-yearly financial report and was reviewed by the Committee at that time. The amended standard also requires additional disclosures to be made. Management drafted the new disclosures including taking advice from Towers Watson and these have been reviewed by the auditors. The Committee reviewed the new disclosures as part of the review of the Annual Report.

The main discussion at the year end related to an update of the best estimate of the likely future experience in respect of demographic assumptions which had a combined impact of reducing the accounting deficit by £47 million. Management and Towers Watson set out the basis for the updated assumptions and these were reviewed in detail by the auditors who concurred with the assumptions. Note 33 in the notes to the consolidated financial statements includes specific disclosure of the change in these assumptions and the impact on the pension deficit.

Non-recurring items

The Committee assesses the appropriateness of disclosing the costs associated with restructuring to improve efficiencies to deliver costs savings as a non-recurring item. The restructuring costs disclosed as non-recurring are predominantly severance and are supported by clearly identifiable savings. The auditors also review the consistency of the items disclosed as non-recurring items.

Going concern

The Committee receives a report setting out the Going Concern review undertaken by management which forms the basis of the Board's going concern conclusion.

External auditors

The Committee has primary responsibility for making recommendations on the appointment, reappointment and removal of the external auditors. There are no contractual obligations that restrict the Company's choice of auditor.

Following the annual external audit effectiveness review, the Committee recommended the reappointment of Deloitte LLP as external auditors. The review was carried out by the Committee with the assistance of the Head of Risk and Audit. The review examined auditor independence, the audit planning process, audit approach and delivery, audit team expertise and experience, resources, responsiveness and communication. The review took the form of an extensive questionnaire which was sent to directors and senior managers across the Group. The results were analysed by the Head of Risk and Audit and a full report was submitted for review by the Committee. The report as a whole was discussed with the external auditors and, in the absence of any adverse findings, the Committee concluded that the audit process was fit for purpose.

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 reviews and agrees the engagement letter from Deloitte LLP and verifies their independence and objectivity. It also reviewed the scope of non-audit services provided by Deloitte LLP to ensure that their objectivity was not impaired.

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 2013. Further details concerning external audit fees can be found in note 6 in the notes to the consolidated financial statements.

The Committee is satisfied that there are no relationships between the Company and the auditor, its employees or its affiliates that may reasonably be thought to impair the auditors' objectivity and independence.

Audit tendering

The Committee has noted the changes to the Code, the recent findings of the Competition Commission, the Guidance for Audit Committees issued by the Financial Reporting Council and the European Union ('EU') draft regulation in respect of audit tendering and rotation. The EU draft regulation intends to introduce a requirement that all EU public interest entities rotate their auditors every 10 years. Member States can choose to require rotation after a shorter period. If Member States choose to allow it, the period can be extended to a maximum of 20 years if the appointment is tendered after 10 years. Subsequent to the EU announcement, the Competition Commission confirmed that it was revising its administrative timetable for finalising its guidance to enable the Commission to consider the implications of the EU proposals. The date of entry into force of the EU regulation is currently expected to be July to October 2014. The 2012 edition of the UK Corporate Governance Code currently requires FTSE 350 companies, on a 'comply or explain' basis, to put the external audit contract out to tender at least every 10 years.

Deloitte LLP currently audits the Group's subsidiaries and they have been the Company's auditors since 1999.

In accordance with the Auditing Practices Board standards, the Lead Audit Partner is rotated every five years and the Company's Lead Audit Partner will be changed for the 2014 audit.

The Committee notes that the Group is not a FTSE350 company but reviews the performance of the auditors each year including discussion as to whether an audit tender is required.

Non-audit services

The Board has adopted a formal policy on the engagement of the external auditors to supply non-audit services. Generally, 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.

Internal controls and risk management

The Committee monitors and reviews the effectiveness of internal controls and risk management. The Committee has considered that the appropriate systems are in place, are adequate and are operating properly.

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 annually. The Head of Risk and Audit is a Chartered Accountant with extensive experience.

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 2013, principal risks were identified, assessed and reviewed by impact and probability. The principal risks and uncertainties facing the business can be found in the Strategic Report on pages 16 and 17.

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.

Internal controls

The directors are responsible for the Group's established system of internal control and for reviewing its effectiveness. The directors confirm that the actions it considers necessary have been or are being taken to remedy any significant failings or weaknesses identified from its review of the system of internal control. This has involved considering the matters reported to it and developing plans and programmes that it considers are reasonable in the circumstances. The Board also confirms that it has not been advised of material weaknesses in the part of the internal control system that relates to financial reporting. 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:

Financial reporting

Part of the comprehensive management reporting discipline involves the preparation of detailed annual budgets by all operating units. These budgets are carefully examined by the executive directors and are then 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 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 together with a treasury report (including comparison to our financial covenants)) are prepared and submitted to the Board four times during the year.

Investment appraisal

The Company has 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 executive directors, or in certain circumstances, the Board, are clearly established. 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 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 2013:

Group Internal Audit	Following a review, the shape and structure of the internal audit team changed at the end of the financial year. The Head of Risk and Audit is a Chartered Accountant with six years of internal audit experience at the Company and six years with the National Audit Office. He will oversee a risk based internal audit programme using the services of outsourced contract providers.
	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.
Risk Management Group	The Risk Management Group is formed of the executive directors 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 director 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.

Lee Ginsberg
Chairman of the Audit & Risk Committee

13 March 2014

GOVERNANCE

REMUNERATION REPORT

Jane Lighting
Chairman of the Remuneration Committee

Dear Shareholder

On behalf of the Board, it gives me great pleasure to present to you the Remuneration Report for the 52 weeks ended 29 December 2013 for which we will be seeking approval at the Annual General Meeting on 15 May 2014. In line with the new reporting regulations that came into effect on 1 October 2013, this Remuneration Report is split into three parts: this Annual Statement, a Policy Report and an Annual Report on Remuneration.

Context for executive remuneration at Trinity Mirror

2011 and 2012 were particularly busy years for Trinity Mirror's Remuneration Committee. After embarking on a wholesale review and restructuring of the shape of executive remuneration, we saw the departure of a long-serving chief executive and the engagement of her successor. During this process we re-cast the emphasis of executive remuneration and moved the focus from short-term cash reward to long-term share-based incentives. As a result, I am pleased to report that last year's remuneration report received 91.41% votes in favour. This was a significant increase from 2012 where 54.11% voted in favour.

2013 has therefore been a period of consolidation as the shift to a stronger performance culture has taken effect.

Executive and employee reward is linked to the delivery of our strategy and in 2013 we have seen real signs that our strategy is delivering. In 2013, revenue trends improved despite the challenging trading environment and there was notable growth in our digital audience.

Mark Hollinshead was promoted to the role of Chief Operating Officer in October 2012 and his salary was set in recognition of his level of experience in the role. The Committee increased his salary to £400,000 from 1 March 2014 in light of his performance and progression in the role. The base salaries for other executive directors are unchanged and for Vijay Vaghela and Paul Vickers remain at 2008 levels. The average salary increase at the time of the annual pay reviews in 2013 for all other management and staff across the Group was 2%.

The Annual Report on Remuneration gives details of Long Term Incentive Plan (LTIP) awards granted in 2011 which are due to vest in March 2014. Over the three-year period to 31 December 2013, Trinity Mirror's TSR ranked 6th of 15 companies which would ordinarily have warranted 65% vesting. The Committee has considered the Company's performance over this period more broadly and decided to reduce the formulaic vesting by 20% for all current and former participating executives, in accordance with the rules of the plan.

We take the views of our shareholders seriously and maintain an open dialogue to seek their views. In 2013, I met with larger shareholders to discuss the continuation of the existing long term incentive plan, the principles underlying the performance targets for any 2014 grant, the minimum level of shareholding expectations for executive directors, and the shape of our bonus plans.

After reviewing the appropriateness of a single absolute TSR target for the LTIP the Committee agreed that it should be retained for 2014 grants but will consider introducing an additional target (such as earnings per share) from the grants in 2015.

The Committee recognises that the period over which long-term incentives operate is increasing. The Committee believes that a three-year performance period remains appropriate for the Company particularly where it is in its strategic transformation. However, the Committee can see that greater alignment to shareholder interest would be attained by introducing an additional holding period of two years after LTIP shares have vested. This extended period will be applied to grants made from 2014. Malus and clawback provisions will be introduced for this holding period.

For a number of years the Company has used Group operating profit as the primary target for annual bonus schemes. This was appropriate during the very tough trading environment. The Committee believes that the introduction of an additional financial measure is now appropriate and will enhance the value of the bonus scheme as a lever to drive behaviour. For 2014, 25% of bonus potential will be linked to growth in publishing digital revenue.

We have also introduced a two-way discretion so that, in exceptional circumstances, the Committee can adjust formulaic bonus outcomes (within the limits of the plan) to ensure alignment of pay with the underlying performance of the business and to ensure fairness to shareholders and participants.

The Committee also recognises that the expectation of shareholding levels by executive directors has been rising. To reflect this change, the Committee has increased the levels of minimum shareholding that the Chief Executive is expected to hold from 150% to 200% of base salary and for the other directors from 100% to 133% of base salary. Restrictions on the sale of shares vesting from incentive schemes will be imposed until those levels are met.

Jane Lighting
Chairman of the Remuneration Committee

13 March 2014

POLICY REPORT

This Remuneration Report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The report meets the requirements of the UK Listing Authority's Listing Rules and the Disclosure and Transparency Rules. In this report we describe how the principles of good governance relating to directors' remuneration, as set out in the UK Corporate Governance Code (the Code), are applied in practice. The Remuneration Committee confirms that throughout the financial year the Company has complied with these governance rules and best practice provisions.

Directors' Remuneration Policy

This section of the report sets out the Remuneration Policy for executive directors and non-executive directors, which shareholders will be asked to approve at the Annual General Meeting on 15 May 2014. The Committee intends that the policy will come into effect from the date of the Annual General Meeting and is intended to apply for a period of three years.

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 long-term goals 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, whilst emphasising long-term performance-related remuneration.

The main components of each executive director's remuneration package are basic annual salary, pension and benefits, an annual bonus scheme linked to Group financial performance and share-based incentives linked to the delivery of shareholder value. 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 with a higher weighting on long-term share-based remuneration.

A summary of the directors' remuneration policy is summarised in the table below:

Executive director Remuneration Policy table

Base salary

Function	To attract and retain talent by ensuring base salaries are competitive in the relevant talent market.
Operation	Base salaries are reviewed annually, taking into account individual performance, market competitiveness[1], the experience of each executive director and salary increases across the Group.
Opportunity	Any base salary increases are applied in line with the outcome of the review. Percentage salary increases for executive directors will not normally exceed those of the wider workforce on an annualised basis over the period over which this policy will apply. Increases may be above this level if there is an increase in the scale, scope, market comparability or responsibilities of the role. Where increases are awarded in excess of the wider employee population, the Committee will provide an explanation in the relevant year's Annual Report on Remuneration.
Performance metrics	Individual and business performance are considerations in setting base salary.

Pension

Function	To provide post-retirement benefits for participants in a cost-efficient manner.
Operation	Executive directors participate in the Company's defined contribution scheme or receive a cash allowance in lieu. Employees who joined the Group prior to 2003 may be deferred members in defined benefit pension arrangements which were closed to future accrual on 31 March 2010.
Opportunity	Up to 15% of base salary for new hires. Cash supplements for deferred members in defined benefit pension arrangements vary based on the legacy scheme in which the executive participated and individual circumstances. Further details are provided on page 52.
Performance metrics	None.

Benefits

Function	To provide non-cash benefits which are competitive in the market in which the executive is employed.
Operation	Benefits typically include the provision of a company car or car allowance and fuel allowance, private medical cover, permanent health insurance and life assurance. Where appropriate, other benefits may be offered including, but not limited to allowances for accommodation, travel, relocation and participation in all-employee share schemes.
Opportunity	Benefits vary by role and individual circumstances; eligibility and cost is reviewed periodically.
Performance metrics	None.

[1] Companies used to assess market pay competitiveness have historically included media comparators and UK-listed companies of similar revenue and market capitalisation. The Committee reviews comparator companies periodically to ensure they remain appropriate and retains the discretion to adjust the reference groups or companies as appropriate.

Executive director Remuneration Policy table continued

Annual Bonus (delivered in the form of cash and restricted shares)

Function	To focus executives on delivering the business priorities for the financial year. The Restricted Share Plan ('RSP') is designed to provide further alignment with the interests of shareholders by deferring an element of the annual bonus and delivering it in the form of restricted share awards over Company shares.
Operation	Performance measures, targets and weightings are set at the start of the year. At the end of the year, the Committee determines the extent to which the targets have been achieved. 50% of any bonus earned is payable in cash and 50% is delivered in the form of restricted share awards. Restricted shares may not normally be transferred or otherwise disposed of by a participant for a period of three years from the date of grant. Executive directors are required to retain all of the shares released to them, after the sale of sufficient shares to meet any income tax or national insurance payments obligations of the executive director, until such time that minimum shareholding guidelines are met (see notes to the policy table). Restricted shares are subject to a malus provision which allows the Committee to determine that some or all of the shares may not be released to a participant at the end of the three-year period if during the three-year restricted period: there has been a significant deterioration in the underlying financial health of the Company; a material restatement of the Company's accounts as a result of a participant's conduct; a participant has deliberately misled the Company, the market or shareholders regarding the Company's financial performance; or a participant's actions have caused harm to the Company's reputation.
Opportunity	For executive directors, the maximum annual bonus opportunity is 75% of base salary (split 50% / 50% between cash and restricted shares). For on-target performance, the bonus opportunity is typically up to 50% of maximum. For threshold performance, the bonus opportunity is typically up to 20% of maximum. Additional shares representing reinvested dividends may be released following the vesting of any restricted share award.
Performance metrics	Performance is assessed annually based on challenging targets for financial / business performance. The measures selected may vary each year depending on business context and strategy, and will be weighted appropriately according to business priorities. Financial measures will represent the majority of the total bonus opportunity and will include, but may not be limited to, Group operating profit. For 2014, the Committee has introduced an element on growth in publishing digital revenue. The Committee has discretion in exceptional circumstances to adjust the formulaic bonus outcomes within the limits of the plan to ensure alignment of pay with the underlying performance of the business and to ensure fairness to both shareholders and participants. When assessing whether to exercise its discretion, the Committee will take into account factors including strategy execution, revenues, free cash flow and change in net debt over the period. The Committee also has discretion, in exceptional circumstances, to withhold bonus from an individual if his or her conduct was such that it was detrimental to the customers or reputation of the Group.

Long Term Incentive Plan

Function	To align the interests of executives with shareholders in growing the value of the business over the long term.
Operation	Awards of performance shares may be granted annually with vesting subject to performance over at least three years. For awards granted in 2014 onwards, the Committee intends to retain a three-year performance period and introduce a two-year holding period on vested LTIP shares with clawback / malus provisions to provide additional alignment with shareholders. Executive directors are required to retain 100% of shares vesting, after the sale of sufficient shares to meet any income tax or national insurance obligations of the executive director, until such time that minimum shareholding guidelines are met (see notes to the policy table). Performance conditions are reviewed before each award cycle to ensure they are appropriate and targets are set to be appropriately stretching over the performance period.
Opportunity	The LTIP provides for awards of up to 200% of base salary; however, the Committee intends that this limit will be used only in exceptional circumstances. LTIP awards (as a % of salary) are anticipated to be: Chief Executive 144% Group Finance Director 120% Other Executive Directors 110% Additional shares representing reinvested dividends may be released following the end of the holding period.
Performance metrics	Vesting of LTIP awards is subject to continued employment and the Company's performance over a three-year performance period. If no entitlement has been earned at the end of the relevant performance period, awards will lapse. Since 2012, awards vest on the achievement of stretching absolute TSR targets underpinned by relative TSR and Committee discretion. This approach will be used for 2014 awards. The Committee intends to review the possibility of introducing a second performance measure (such as earnings per share) in advance of the 2015 LTIP cycle. It is anticipated that the weighting on absolute TSR would remain at least 50%. Threshold absolute TSR performance typically results in nil vesting, with Stretch performance warranting full vesting. There is no provision for retesting. As mentioned above, for LTIP awards to vest, the Committee must be satisfied that the Company's absolute TSR performance is a genuine reflection of the underlying business performance of the Company over the performance period. When assessing this the Committee will take into account factors including revenues, free cash flow and change in net debt over the period.

Notes to the policy table

Payments from existing awards

Executive directors are eligible to receive payments from awards made prior to the approval and implementation of the remuneration policy detailed in this report. Such payments may not be within the scope of this policy. Details of these awards, eg those granted under the former Deferred Share Award Plan ('DSAP') and the Long Term Incentive Plan 2004, are disclosed in the Annual Report on Remuneration.

Performance measure selection and approach to target setting

The measures used under the annual bonus plan are selected annually to reflect the Company's key strategic priorities for the year and to reinforce financial performance. The Committee considers that absolute TSR (used in the LTIP) helps align executives with shareholder interests, and is an objective and transparent measure of the Company's performance and shareholder value. The above policy provides the Committee with the flexibility to consider the potential introduction of additional measures for future cycles.

When setting targets for the annual bonus, the Committee is conscious that the Group operates in a challenging sector which is in transition as a result of disruptive technology. Targets are set to reflect the need to maintain market share in established businesses with strong cash flows whilst investing to implement a strategy that will lead to publishing digital revenue growth.

Targets applying to the annual bonus and LTIP are reviewed annually, based on a number of internal and external reference points. Performance targets are set to be stretching but achievable, with regard to the particular strategic priorities and economic environment in a given year.

Differences in remuneration policy operated for other employees

Trinity Mirror's approach to annual salary reviews is consistent across the Group. All employees are eligible to participate in an annual bonus scheme with similar metrics to those used for the executive directors. Opportunities vary by organisational level with business area-specific metrics incorporated where relevant.

Participation in the LTIP is limited to those individuals who can influence Group performance. Performance conditions are consistent for all participants.

Shareholding guidelines

The Committee continues to recognise the importance of executive directors aligning their interests with shareholders through building up a significant shareholding in the Company. From 1 January 2014, the Committee increased the minimum shareholding guidelines for executive directors from 150% to 200% of base salary for the Chief Executive and from 100% to 133% of base salary for each of the other executive directors. Executive directors are encouraged to achieve the guidelines within five years of appointment. Until the relevant shareholding levels are acquired, executive directors are required to retain 100% of shares vesting, after the sale of sufficient shares to meet any income tax or national insurance obligations of the executive director, under the LTIPs, DSAP and RSP.

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

Details of the executive directors' current personal shareholdings are provided in the Annual Report on Remuneration on page 55.

Non-executive director remuneration

Non-executive directors do not have service agreements, but are engaged on the basis of a letter of appointment. In line with the UK Corporate Governance Code guidelines, all directors are subject to re-election annually at the Annual General Meeting. It is the policy of the Board that non-executive directors are not eligible to participate in any of the Company's bonus, long-term incentive or pension schemes.

Details of the policy on fees paid to our non-executive directors are set out in the table below:

Non-executive director fees

Function	To attract and retain non-executive directors of the highest calibre with broad commercial and other experience relevant to the Company and sector.
Operation	Fee levels are reviewed annually, with any adjustments generally effective 1 January in the year following review. The fees paid to the Chairman are determined by the Committee and the fees paid to the non-executive directors are determined by the Board. Additional fees are payable for acting as Senior Independent Director and as Chairman of the Audit & Risk and Remuneration Committees. When reviewing fee levels, time commitment, responsibilities and the market positioning of fees against sector comparators and FTSE-listed companies of similar size and complexity, are taken into account.
Opportunity	Non-executive director fee increases are applied in line with the outcome of the annual fee review. There is no prescribed maximum. Fees for the year commencing 1 January 2014 are set out in the Annual Report on Remuneration. The maximum aggregate annual fee for all non-executive directors provided in the Company's Articles of Association is £700,000.
Performance metrics	None.

Non-executive directors

In recruiting a new non-executive director, the Committee will use the policy as set out in the table on page 46.

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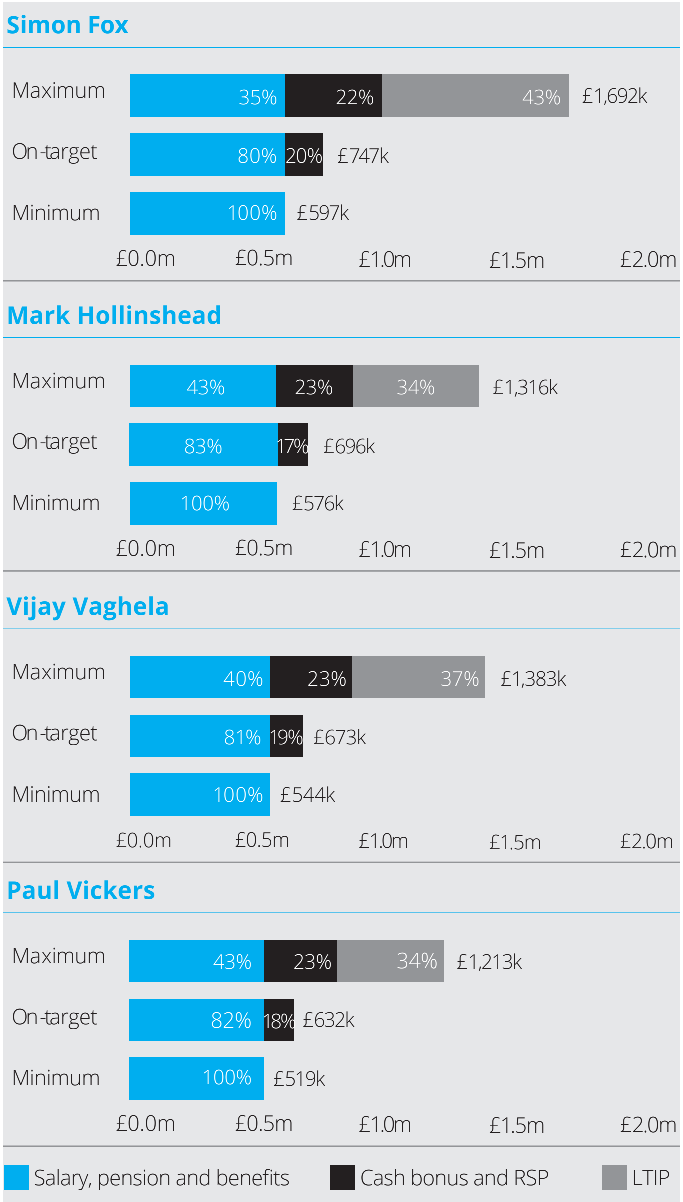
REMUNERATION REPORT CONTINUED

Scenario analysis

The charts below provide an estimate of the potential future reward opportunities for the executive directors, and the potential split between the different elements of remuneration under three different performance scenarios: 'Minimum', 'On-target' and 'Maximum'.

Potential reward opportunities are based on Trinity Mirror's remuneration policy, applied to latest known base salaries and incentive opportunities. Note that the LTIP awards granted in a year do not normally vest until the third anniversary of the date of grant, and the projected value excludes the impact of share price movement or dividend accrual.



The 'Minimum' scenario reflects base salary, pension and benefits (ie fixed remuneration), being the only elements of the executive directors' remuneration package not linked to performance.

The 'On-target' scenario reflects fixed remuneration as above, plus target bonus and RSP payout (based on 40% of maximum opportunity and LTIP threshold vesting (nil vesting).

The 'Maximum' scenario reflects fixed remuneration, plus maximum payout under all incentives (37.5% of salary under each of the annual bonus and RSP, and full vesting of LTIP awards). This could be lower than single figure total remuneration which includes the value of LTIP awards which vested on performance based on the share price at vesting (rather than grant).

Approach to remuneration for new director appointments

External appointment

In cases of hiring or appointing a new executive director from outside the Company, the Committee may make use of all existing components of remuneration, as follows:

Component	Approach	Maximum annual grant value
Base salary	The base salaries of new appointees will be determined based on the experience and skills of the individual, internal relativities, relevant market data and their current basic salary. Initial salaries may be set below market and consideration given to phasing any increases over two or three years subject to development in the role.	Not applicable
Pension	New appointees will be entitled to become members of the Company's defined contribution scheme or receive a cash alternative.	Not applicable
Benefits	New appointees will be eligible to receive benefits in line with the policy.	Not applicable
Annual Bonus (cash and restricted shares)	The structure described in the policy table will apply to new appointees with the relevant maximum being pro-rated to reflect the proportion of the year served.	Up to 100% of base salary (75% normal maximum)
Long Term Incentive Plan	New appointees will be granted awards under the LTIP on similar terms as other executives, as described in the policy table.	Up to 200% of base salary (144% normal maximum)

In determining appropriate remuneration structure and levels, the Committee will take into consideration all relevant factors to ensure that arrangements are in the best interests of both the Company and its shareholders. The Committee may make an award in respect of a new appointment to 'buy out' incentive arrangements forfeited on leaving a previous employer, ie over and above the approach outlined in the table above, and may exercise the discretion available under Listing Rule 9.4.2 R if necessary to do so. In doing so, the Committee will consider relevant factors including any performance conditions attached to these awards, the likelihood of those conditions being met and the proportion of the vesting period remaining. The fair value of any buyout award should generally have a fair value no higher than that of the awards forfeited.

Internal promotion

In cases of appointing a new executive director by way of internal promotion, the policy will be consistent with that for external appointees, as detailed above. Where an individual has contractual commitments made prior to their promotion to executive director level, the Company will continue to honour these arrangements.

Service contracts and exit payment policy

Executive	Date of contract
S Fox	30 August 2012
M Hollinshead	15 October 2012
V Vaghela	18 April 2003
P Vickers	28 April 2000

Executive director service contracts, including arrangements for early termination, are carefully considered by the Committee and are designed to recruit, retain and motivate directors of the quality required to manage the Company. 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.

The Committee conducted an extensive review of executive contracts in light of evolving best practice and made changes to policy for future hires. The termination provisions in Mr Fox and Mr Hollinshead's contracts provide that should the Company seek to terminate their employment it may do so making a payment in lieu of 12 months' base salary. Any payment in lieu will not include elements relating to any bonus or benefits. Their contracts provide that the Company may terminate in breach of the agreement and may require them to mitigate any loss.

Any new executive directors will be engaged on these new contractual terms.

Under their respective contracts – entered into prior to 2012 – should Mr Vaghela or Mr Vickers leave 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. In the event that either individual has worked for the full financial year there may be an additional entitlement to a bonus payment based on the achievement of performance targets.

Executive director service contracts are available for inspection at the registered office and at the Annual General Meeting.

In the event that a participant ceases to be an employee of Trinity Mirror, treatment of outstanding awards under the Group's share plans will be determined based on the relevant plan rules:

- Under the 2004 and 2012 LTIP, unvested LTIP shares normally lapse unless the participant is a good leaver, in which case unvested shares would normally be pro-rated for time and tested for performance over the full performance period, with Committee discretion to treat otherwise. Vested LTIP awards which are subject to an additional holding period will typically be retained (except in cases of summary dismissal) and released at the end of the holding period.
- Under the RSP, outstanding awards held by leavers will normally continue and vest at the usual time (as highlighted to shareholders in 2012), except in instances of summary dismissal or the resignation of a director to join a competitor, in which case unvested awards will lapse.
- Unvested DSAP awards will normally lapse on leaving unless the holder is considered a good leaver (as defined under the 2004 LTIP), in which case awards would normally continue and become exercisable for a period of six months following the third anniversary of the date of grant, although the Committee has the discretion to allow earlier exercise.

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. Details of external appointments and the associated fees received are included in the Annual Report on Remuneration.

Consideration of conditions elsewhere in the Company

The Committee does not currently consult with employees specifically on the effectiveness and appropriateness of the executive remuneration policy and framework. However, the Company seeks to promote and maintain good relationships with employee representative bodies – including trade unions and staff forums – as part of its employee engagement strategy and consults on matters affecting employees and business performance as required in each case by law and regulation in the jurisdictions in which the Company operates. The Committee is mindful of the salary increases applying across the Group when considering salary increases for the executive directors.

Consideration of shareholder views

The Committee considers shareholder views received during the year and at the Annual General Meeting each year, as well as guidance from shareholder representative bodies more broadly, in shaping remuneration policy. The Committee continues to keep its remuneration arrangements under regular review, to ensure it continues to reinforce the Company's long-term strategy and align closely with shareholders' interests. We will consult shareholders before making any significant changes to our remuneration policy.

During the year the Chairman of the Committee met a number of major shareholders. Following these meetings, the Committee has decided to introduce a number of refinements to the implementation of the Remuneration Policy:

After reviewing the appropriateness of a single absolute TSR target for the LTIP the Committee agreed that it should be retained for 2014 grants but will consider introducing an additional target (such as earnings per share) from the grants in 2015.

The Committee recognises that the period over which long-term incentives operate has been increasing. The Committee believes that a three-year performance period remains appropriate for the Company particularly where it is in its strategic transformation. However the Committee can see that greater alignment to shareholder interest would be attained by introducing an additional holding period of two years after LTIP shares have vested. This extended period will be applied to grants made from 2014. Malus and clawback provisions will be introduced for this holding period.

For a number of years the Company has used Group operating profit as the primary target for annual bonus schemes. This was appropriate during the very tough trading environment. The Committee believes that the introduction of an additional financial measure is now appropriate and will enhance the value of the bonus scheme as a lever to drive behaviour. For 2014, 25% of bonus potential will be linked to growth in publishing digital revenue.

The Committee has also recognised that the expectation of shareholding levels by executive directors has been rising. To reflect this change, the Committee has increased the levels of minimum shareholdings that the Chief Executive is expected to hold to 200% of base salary from 150% and for the other directors to 133% of base salary from 100%. Restrictions on the sale of shares vesting from incentive schemes will be imposed until those holding levels are met.

ANNUAL REPORT ON REMUNERATION

The following section provides details of how our remuneration policy was implemented during the 52 weeks ended 29 December 2013.

Remuneration Committee membership in 2013

As of 29 December 2013, the Committee comprised four non-executive directors.

– Jane Lighting (Chairman)

– David Grigson

– Gary Hoffman

– Donal Smith

Kathleen O'Donovan attended two meetings during the year prior to her departure from the Company in May 2013.

The Committee is a committee of the Board of directors and has been established with formal terms of reference approved by the Board. The Committee's purpose is to assist the Board in fulfilling its oversight responsibility by ensuring that remuneration policy and practices reward fairly and responsibly; are linked to corporate and individual performance; and take account of the generally accepted principles of good governance. A copy of the terms of reference is available on the Company's website: www.trinitymirror.com/corporategovernance/boardcommittees.

The Committee has authority to determine the appropriate remuneration, benefits and employment conditions for the executive directors. The Committee also recommends and 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), and leads the Board's discussion of remuneration issues for all staff more generally.

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. The Chairman of the Board, together with the Chief Executive, is responsible for evaluating and making recommendations to the Board on the remuneration of the non-executive directors. Members of the Committee and any person attending its meetings do not participate in any discussion or decision on their own remuneration.

The Committee met eight times during the year and details of members' attendance at meetings are provided in the Corporate Governance Report on page 33.

Advisers

Kepler Associates ('Kepler') was originally appointed by the Committee in 2010 following a competitive tender process, and was retained during 2013. The Committee evaluates the support provided by its advisers annually and is comfortable that Kepler provides independent remuneration advice to the Committee and does not have any connections with Trinity Mirror that may impair its independence. Kepler is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com. Kepler Associates does not advise the Company on any other matters. Their total fees for the provision of remuneration services to the Committee in 2013 were £80,000 on the basis of time and materials.

Summary of shareholder voting at the Annual General Meeting in May 2013

The following table shows the results of the advisory vote on the 2012 Remuneration Report at the Annual General Meeting in May 2013:

Resolution text	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld
Approval of remuneration report	179,225,495	91.41%	16,839,231	8.59%	196,064,726	117,886

Whilst shareholder support for the 2012 remuneration report was significantly greater than for the prior year's report, some shareholders expressed concern regarding the LTIP award granted to Simon Fox on his recruitment in August 2012 and the leaving arrangements for Sly Bailey. The Committee believes the LTIP award was necessary to attract a candidate of Simon's calibre and took into account that the stretching share price targets applying to the awards – under which full vesting would require more than a 400% increase in Trinity Mirror's share price at the time of grant – would only reward Simon for truly exceptional performance. With regards to the leaving arrangements for the former CEO, the compromise agreement negotiated at the time of departure included good leaver status for outstanding LTIP awards. The Committee believes that the agreement was the best that could be negotiated in the specific circumstances and was in the best interests of both shareholders and the Company.

Single total figure of remuneration for executive directors (audited)

The table below sets out a single figure for the total remuneration received by each executive director for the 52 weeks ended 29 December 2013 and the prior period:

	Salary £'000		Pension benefit[4] £'000		Taxable benefits[5] £'000		Single-year variable[6] £'000		Multiple-year variable[7] £'000		Total £'000	
Executive	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Simon Fox[1]	500	156	75	23	22	7	113	–	0	–	710	186
Mark Hollinshead[2]	366	78	94	20	83	15	84	–	134	–	761	113
Vijay Vaghela[3]	420	455	113	113	11	11	97	–	267	–	908	579
Paul Vickers	375	373	119	123	25	24	84	–	233	–	836	520

1 Simon Fox joined the Board as Chief Executive on 10 September 2012 and his remuneration for 2012 is disclosed from this date.

2 Mark Hollinshead joined the Board of Directors as Chief Operating Officer on 15 October 2012 and his remuneration for 2012 is disclosed from this date. Base salary excludes amount of salary sacrificed for pension contributions. During 2013, Mr Hollinshead served as a non-executive director of Nova International Ltd for which he retained fees of £30,000 (2012: £6,308 pro rata as from date of appointment to the Board). These fees are excluded from the table above.

3 Vijay Vaghela's base salary excludes amount of salary sacrificed for pension contributions. Mr Vaghela's salary for 2012 included a supplement of £35,000 for the period in which he was acting Chief Executive.

4 Includes the value of cash supplements received by directors in lieu of pension contributions, the value of any salary sacrificed for pension contributions and the value of contributions made by the Company on behalf of the director direct to the pension scheme.

5 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. To enable Mark Hollinshead to fulfil his duties, the Company pays the cost of providing accommodation for time in London including his travel between the two centres of Glasgow and London, and bears the tax on these amounts. The grossed up value of that benefit for 2013 was £71,616 (2012: £12,900), and is included in the table above. The figures for 2012 have been restated to include the value of these benefits.

6 Annual bonus paid for performance over the relevant financial year. Annual bonus is paid 50% in cash and 50% in restricted shares under the RSP. Restricted shares must be held for three years and are subject to forfeiture provisions. Awards may be reduced if the malus rules apply, ie in the event of a significant deterioration in the underlying financial health of the company, conduct harmful to the Company's reputation, fraud or material misstatement of results. Further details on performance criteria, achievement and resulting awards can be found below.

7 Reflects the value of LTIP awards which vested on performance to the relevant financial year end. In 2013, 52% of the 2011 LTIP grant vested on performance, and in 2012, none of the 2010 LTIP grant vested on performance. The market value of vested shares is based on the trailing three-month average on 31 December 2013 of 156.54p for the 2011 LTIP awards. The valuation of the 2011 LTIP awards will be amended to reflect the share price on the date of vesting (31 March 2014) in next year's Annual Report on Remuneration. Further details on performance criteria, achievement and resulting awards can be found on page 50.

Incentive outcomes for the 52 weeks ended 29 December 2013

Annual bonus in respect of 2013 performance

In 2013, executive directors' bonuses were based on operating profit. Threshold performance was calibrated to deliver a bonus of 20% of maximum (15% of base salary) for each executive, with bonuses of up to 75% of base salary available for delivering Stretch performance.

Based on Group operating profit performance in 2013, and taking into account factors such as the underlying trading performance of the Group and progress against strategy, the Committee made annual bonus awards of 30% of maximum to each of the executive directors equivalent to 22.5% of base salary. Bonuses will be paid 50% in cash and 50% in restricted shares. Further details are provided in the table below:

Executive	Actual performance	% of maximum bonus	% of bonus deferred in restricted shares
Group operating profit	£108.0m equivalent to 100.7% of threshold	30%	50%

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REMUNERATION REPORT CONTINUED

2011 LTIP awards

The performance period for the 2011 LTIP awards ended on 31 December 2013. Vesting of the LTIP awards was dependent on the Company's Total Shareholder Return ('TSR') performance compared to a group of 14 other media companies over a three-year performance period. There was no retest provision.

Comparators	
Daily Mail and General Trust plc	Johnston Press plc
Euromoney Institutional Investor plc	Mecom Group plc
Gannett Co Inc.	Pearson plc
Independent News & Media plc	Reed Elsevier plc
Informa plc	Rightmove plc
ITE Group plc	United Business Media plc
ITV plc	Hibu plc

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

Over the three-year period to 31 December 2013, Trinity Mirror's TSR ranked 6th of 15 companies which would ordinarily have warranted 65% vesting. The Committee has considered the Company's performance over this period more broadly and decided to reduce the formulaic vesting by 20% for all current and former participating executives, in accordance with the rules of the plan.

	Interests held	Vesting %	Interests vesting	Vesting date	Assumed market value	Estimated value
Mark Hollinshead	165,079	52	85,841	31 March 2014	156.54p	£134,376
Vijay Vaghela	327,619	52	170,362	31 March 2014	156.54p	£266,685
Paul Vickers	285,714	52	148,571	31 March 2014	156.54p	£232,573

In line with regulations, as the market price on the date of vesting is unknown at the time of reporting, the value is estimated using the trailing three-month average on 31 December 2013 of 156.54p. The valuation of awards will be amended for the share price on the date of vesting in next year's Annual Report on Remuneration.

Single total figure of remuneration for non-executive directors (audited)

The table below sets out a single figure for the total remuneration received by each non-executive director for the 52 weeks ended 29 December 2013 and the prior period:

	Base fee		Other fees		Total	
Non-Executive	2013	2012	2013	2012	2013	2012
David Grigson[1]	190	128	–	–	190	128
Gary Hoffman	40	40	20	20	60	60
Jane Lighting	40	40	13	10	53	50
Kathleen O'Donovan[2]	15	40	6	15	21	55
Donal Smith[3]	40	33	–	–	40	33

1 The fees paid to David Grigson for 2012 reflect his appointment to the Board on 1 January 2012 and appointment as Chairman from 29 May 2012.

2 The fees paid to Kathleen O'Donovan for 2013 relate to the period 1 January 2013 to 16 May 2013 when she stepped down from the Board.

3 The fees paid to Donal Smith for 2012 reflect his appointment to the Board on 1 March 2012.

The following non-executive director fee policy was in place for the 52 weeks ended 29 December 2013:

Chairman base fee	£190,000
Non-Executive Director Base fee	£40,000
Additional fee for Senior Independent Director	£20,000
Additional fee for chairing Audit & Risk Committee	£15,000
Additional fee for chairing Remuneration Committee	£15,000

The additional fee for the Chairman of the Remuneration Committee was increased from £10,000 to £15,000 from 1 May 2013. The increase, approved by the Board, was to reflect the additional work now required by the Remuneration chair and to bring her fee into line with that paid to the chair of the Audit & Risk Committee.

Scheme interests awarded in 2013 (audited)

LTIP

In May 2013, executive directors were granted awards under the 2012 LTIP in the form of Performance Shares. The three-year period over which performance will be measured will end on 30 December 2015. To the extent that performance conditions are met, awards will vest on 17 May 2016

	Date of grant	Shares over which awards granted	Market price at date of award[1]	Face value £	Face value % of salary[2]
Simon Fox	17 May 2013	788,608	91.3p	£720,000	144%
Mark Hollinshead	17 May 2013	451,807	91.3p	£412,500	110%
Vijay Vaghela	17 May 2013	565,170	91.3p	£516,000	120%
Paul Vickers	17 May 2013	451,807	91.3p	£412,500	110%

1 The base price for calculating the level of awards was 91.3p, the average mid-market closing price over the five trading days to 22 March 2013, the date of approval of the awards by the Remuneration Committee. The closing mid-market share price on the date of grant (17 May 2013) was 105p.

2 Based on 2013 base salaries.

Consistent with awards made in 2012, vesting of LTIP awards granted in 2013 is dependent on the achievement of absolute Total Shareholder Return ('TSR') targets, as follows:

Closing three-month average adjusted share price at end of performance period	% of award which can be exercised
225 pence (or above)	100%
Between 150 pence and 225 pence	Straight-line vesting between 100% and 0%
150 pence or below	0%

Satisfaction of the performance condition will be determined by reference to the Company's volume-weighted average share price over the final quarter of the Performance Period in 2015.

In addition, for an award to become exercisable:

- the growth in the Company's three-year TSR must exceed that of the FTSE All-Share Index over the Performance Period; and
- the Committee must be satisfied that the Company's share price performance is a genuine reflection of the underlying business performance of the Company over the Performance Period.

When assessing whether they are satisfied that the Company's share price performance is a genuine reflection of the Company's business performance the Committee will take into account factors including revenues, free cash flow and change in net debt over the period. The Committee will be guided in its assessment by a review of performance against these metrics, based on the audited results, which it will undertake prior to vesting. The Committee will consider both a quantitative and qualitative analysis of the performance and will take account of any relevant internal and external factors to help ensure that unexpected events during the period are considered properly.

Total pension entitlements (audited)

The following executive directors were deferred members of defined benefit schemes. All of the Group's defined benefit schemes were closed to future accrual on 31 March 2010. Pension entitlements and corresponding transfer values increased as follows during the year:

	Pension accrued at 29 December 2013[1] £'000	Transfer value at 29 December 2013[2] £'000	Increase in accrued pension £'000	Increase/(decrease) in transfer value (less director's contribution)[3] £'000	Accrued pension at 31 December 2012[1] £'000	Transfer value at 31 December 2012[1] £'000
Mark Hollinshead[4]	52	1,559	1	(46)	51	1,605
Vijay Vaghela	36	453	1	(54)	35	507
Paul Vickers	41	898	1	15	40	883
Total	**129**	**2,910**	3	(85)	126	2995

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, the 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 increase (decrease) in the transfer value from 31 December 2012 to 29 December 2013 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, changes to the yield of Government stocks and changes to the transfer value basis adopted by the trustees of the pension schemes.

4 The prior year pension accruals and transfers values for Mark Hollinshead have been calculated for the period from 1 January 2012 to 30 December 2012 and not from 15 October 2012 (the date of appointment to the Board) in accordance with The Large and Medium sized Companies and Groups (Accounts and Reports) regulations 2008 (SI 2008 / 410).

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 based on pensionable service and salary as at 31 March 2010 but assuming he left service at the end of 2012 (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 2012 (and the preceding year) and the increase/(decrease) in the transfer value during the year. The transfer values represent a liability of the pension schemes. They are not sums due to be paid to the directors.

Further details of pension arrangements

Simon Fox receives an annual cash sum to use for pension purposes equivalent to 15% of base salary.

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. From 1 April 2010 until 31 March 2011, he participated in the Trinity Mirror Pension Plan (a defined contribution plan) to which he contributed 9% and the Company contributed 10% of his salary up to the earnings cap referred to below. From 1 April 2011, his contributions to the Plan are made under the terms of a salary sacrifice arrangement that was introduced from that date.

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. From 1 April 2010 to 31 March 2011, he participated in the Trinity Mirror Pension Plan (a defined contribution plan) to which he contributed 7% and the Company contributed 8% of his salary up to the earnings cap referred to below. From 1 April 2011 until 31 March 2012 when he left the Plan, his contributions to it were made under the terms of a salary sacrifice arrangement that was introduced from that date.

Mark Hollinshead participated in the contributory Midland Independent Newspapers Executive Pension Plan, and accrued pension on salary, up to the earnings cap referred to below, until it closed to future accrual on 31 March 2010. From 1 April 2010 until 31 March 2011, he participated in the Trinity Mirror Pension Plan (a defined contribution plan) to which he contributed 7% and the Company contributed 8% of his salary up to the earnings cap referred to below. From 1 April 2011, his contributions to the Plan are made under the terms of a salary sacrifice arrangement that was introduced from that date.

The executive directors are covered for lump sum death benefits equivalent to four times base salary, in addition Vijay Vaghela's and Mark Hollinshead's spouses are also entitled to pensions if death occurs in service.

The executive directors normal retirement date for Vijay Vaghela is 65 years (MGN Pension Scheme), for Mark Hollinshead is 60 years (Midland Independent Newspapers Executive Pension Plan) and for Paul Vickers is 60 years (Trinity Mirror plc Retirement Plan) and 65 years (Trinity Retirement Benefit Scheme).

As Vijay Vaghela, Paul Vickers and Mark Hollinshead 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, Paul Vickers and Mark Hollinshead has been maintained by amending the rules of their respective pension schemes. The cap, currently £123.6k, is normally reviewed every 6 April and may be increased at the discretion of the Company by reference to an appropriate index.

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 pension 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.

Percentage change in CEO cash remuneration

The table below shows the percentage change in CEO remuneration from the prior year compared to the average percentage change in remuneration for all other employees.

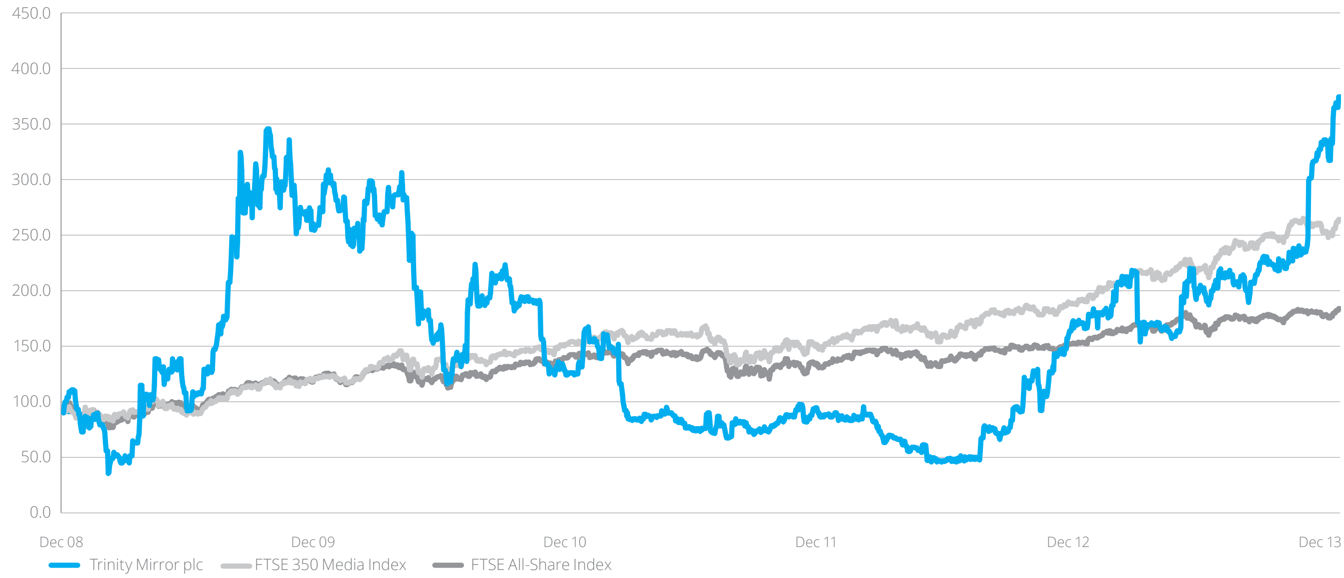
	CEO	CEO	CEO	All other employees
	2013 £'000	2012 £'000	% change 2012 – 2013	% change 2012 – 2013
Base salary	500	530	(5.7%)	3.5%
Taxable benefits	22	12	83.3%	(7.0%)
Annual bonus	113	–	–	11.4%
Total	**635**	**542**	**17.2%**	**3.3%**

The CEO's remuneration includes base salary, taxable benefit and annual bonus. For 2012, the figures comprise elements paid to Sly Bailey before her resignation from the Board, the one-off salary supplement paid to Vijay Vaghela and payments made to Simon Fox from his appointment in September 2012. The pay for all other employees is calculated using the increase in the earnings of full-time employees taken from P60 and P11d data from tax years 2012 and 2013. The analysis excludes part-time employees and is based on a consistent set of employees, ie the same individuals appear in the 2012 and 2013 populations.

Review of past performance

The following graph illustrates the Company's performance compared to the FTSE All-Share Index, which is considered the most appropriate form of 'broad equity market index' against which the Company's performance should be measured, and to the FTSE 350 Media Index as the main comparator group for the Company's shares. Performance, as required by legislation, is measured by TSR.

Five-year TSR chart



The table below details the Chief Executive's single figure of remuneration over the same five-year period:

	2009	2010	2011	2012	2013
Simon Fox					
Single figure of remuneration (£'000)				186	710
Annual bonus outcome (% of maximum)				0%	30%
LTIP vesting (% of maximum)				n/a	n/a
Vijay Vaghela					
Single figure of remuneration (£'000)				35	
Annual bonus outcome (% of maximum)				0%	
LTIP vesting (% of maximum)				0%	
Sly Bailey					
Single figure of remuneration (£'000)	1,935	2,052	1,391	1,354	
Annual bonus outcome (% of maximum)	81%	80%	30%	0%	
LTIP vesting (% of maximum)	0%	0%	0%	0%	

Relative importance of spend on pay

The table below shows shareholder distributions (dividends and share buybacks) and total employee pay expenditure for 2012 and 2013, along with the percentage change in both.

	2013 £'000	2012 £'000	% change 2012 – 2013
Shareholder distributions (dividends and share buybacks)	Nil	Nil	–
Total employee expenditure	207,700	211,200	(1.7%)

Exit payments made in the year (audited)

No exit payments were made during the year.

Payments to past directors (audited)

As disclosed in last year's remuneration report, the compromise agreement negotiated at the time of departure of the former CEO included good leaver status for outstanding LTIP awards. Sly Bailey retained 'nil-cost' options over 379,428 performance shares under the 2011 grant of the 2006 LTIP. The vesting of these shares was subject to the same performance conditions as for other executives which are set out on page 50. Based on performance, 52% of these shares will vest (corresponding to 197,303 shares) in March 2014 at a value of £308,857. In line with regulations, as the market price on the date of vesting is unknown at the time of reporting, the value is estimated using the trailing three-month average on 31 December 2013 of 156.54p.

The Committee believes that the agreement was the best that could be negotiated in the specific circumstances and was in the best interests of both shareholders and the Company.

Implementation of executive director remuneration policy for 2014

Base salary

Base salaries are reviewed taking into account competitive practice for similar roles at sector comparators and at UK-listed companies of similar revenue and market capitalisation. Following its review of salary levels, the Committee determined that salaries for Simon Fox, Vijay Vaghela and Paul Vickers for 2014 will remain at 2013 levels. Mark Hollinshead was promoted to the role of Chief Operating Officer in October 2012 and his salary was set in recognition of his level of experience in the role. The Committee increased his salary to £400,000 from 1 March 2014 in light of his performance and progression in the role. The base salaries for other executive directors are unchanged and for Vijay Vaghela and Paul Vickers remain at 2008 levels. The basic salaries of the executive directors are as follows:

	Base salary at:		
Executive director	1 January 2013	1 January 2014	Increase
Simon Fox	£500,000	£500,000	–
Mark Hollinshead	£375,000	£400,000[1]	6.7%
Vijay Vaghela	£430,000	£430,000	–
Paul Vickers	£375,000	£375,000	–

1 Effective 1 March 2014.

For context, salary increases averaged 2% across the Group.

Pension and benefits

No changes in pension contribution rates or benefit provision.

Annual bonus and RSP

For 2014, there will be no changes to the annual bonus and RSP opportunities for executive directors. 2014 bonuses will be based 75% on Group operating profit and 25% on publishing digital revenue growth. It is intended that performance against targets will be disclosed in next year's Annual Report on Remuneration, if no longer deemed by the directors to be commercially sensitive.

LTIP

For 2014 awards, the Committee has decided to retain a three-year performance period and to introduce a two-year holding period on vested LTIP shares, with clawback / malus provisions applying during the two-year period. There are no other changes to the LTIP framework. The Committee considers that the use of stretching absolute TSR targets to determine vesting of LTIP awards, combined with the use of Group operating profit and digital revenue growth in the annual bonus, provides an appropriate balance at this time between visibility and relevance for participants and alignment with shareholder interests.

Absolute TSR targets will be reviewed in advance of grant to ensure they are appropriately stretching over the performance period and will be disclosed in next year's Annual Report on Remuneration.

Implementation of non-executive director remuneration policy for 2014

Chairman and non-executive director fees

The fees for the Chairman and non–executive directors will remain at 2013 levels.

Directors' beneficial interests (audited)

A table setting out the beneficial interests of the directors and their families in the share capital of the Company as at 29 December 2013 is set out below.

None of the directors has a beneficial interest in the shares of any other Group company. Since 29 December 2013, there have been no changes in the directors' interests in shares.

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 29 December 2013.

The lowest price of the shares during the year was 85.5 pence as at 18 March 2013 and the highest price was 208.0 pence as at 27 December 2013. The share price as at 29 December 2013 was 208.0 pence.

	Ordinary Shares at 29 December 2013	Ordinary Shares at 30 December 2012
Simon Fox	50,000	–
Mark Hollinshead	50,786	19,194
Vijay Vaghela	224,079	137,375
Paul Vickers	165,227	117,838
David Grigson	200,000	150,000
Gary Hoffman	37,000	37,000
Jane Lighting	24,800	24,800
Kathleen O'Donovan	–	–
Donal Smith	61,900	61,900

Directors' shareholding requirements (audited)

From 1 January 2014, the Committee increased the minimum shareholding guidelines for executive directors from 150% to 200% of base salary for the Chief Executive and from 100% to 133% of base salary for each of the other executive directors. Executive directors are encouraged to achieve the guidelines within five years of appointment. Until the relevant shareholding levels are attained, executive directors are required to retain 100% of shares vesting, after the sale of sufficient shares to meet any income tax or national insurance obligations of the executive director, under the LTIPs, DSAP and RSP.

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.

The Committee has kept these guidelines under review and has determined that the relevant value to take into consideration when assessing whether the guideline has been achieved is the higher of the current market price and the price at the point of purchase or vesting.

The table below shows the aggregate value of each director's shares for guideline purposes, and their respective shareholding requirement, as at 29 December 2013 when the mid market closing price of each Trinity Mirror share was 208.0 pence

	Shares held					
	Owned outright or vested	Unvested and subject to perf. conditions	Value of shares owned outright or vested	Shareholding requirement (% salary/fee)	Current shareholding (% salary/fee)	Requirement met
Simon Fox	50,000	3,437,614	£104,000	150%	21%	N/A*
Mark Hollinshead	50,786	1,325,219	£106,000	100%	28%	N/A**
Vijay Vaghela	224,079	2,215,865	£562,000	100%	131%	Y
Paul Vickers	165,227	1,793,937	£494,000	100%	132%	Y
David Grigson	200,000	n/a	£416,000	100%	219%	Y
Gary Hoffman	37,000	n/a	£112,000	100%	187%	Y
Jane Lighting	24,800	n/a	£52,000	100%	97%	N
Donal Smith	61,900	n/a	£129,000	100%	322%	Y

* Requirement not effective until September 2017 (five years from date of appointment to Board).

** Requirement not effective until October 2017 (five years from date of appointment to Board).

GOVERNANCE
REMUNERATION REPORT CONTINUED

Directors' interests in shares under the DSAP, RSP and LTIP (audited)

	Date of grant	Share price	Interests awarded	Face value at grant	Performance period	Exercise period
Simon Fox						
LTIP	30 August 2012	£0.3850	1,059,602	£407,946.77	02.01.2012 – 28.12.2014	30.08.2015 – 29.02.2016
	30 August 2012	£0.3850	1,589,404	£611,920.54	30.08.2012 – 29.08.2015	30.08.2015 – 29.02.2016
	17 May 2013	£1.0500	788,608	£828,038.40	31.12.2012 – 03.01.2016	17.05.2016 – 17.11.2016
RSP	–	–	–	£56,500	–	–
DSAP	–	–	–	–	–	–
Mark Hollinshead						
LTIP	31 March 2011	£0.4650	165,079	£76,761.74	03.01.2011 – 31.12.2013	31.03.2014 – 30.09.2014
	25 June 2012	£0.2575	708,333	£182,395.75	02.01.2012 – 28.12.2014	25.06.2015 – 25.12.2015
	17 May 2013	£1.0500	451,807	£474,397.35	31.12.2012 – 03.01.2016	17.05.2016 – 17.11.2016
RSP	–	–	–	£42,000	–	–
DSAP	31 March 2011	£0.4650	130,000	£60,450	–	31.03.2014 – 30.09.2014
	17 May 2012	£0.2625	111,783	£29,343	–	17.05.2015 – 17.11.2015
Vijay Vaghela						
LTIP	31 March 2011	£0.4650	327,619	£152,342.84	03.01.2011 – 31.12.2013	31.03.2014 – 30.09.2014
	25 June 2012	£0.2575	1,323,076	340,692.07	02.01.2012 – 28.12.2014	25.06.2015 – 25.12.2015
	17 May 2013	£1.0500	565,170	593,428.50	31.12.2012 – 03.01.2016	17.05.2016 – 17.11.2016
RSP	–	–	–	£48,000	–	–
DSAP	31 March 2011	£0.4650	262,095	£121,874	–	31.03.2014 – 30.09.2014
	17 May 2012	£0.2625	197,197	£51,764	–	17.05.2015 – 17.11.2015
Paul Vickers						
LTIP	31 March 2011	£0.4650	285,714	£132,857	03.01.2011 – 31.12.2013	31.03.2014 – 30.09.2014
	25 June 2012	£0.2575	1,056,416	£272,027	02.01.2012 – 28.12.2014	25.06.2015 – 25.12.2015
	17 May 2013	£1.0500	451,807	£474,397	31.12.2012 – 03.01.2016	17.05.2016 – 17.11.2016
RSP	–	–	–	£42,000	–	–
DSAP	31 March 2011	£0.4650	171,429	£79,714	–	31.03.2014 – 30.09.2014
	17 May 2012	£0.2625	128,981	£33,858	–	17.05.2015 – 17.11.2015

Awards under the RSP for 2013 bonus will be made in March 2014. The number of shares awarded will depend on the share price at the date of grant. Shares will be released in accordance with the rules of the scheme as described below.

Details of plans

Following the approval by shareholders of the new long-term share-based incentive arrangements at the Annual General Meeting in 2012, the DSAP was renamed the Restricted Share Plan and no further awards will be in the form of Deferred Share Award nil cost options granted under this plan; instead awards will be granted under the Restricted Share Plan. In this Remuneration Report the description DSA or DSAP is used to describe awards made prior to the Annual General Meeting in 2012 and RSP is used to describe awards made after that date.

Under the DSAP, eligible employees were granted an award in the form of a nil cost option based on a percentage of their previous year's gross bonus. These shares are held in trust.

If the employee remains employed by the Group, their Deferred Shares Award will normally become exercisable on the third anniversary following its date of grant. At the point of vesting, all Deferred Share Awards are capable of exercise at 'nil cost' to the participant.

Restricted shares may not be transferred or otherwise disposed of by a participant for the period of three years from the date of grant subject to malus or forfeiture restrictions summarised below.

Participants would beneficially own the restricted shares from the date of grant. Legal title would be held by the RSP trustees until the restricted shares are released into the participant's name. Additional shares representing reinvested dividends may be released following the vesting of share awards.

Restrictions on the shares end on the third anniversary of the grant and the shares would be released into the participant's name unless in the three-year period from grant there has been: a significant deterioration in the underlying financial health of the Company; a material restatement of the Company's accounts as a result of the participant's conduct; a participant has deliberately misled the Company, the market or shareholders regarding the Company's financial performance; or a participant's actions have caused harm to the Company's reputation in which case either the award may lapse or the number of shares transferred to a participant may be reduced.

If cessation of employment is by reason of gross misconduct or resignation to a competitor, awards would be forfeited immediately and the participant would have no further interest in or claim to the restricted shares but if cessation of employment is for any other reason, the participant would retain the restricted shares and they would vest in accordance with normal vesting provisions.

CORPORATE RESPONSIBILITY REPORT

Chief Executive's statement

At the beginning of this report I set out the Group's values. Key amongst those is integrity. I believe that integrity should be demonstrated by the respect that we show to each other as employees not least in providing a safe place of work; respect for our environment by ensuring that we consistently reduce the impact that our activities have on the world around us; and respect and compassion for those in the communities in which we operate and that we serve.

I am pleased to say that the consistent year by year improvement in our safety record has been recognised by the fifth successive RoSPA Gold Medal. Those medals followed four successive Gold Awards. That record can only be maintained through the active involvement of all our staff particularly those at our print sites.

Similarly, our programme to improve our environmental standards has continued. We set ourselves hard targets and we achieve them. We continue to hold the Carbon Trust Standard and all our major print sites maintained their ISO 14001 Environmental Management status after rigorous internal and external audit.

We continue to care for the communities in which we publish and where our businesses operate. We do far too much to be able to give a fully comprehensive description but, to give a flavour of what we do, we have set out a number of examples in the report that follows.

Simon Fox
Chief Executive

13 March 2014

Environmental report

Environmental management

Trinity Mirror has a strong track-record of managing and minimising the environmental impacts of its activities. Our approach continues to be based on setting clear and challenging Group-wide targets, to deliver against our longer term Environmental Policy objectives. The Group Environmental Steering Committee, chaired by the Company Secretary and Group Legal Director, meets regularly to review performance and to track and monitor external developments so as to ensure that the Environmental Policy remains aligned with the issues that matter. This framework helps our teams at the sharp end of the business to undertake effective, concerted environmental improvements at local level.

During the past year, improvement programmes have continued to focus on the key environmental issues where we have the potential for most impact:

- Energy consumption and greenhouse gases
- Water consumption
- Paper sourcing and sustainable forestry
- Waste management and recycling
- Refrigerant gases
- Volatile Organic Compound emissions from print works

A summary of our performance against existing Group targets can be found on page 59. During the last quarter of 2013, the Steering Committee reviewed the environmental programme and set a number of new targets for the coming year and beyond.

One of the key initiatives that we have pursued in recent years, to further strengthen environmental management practices across our operational base, has been to establish environmental management systems certified to the international ISO 14001 standard. Each of our major press sites (Cardonald, Blantyre, Oldham, Watford, Birmingham, and Newcastle) has held ISO 14001 certification for a number of years now. Building on this success, our major drive during 2013 has been to achieve certification to ISO 14001 for an integrated environmental management system covering the activities of our core publishing offices (Canary Wharf, Birmingham, Liverpool, Oldham, Newcastle, and Glasgow). This project has required a considerable effort on the part of staff at all of these locations, supported by Group specialists, to establish local improvement programmes and to put in place the necessary procedures. We are pleased to report that these efforts have been rewarded and that certification was successfully achieved at the end of the year. This means that all of our core operational sites and activities are now covered by ISO 14001 certified environmental management systems.

There were no breaches of environmental legislation during 2013.

GOVERNANCE
CORPORATE RESPONSIBILITY REPORT CONTINUED

Energy consumption and carbon footprint

Reducing energy consumption and associated emissions of greenhouse gases remains a high priority for Trinity Mirror. We have continued our programme of comprehensive energy consumption monitoring, covering not only the activities where we have direct management control, but also the principal activities that we contract out, notably the printing of magazine inserts, product distribution by road and business travel. We have continued to pursue a range of energy-saving initiatives during 2013, and achieved a further 3% reduction in electricity consumption. This is the fifth successive year that we have been able to report reductions in our electricity consumption, which is down by 14.7% compared with 2009. The greenhouse gas emissions associated with the activities under our direct management control also fell by 5.3% in 2013, although on a normalised basis (per million pages of printed output) emissions remained static, reflecting the reduction in output in 2013.

During 2013, Trinity Mirror has continued its involvement with a number of energy efficiency schemes:

- We have been participating in Phase 1 of the CRC Energy Efficiency Scheme, the UK government initiative to reduce greenhouse gas emissions from large organisations. We have now registered for Phase 2 of the scheme, based on our electricity consumption in the qualifying period 1 April 2012 to 31 March 2013. This means that we will be required to monitor and report on our energy use for five compliance years and purchase allowances to cover the associated carbon dioxide emissions.
- Our print sites belong to the British Printing Industries Federation Climate Change Levy Reduction Scheme, under which energy intensive sites are allowed to claim a discount from the Levy in return for energy efficiency improvements.
- We have maintained our certification to the Carbon Trust Standard since 2008 and expect to be re-audited in the first quarter of 2014.
- We have participated in the international Carbon Disclosure Project through which corporations voluntarily report on greenhouse gas emission data.

The Group has reported its energy consumption and associated greenhouse gas emissions for each of the past 10 financial years. A breakdown of the Group's energy consumption and associated greenhouse gas emissions during 2013 is set out in the table below, in accordance with the recent *Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013*. These figures have been calculated using the guidance provided by the Department for Environment, Food and Rural Affairs (Defra) and the Department of Energy and Climate Change (DECC) and have been classified under the 'scopes' set out in the World Resources Institute / World Business Council for Sustainable Development's *Greenhouse Gas Protocol*. Some of the numbers provided were obtained as a result of the Company's compliance with the *Climate Change Agreements (Eligible Facilities) Regulations 2006* and the CRC Energy Efficiency Scheme Order 2010. It should be noted that activities associated with Trinity Mirror's minority equity interest in Local World have not been included.

Trinity Mirror energy consumption and associated greenhouse gas emissions (CO_2 equivalent)

			GHG emissions (CO_2 equiv. tonnes)		
	Consumption	GHG conversion factor (2013)[4]	**2013**	2012[5]	2011[5]
SCOPE 1[1]					
Gas combustion (heating, all Trinity Mirror premises)	**22,294,756 kWh**	0.18404×10^{-3}	**4,103**	3,934	5,372
Oil combustion (electricity generation, all Trinity Mirror premises)	**60,994 litres**	2.6705×10^{-3}	**163**	205	217
Refrigerant gas loss (all Trinity Mirror premises)	**408 kg**	$1{,}526 \times 10^{-3}$	**623**	328	1,146
Commercial vehicles (all Trinity Mirror owned vehicles)	**2,540,148 km**	0.250923×10^{-3}	**637**	997	1,314
Total SCOPE 1			**5,526**	5,464	8,049
Total SCOPE 1 per million pages printed			**0.05**	0.04	0.06
SCOPE 2[2]					
Generation of Grid electricity used (all Trinity Mirror premises)	**84,999,899 kWh**	0.44548×10^{-3}	**37,866**	40,368	40,426
Total SCOPE 2			**37,866**	40,368	40,426
Total SCOPE 2 per million pages printed			**0.31**	0.31	0.30
SCOPE 3[3]					
Transmission and distribution of Grid electricity used (all Trinity Mirror premises)	**84,999,899 kWh**	0.03809×10^{-3}	**3,238**	3,189	3,455
Business travel (road, not involving company vehicles)	**8,649,231 km**	0.2049×10^{-3}	**1,772**	1,523	1,538
Business travel (rail)	**5,383,461 km**	0.04904×10^{-3}	**264**	201	175
Business travel (air)	**5,034,809 km**	0.172757×10^{-3}	**870**	675	650
Electricity for contracted printing (generation, transmission and distribution)	***3,942,913 kWh***	0.48357×10^{-3}	***1,907***	*1,460*	*2,203*
Gas for contracted printing	***6,802,616 kWh***	0.18404×10^{-3}	***1,252***	*1,242*	*899*
Vehicle fuel for contracted distribution – long haul	***1,703,734 litres***	2.6008×10^{-3}	***4,431***	*4,631*	*6,182*
Overall Total SCOPE 1, 2 and 3			**57,126**	58,753	63,577
Overall Total SCOPE 1, 2 and 3 per million pages printed			**0.43**	0.42	0.44

Notes:

1 Scope 1 covers the annual quantity of emissions in tonnes of carbon dioxide equivalent from activities for which Trinity Mirror is responsible. This means emissions from sources that are under the operational control of the company.

2 Scope 2 covers the annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from the purchase of electricity by Trinity Mirror for its own use. Inline with the latest guidance from Defra emissions from the generation of electricity used are included in Scope 2, whilst emissions associated with the transmission and distribution of electricity used are included in Scope 3.

3 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 operational control.

4 *UK Government Conversion Factors for Company Reporting* have been used throughout.

5 Greenhouse gas emissions associated with electricity consumption have been restated for previous years to account for material changes to the conversion factors provided by the UK government for company reporting purposes.

All numbers in *italics* are based on un-audited numbers provided by contractors.

Water consumption

We set a target to conduct a water consumption benchmarking exercise in 2013. All of our core print and publishing sites have now been surveyed and this exercise has shown that there is considerable variation in water usage across different sites. This indicates that there may be significant opportunities for further reductions in water consumption across the Group. During the coming year we will identify best practice and investigate whether this can be transferred to sites that currently have a high water consumption.

The water consumption of the Group's 'core' sites during 2013 was 79,522 m^3.

Paper sourcing and sustainable forestry

We seek to maximise the proportion of recycled fibre in the paper we use, recognising that a proportion of 'virgin' wood fibre will always be required to make up for losses during the recycling process and to maintain the quality of paper. We also aim to purchase paper where the virgin fibre content has been independently certified as coming from sustainable forests, for example by the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC).

In 2013, we sourced 92% of our newsprint from recycled or certified fibre, against our target of 75%.

As part of an in-depth review of our environmental programme, we have now widened the scope of our reporting to cover all our graphic paper purchases, both newsprint and magazine grades, and additionally we have increased our target. From 2014 we will use a minimum of 80% graphic paper manufactured from fibre using recycled materials or wood from certified sustainable forests. In 2013, we sourced 87% of our graphic paper from recycled or certified fibre against this target of 80%.

Our Watford press site continues to hold PEFC 'chain-of-custody' certification that provides additional, independent assurance about the provenance of paper used at this site.

Waste management and recycling

Trinity Mirror strives to ensure that, wherever possible, waste materials (including hazardous wastes) are re-used or recycled and that the amount of waste sent to landfill is minimised.

During 2013 we have continued to recycle 100% of paper wastes from our print sites, comprising reel ends, cores and printed waste. We have also, working closely with our main contractor, achieved 80% to 100% rates of treatment for either recycling or beneficial re-use of the more difficult press wastes that we generate including aluminium plates, blanket wash, CTP developer, fountain solutions and waste oil.

All our redundant IT equipment and other waste electrical and electronic equipment (WEEE) has been disposed of in accordance with the WEEE regulations and 100% has either been refurbished and re-used, or processed for materials recycling.

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 before the statutory EU deadline (31 Dec 2014).

Volatile Organic Compound (VOC) emissions

Advances in technology and the introduction of water-based raw materials have allowed us to make considerable progress in reducing emissions of solvent vapours from our print works. During 2013 we consumed 0.245 kgs of VOC for every million pages printed.

Summary of 2013 and 2014 environmental targets

2013 TARGET	ACTION	2014 TARGET
Achieve certification to ISO 14001 in an integrated environmental management system for the major publishing offices by the end of 2013.	Achieved certification for an integrated environmental management system covering the activities of our core publishing offices (Canary Wharf, Birmingham, Liverpool, Chadderton, Newcastle and Glasgow).	Maintain ISO certification covering core publishing sites.
Maintain ISO 14001 certifications at print sites	All certifications have been maintained.	Maintain ISO 14001 certifications at print sites.
Continue to use a minimum of 75% newsprint manufactured from fibre using recycled materials or wood from certified sustainable forests.	We have continued to work with our suppliers on this issue. In 2013 we sourced 92% of our newsprint from recycled or certified virgin fibre.	Use a minimum of 80% graphic paper (all newsprint and magazine paper grades) manufactured from fibre using recycled materials or wood from certified sustainable forests.
Continue to recycle 100% of all non-hazardous print plant paper waste.	Achieved 100% recycling during 2013.	Continue to recycle 100% of all non-hazardous print plant paper waste.
Review regional offices to identify any remaining R22 (HCFC) gas still in use and plan for removal by legislative deadline (31 Dec 2014).	Quantities of R22 have been identified at a number of sites. Capital expenditure plans have been made to undertake removal work.	Remove all remaining R22 (HCFC) gas by legislative deadline (31 Dec 2014).
Conduct water consumption benchmarking exercise across comparable print and publishing sites.	All core print and publishing sites have been surveyed and benchmark water consumption determined.	Use the data from the water benchmarking exercise to identify best practice and target improvements at sites with high water consumption by the end of 2014.
		Maintain current level of energy consumption (per m^2 paper for Print sites; per m^2 office space for Publishing).
		Review the Group purchasing policy and incorporate sustainability criteria by the end of Q2 2014.

Health and safety report

The Group had another good year with health and safety. Although there was a small increase in recorded minor injuries, the total number of accidents to staff that are reportable to enforcing authorities under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) is equal to that of 2012, the lowest annual total in 10 years. While we are disappointed not to have achieved a further overall reduction in reportable accidents we have been able to maintain our position following 10 successive years of continuous improvement.

2013 Health and safety initiatives

The following initiatives were taken in pursuit of our goal of continued improvement:

- Internal and external health and safety auditing has taken place to maintain conformity with OHSAS 18001, the health and safety management systems specification.
- Occupational health assessments and services have been provided for our staff, to safeguard their health and comply with relevant legislation.
- Behavioural safety initiatives have taken place at some of our printing plants in an effort to minimise risk of injury and improve compliance with safe working procedures.
- Health and safety e-learning training modules have been made available to our staff where the content was relevant to their work.
- Greater use was made of web-based display screen equipment training and workstation assessment software. Where the need for follow up action was identified this was taken.
- Work has continued on the development of web-based systems for the vetting of contractors appointed to work on our premises.
- The promotion of health and well-being has continued through initiatives intended to ensure compliance with HSE stress management standards.
- Excellent health and safety standards have been maintained in planned engineering, construction and relocation projects.
- Health and safety policies and procedures have been revised and updated reflecting changes in legislation and HSE guidance.
- The Group has continued its involvement with the Printing Industries Action Group and the Newspaper Publishers Association through the Group Health and Safety Manager.

Group health and safety statistics

The tables below provide statistics for health and safety in 2013, with a comparison to the previous year. The data reveals a slight increase in the total number of accidents including those reportable under RIDDOR. On a more positive note the total number of working days lost due to accidents has fallen substantially, indicating a lower level of injury severity. A more detailed breakdown is given in the following tables.

Health and safety performance indicator	2013	2012
Fatalities	0	0
RIDDOR major injuries	2	3
RIDDOR over seven day injuries *	8	7
RIDDOR occupational ill health/diseases/conditions	0	0
RIDDOR dangerous occurrences	0	0
Total number of accidents	126	114
RIDDOR events frequency rate †	0.11	0.10
All accidents frequency rate †	1.43	1.20
Total days lost due to accidents ‡	**156.5 ± (0.001)**	291†

* RIDDOR amended in October 2013 replacing the term 'major injury' with a list of 'specified injuries' to workers.

† 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

± This figure includes part-time staff hours calculated as full-time equivalent.

† Correction of a typing error in last year's report.

Breakdown of accidents by type of event	All accidents 2013 (%)	All accidents 2012 (%)	RIDDOR accidents 2013 (%)	RIDDOR accidents 2012 (%)
Slips and falls (same level)	26	27	20	50
Lifting and handling of materials	10	8	30	20
Contact with machinery	2.5	2.5	0	10
Falls from a height	0	3.5	10	10
Stepping on or striking fixed object	14.5	14	10	0
Struck by moving vehicle	0	0	0	0
Contact with sharp/abrasive material	16	16	0	0
Struck by flying or falling object	6.5	6	20	0
Contact with hazardous substance	3	4.5	0	0
Contact with hot material/substance	3	0	0	0
Object collapsing or overturning	2.5	1	0	0
Use of hand tools	2.5	3.5	0	0
Contact with electricity	1	0	0	0
Others	12.5	14	10	10
Total	100	100	100	100

All percentages rounded to the nearest half decimal point.

Slips, trips and falls still account for the highest percentage of all accidents across the group. However, this year only two of them resulted in RIDDOR reportable injury, compared to five in the previous year. The numbers of injuries occurring during the lifting and handling of materials and stepping on or striking fixed objects have also shown an increase, indicating the need for further improvement in these areas.

Although a reduction in the total number of accidents was not achieved in 2013 it is pleasing to note that there has been a substantial fall in the total number of working days lost due to accidents.

In May last year the company was awarded a further ROSPA Occupational Health and Safety Gold Medal Award for its health and safety performance in 2012.

Health and safety enforcement activity

There were five visits to our premises by health and safety enforcement officers in 2013, compared to seven in the previous year. Four of those visits were from Fire Safety Officers carrying out routine inspections and the other involved a HSE Inspector making a scheduled visit to one of our printing plants. No enforcement action of any kind was required and where recommendations were made for improvement prompt action was taken.

Future health and safety initiatives

To promote and maintain improvement in 2014 the Group intends to:

- Provide further training in health and safety management for some of our senior executives and managers.
- Continue the promotion of staff health and well-being through training, organisational risk assessment and implementing plans for improvement, where appropriate.
- Maintain the provision of occupational health services throughout the Group with follow up action and in appropriate cases support.
- Establish a new and updated policy and procedures covering work-related road safety.
- Extend the use of health and safety e-learning training modules to staff that work in office environments.
- Carry out internal health and safety inspections, compliance audits and reviews, taking follow up action to maintain standards as required.
- Promote continued health and well-being through the provision of occupational health services with follow up action and support in appropriate cases.
- Effectively monitor the health and safety performance of contractors involved in engineering, construction and staff relation projects.
- Use behavioural safety at our printing plants as a tool to help identify further opportunities for accident prevention, where it is considered appropriate.
- Maintain conformity with OHSAS 18001, the health and safety management systems specification at our printing plants. This includes implementing annual health and safety improvement plans at each plant.
- Continue to support the Printing Industries Action Group and the Newspaper Publishers Association through involvement of the Group Health and Safety Manager.

Social and community matters

Charities

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 will make direct cash donations to charities in certain limited circumstances. The Group 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.

There is a further limited general pool of funds out of which donations can 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 Sunday 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 Group'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 Group is active in making donations in kind in the form of used computer equipment, furniture, books, etc. Through its community involvement programmes, the Group makes available members of its staff for volunteering and mentoring programmes.

Community engagement and fundraising

Our community engagement programmes throughout the Group are widespread and deeply embedded across many different regions of the UK.

Trinity Mirror's newspapers are integral to the lives of their readers and, in the case of our regional titles, are an important part of their local communities. Put simply, engaging with their communities is what newspapers do, so it's no surprise that this should be an area of significant and varied activity.

Below are just a few examples of the numerous awards ceremonies, campaigns and charity fundraising initiatives undertaken in 2013, providing an insight into the vital role that our newspapers play in defining and serving their communities.

Awards

We run a large number of award ceremonies across the Group, with the aim of celebrating the exceptional achievements of our readers and communities. Ranging from well-established annual award ceremonies broadcast on national television to smaller events reported in the local newspaper, we straddle the whole spectrum and each are as important as the other.

Prince Charles, Prince William, Prime Minister David Cameron and Labour leader Ed Milliband were among many personalities who took part in the Daily Mirror's 15th annual Pride of Britain Awards in October. The awards have become firmly established as the biggest national event celebrating the achievements of the country's unsung heroes. This year the winners included members of the emergency services and armed forces, exemplary teachers, care workers, charity fundraisers and courageous people who have overcome huge challenges to help others.

In Scotland, the Sunday Mail Young Scot Awards recognises and publicises the good work that young people carry out and works closely with Young Scot, the national youth information and citizenship charity for Scotland. Following a three-month media campaign 39 finalists and winners are rewarded at a gala awards dinner. Key awards presented include the Community Award, Unsung Hero Award and Volunteering Award. 20% of the event's contribution goes to the charity Young Scot as well as all proceeds from the charity raffle.

For the third year in succession the Western Mail joined forces with the Institute of Welsh Affairs in 2013 to stage two key awards to promote excellence and reward achievement. The first, the Inspire Wales Awards, recognises outstanding work across many areas of life, including leadership, corporate and social responsibility, education and sport. The second, the Welsh Business Awards, acknowledges achievement across all commercial sectors.

These examples give just a small snapshot of the awards activity taking place right across the Trinity Mirror portfolio to reward, recognise, celebrate and support all aspects of community life.

Campaigns

A vital part of a newspaper's role is to campaign on behalf of its readers and communities and this is a responsibility that our titles take great pride in.

The newspaper campaign can take many forms ranging from awareness-raising over local issues, holding authorities to account or in helping to generate funds for a local charity or worthy cause.

2013 saw a number of successful issue-based campaigns across both our national and regional titles, with campaigns against greedy energy companies, payday lending, dangerous dogs and the Government's bedroom tax all featuring high on the agenda.

An area around which much national and regional awareness and fund raising activity took place in 2013 was food banks and their role in helping to feed families and individuals as the recession and austerity measures continued to pinch. The Sunday People and the North Wales Weeklies Series were among the titles who lent their support to the cause.

The Wish Campaign continues apace across our regional titles. The campaign, which was created by the Teesside Gazette over eight years ago, allows readers to collect tokens in return for cash for their chosen charitable or not-for-profit organisation. It now runs across 11 newspapers within England, Scotland and Wales and over 2,000 schools, charities and community groups registered their interest online.

Without exception, all of our titles conduct campaigns over the course of the year touching on a wide variety of areas including health, environmental issues, literacy, hospices and healthcare to name a few.

A regular showcase of these campaigns can be found on the Trinity Mirror website throughout the year:
http://www.trinitymirror.com/our-values/community

Charity

In addition to the campaigns which raise much-needed funds for and awareness of the issues and causes, our titles regularly pick a chosen charity to celebrate and support over the year, or even set up their own.

Again, the examples of how we collaborate with charities all across the UK are too numerous to list in full but the below examples should give an indication of the breadth, depth and strength of our charity partnerships.

The Sunday Mail Centenary Fund was launched to mark our the title's 100th anniversary in 2014 and hopes to raise £1 million for 17 charities while also using the paper's editorial resources to showcase the charities' work. This ranges from funding crucial medical research to supporting the homeless, and from protecting vulnerable children to caring for our war veterans. The fundraising will continue through the centenary year in what promises to be a momentous year for Scotland, the Sunday Mail and its Centenary Fund.

The Coventry Telegraph continues to play an active role in supporting community initiatives. We continue to support disabled and disadvantaged children in Coventry and Warwickshire through our Snowball charity which has provided more than £250,000 in grants over the past 10 years.

In North Wales, fundraising by the Daily Post staff for chosen charity, Ty Gobaith passed the £100,000 mark in 2013. Ty Gobaith provides respite, palliative care and terminal nursing for life-limited children, and among fundraising events undertaken by the team this year was a cycle from Cardiff to Conwy in aid of the charity. Ty Gobaith's fundraising arm also shares the Daily Post's office, at no cost.

Further examples of the charity fundraising activities across the Trinity Mirror portfolio can be found on the Trinity Mirror website:
http://www.trinitymirror.com/our-values/community

DIRECTORS' REPORT

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. 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.

Results and dividends

The loss for the period attributable to equity holders of the parent company was £712.5 million (2012: £121.9 million profit). No dividend for the year was declared (2012: no dividend). Retained loss for the period was £712.5 million (2012: £121.9 million profit).

Political donations

At the Company's Annual General Meeting held in May 2013, 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 2013, there were no such payments (2012: £nil). The Company had no intention of making direct political donations but this authority made sure that it did not inadvertently commit a breach of the law applying to the expanded definition of political donations.

Greenhouse gas emissions

The disclosure in respect of the greenhouse gas emissions of the Company that are attributable to human activity in tonnes of carbon dioxide equivalent for all 6 greenhouse gases are set out in the Corporate Responsibility Report on page 58.

Employment policies and employees

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.

Further information about our employees is set out in the Strategic Report on page 17.

Share capital

Details of the movements in the Company's called-up share capital are included in note 30 in the notes to the consolidated financial statements.

Substantial shareholdings

In accordance with Rule 5 of the Disclosure and Transparency Rules, as at 29 December 2013, the Company had been notified of the following beneficial interests in its ordinary shares:

As at 29 December 2013 using ISC of 257,690,520	Number of shares	Percentage of issues share capital*
Schroders plc	42,793,959	16.607%
Aviva plc (Morley Fund Mngmt)	28,716,058	11.144%
Standard Life Investments Limited	12,623,382	4.899%
Blackrock Inc	12,817,868	4.974%
JP Morgan Asset Management (UK) Limited**	12,666,887	4.916%
Old Mutual Asset Managers (UK) Ltd	12,556,497	4.873%
Royal London Asset Management Limited**	10,294,580	3.995%
Appleby Trust (Jersey) Limited as trustee of Trinity Mirror EBT	11,071,988	4.297%
Lloyds TSB Group plc	8,931,102	3.466%

* Percentage of ordinary shares in issue, excluding Treasury Shares, as at 29 December 2013.

**Following the year end, a notification was received from Royal London Asset Management Limited that their interest had fallen below 3% and from J P Morgan Asset Management (UK) Limited that their interest had risen to 5.025%.

Dividend policy

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 since then., The Board's focus for the next three months is to gain approval for a capital reduction and repay maturing debt to increase financial flexibility before considering dividends to shareholders.

Directors

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

Executive

Simon Fox
Mark Hollinshead
Vijay Vaghela
Paul Vickers

Non-executive

David Grigson
Gary Hoffman (resigned 13 March 2014)
Jane Lighting
Kathleen O'Donovan (resigned 16 May 2013)
Donal Smith

Helen Stevenson and Lee Ginsberg were appointed non-executive directors on 1 January 2014.

Details of their remuneration, including details of the directors' beneficial and non-beneficial interests in shares, can be found in the Remuneration Report on pages 42 to 56.

Biographical details of each of the directors can be found on pages 30 and 31.

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 2013 Annual General Meeting

At the Annual General Meeting in May 2013, 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 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 period.

Auditors

Each of the persons who are a director at the date of approval of this Annual Report 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 Strategic Report, 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.

The Board confirms that the Annual Report, taken as a whole, is fair, balanced and understandable and it provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Paul Vickers
Secretary and Group Legal Director

13 March 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRINITY MIRROR PLC

Opinion on financial statements of Trinity Mirror plc

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 29 December 2013 and of the Group's loss for the 52 week period then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the related notes 1 to 38 to the Consolidated Financial Statements and the related notes 1 to 15 of the Parent Company Financial Statements. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Going concern

As required by the Listing Rules we have reviewed the directors' statement on page 35 that the Group is a going concern. We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
The assessment of the carrying value of goodwill and intangible fixed assets The assessment of the carrying value of goodwill and intangible assets, specifically the publishing rights and titles intangible assets and the carrying value of the investments held in Trinity Mirror plc is a highly judgemental area due to the challenges in forecasting in the changing market environment for publishers. During the period an impairment of £225 million has been recorded in the Consolidated Balance Sheet against goodwill and intangible assets for the Nationals, Scotland, North East and Cardiff cash-generating units and of £700 million against investments in the Parent Company financial statements.	We challenged management's assumptions used in the impairment assessment for goodwill and intangible assets in the Consolidated Balance Sheet and the carrying value of investments in Trinity Mirror plc, as described in notes 14 and 15 to the Consolidated financial statements and in note 4 to the Parent Company financial statements. We considered the short-term cash flow projections against recent performance, historical forecasting accuracy and compared the forecasts to external sources of data. We compared the medium and long-term forecasts against medium and long-term economic growth rates and compared the discount rate applied against a broad comparator group as well as using specialists to consider the key components of the discount rate calculation. We have recalulated the impairment losses recorded and we have re-run the sensitivities applied by management and considered their reasonableness.
Editorial governance Consideration of the potential impact on the financial statements of the historical legal issues relating to the two investigations being undertaken by the Metropolitan Police in relation to inappropriate payments to public officals and phone hacking and any current and potential civil claims.	We met with management and those charged with governance to enquire if they have knowledge of any actual or possible non-compliance with laws and regulations that could have a material effect on the financial statements. We then corroborated the responses received to relevant supporting documentation. We understand and have observed in practice the actions that management has taken in response to this risk and examined relevant correspondance received from parties outside of the Group. Alongside this risk of non-compliance with laws and regulations, we have evaluated the possible impact that potential non-compliance might have on the financial statements including disclosures at 29 December 2013.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRINITY MIRROR PLC CONTINUED

Risk (continued)	How the scope of our audit responded to the risk (continued)
Accounting for retirement benefit obligations The net pension deficit on the Consolidated Balance Sheet is £252 million. There is judgement involved in the valuation of the retirement benefit obligations, particularly in relation to determining the assumptions underlying the valuation of the liabilities of the schemes.	We assessed the actuarial assumptions (discount rate, inflation rates, mortality assumptions) adopted by the Group for the valuation of its retirement benefit obligations, with specific focus on changes to demographic assumptions in the year. We used internal specialists to consider these assumptions and benchmark them against a relevant comparator group.

The Audit & Risk Committee's consideration of these risks is set out on pages 38 and 39.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be £5 million having regard to a number of factors including the level of non-recurring items. This equates to 5% of adjusted pre-tax profit, 7.8% of pre-tax profit (before impairment) and below 1% of equity.

We agreed with the Audit & Risk Committee that we would report to the Committee all audit differences in excess of £100,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit & Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

Our Group audit scope focused on all active entities of the Group, excluding only dormant entities. These entities account for all of the Group's revenue and the Group's profit before tax and substantively all of the Group's total assets. Audits of these entities are performed at a statutory materiality level determined by reference to the scale of the business concerned.

At the Parent Company entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

The Group audit team continued to follow a programme of planned visits that has been designed so that the Senior Statutory Auditor or a senior member of the Group audit team visits each of the five locations where the Group audit scope is performed each year to understand the key issues and audit findings at these locations, attend the component close meetings and review formal reporting from the component auditors.

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- 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 are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRINITY MIRROR PLC CONTINUED

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance statement

Under the Listing Rules we are also required to review the part of the Corporate Governance statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit & Risk Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, strategically focused second partner reviews and independent partner reviews.

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.

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 and 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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Kate J Houldsworth FCA (Senior Statutory Auditor)

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

13 March 2014

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the 52 weeks ended 29 December 2013 (52 weeks ended 30 December 2012)

	notes	2013 £m	2012 (restated) £m
Revenue	4,5	**663.8**	706.5
Cost of sales		**(344.9)**	(370.8)
Gross profit		**318.9**	335.7
Distribution costs		**(74.9)**	(77.6)
Administrative expenses:			
Non-recurring items:	8		
Impairment of goodwill and other intangible assets		**(225.0)**	(60.0)
Other		**(9.3)**	(11.5)
Amortisation of other intangible assets	15	**(2.2)**	(3.0)
Pension administrative expenses	33	**(2.8)**	(3.2)
Other administrative expenses		**(142.8)**	(152.7)
Share of results of associates:	17		
Results before non-recurring items and amortisation		**6.8**	1.7
Non-recurring items	8	**(0.5)**	5.5
Amortisation of other intangible assets		**(3.0)**	–
Operating (loss)/profit		**(134.8)**	34.9
Investment revenues	9	**0.3**	0.4
Pension finance charge	33	**(13.2)**	(11.2)
Finance costs	10	**(13.1)**	(14.4)
(Loss)/profit before tax		**(160.8)**	9.7
Tax credit	11	**64.4**	7.2
(Loss)/profit for the period attributable to equity holders of the parent		**(96.4)**	16.9

Statutory (loss)/earnings per share		2013 Pence	2012 Pence
(Loss)/earnings per share – basic	13	**(39.0)**	6.8
(Loss)/earnings per share – diluted	13	**(39.0)**	6.7

Adjusted* earnings per share		2013 Pence	2012 Pence
Earnings per share – basic	13	**32.0**	29.9
Earnings per share – diluted	13	**30.7**	29.1

* 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, the pension finance charge, the pension administrative expenses and the impact of tax legislation changes. Set out in note 37 is the reconciliation between the statutory results and the adjusted results.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 52 weeks ended 29 December 2013 (52 weeks ended 30 December 2012)

	notes	2013 £m	2012 (restated) £m
(Loss)/profit for the period		**(96.4)**	16.9
Items that will not be reclassified to profit and loss:			
Actuarial gains/(losses) on defined benefit pension schemes	33	**42.5**	(64.1)
Tax on actuarial gains/(losses) on defined benefit pension schemes	11	**(8.5)**	14.6
Deferred tax charge resulting from the future change in tax rate		**(8.9)**	(4.6)
Share of items recognised by associates	17	**(1.0)**	(1.7)
Other comprehensive income/(costs) for the period		**24.1**	(55.8)
Total comprehensive costs for the period		**(72.3)**	(38.9)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 52 weeks ended 29 December 2013

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings and other reserves £m	Total £m
At 30 December 2012	(25.8)	(1,121.6)	(4.3)	512.7	(639.0)
Loss for the period	–	–	–	96.4	96.4
Other comprehensive income for the period	–	–	–	(24.1)	(24.1)
Total comprehensive costs for the period	–	–	–	72.3	72.3
Credit to equity for equity-settled share-based payments	–	–	–	(8.0)	(8.0)
Purchase of own shares	–	–	–	3.0	3.0
At 29 December 2013	**(25.8)**	**(1,121.6)**	**(4.3)**	**580.0**	**(571.7)**

for the 52 weeks ended 30 December 2012

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings and other reserves £m	Total £m
At 1 January 2012	(25.8)	(1,121.6)	(4.3)	476.3	(675.4)
Profit for the period (restated)	–	–	–	(16.9)	(16.9)
Other comprehensive costs for the period (restated)	–	–	–	55.8	55.8
Total comprehensive costs for the period	–	–	–	38.9	38.9
Credit to equity for equity-settled share-based payments	–	–	–	(2.5)	(2.5)
At 30 December 2012	(25.8)	(1,121.6)	(4.3)	512.7	(639.0)

FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEET

at 29 December 2013 (30 December 2012)

	notes	2013 £m	2012 £m
Non-current assets			
Goodwill	14	**12.0**	17.8
Other intangible assets	15	**671.1**	894.9
Property, plant and equipment	16	**337.6**	357.5
Investment in associates	17	**26.8**	12.6
Retirement benefit assets	33	**15.7**	36.7
Deferred tax assets	21	**57.0**	68.9
Derivative financial instruments	26	**1.9**	5.2
		1,122.1	1,393.6
Current assets			
Inventories	18	**8.9**	7.0
Trade and other receivables	19	**110.5**	107.1
Cash and cash equivalents	19	**15.5**	24.2
		134.9	138.3
Total assets		**1,257.0**	1,531.9
Non-current liabilities			
Borrowings	25	**(62.0)**	(104.9)
Retirement benefit obligations	33	**(267.9)**	(334.4)
Deferred tax liabilities	21	**(180.7)**	(262.9)
Provisions	22	**(13.8)**	(8.8)
		(524.4)	(711.0)
Current liabilities			
Borrowings	25	**(40.4)**	(49.7)
Trade and other payables	20	**(90.3)**	(101.1)
Current tax liabilities	11	**(16.7)**	(21.3)
Provisions	22	**(10.3)**	(7.1)
Derivative financial instruments	26	**(3.2)**	(2.7)
		(160.9)	(181.9)
Total liabilities		**(685.3)**	(892.9)
Net assets		**571.7**	639.0
Equity			
Share capital	29,30	**(25.8)**	(25.8)
Share premium account	29,31	**(1,121.6)**	(1,121.6)
Capital redemption reserve	29	**(4.3)**	(4.3)
Retained earnings and other reserves	29	**580.0**	512.7
Total equity attributable to equity holders of the parent		**(571.7)**	(639.0)

These consolidated financial statements were approved by the Board of directors and authorised for issue on 13 March 2014. They were signed on its behalf by:

Simon Fox
Chief Executive

Vijay Vaghela
Group Finance Director

CONSOLIDATED CASH FLOW STATEMENT

for the 52 weeks ended 29 December 2013 (52 weeks ended 30 December 2012)

	notes	2013 £m	2012 £m
Cash flows from operating activities			
Cash generated from operations	24	**92.9**	109.2
Income tax paid		**(22.0)**	(18.1)
Net cash inflow from operating activities		**70.9**	91.1
Investing activities			
Interest received		**0.3**	0.4
Dividend received from associates	17	**2.3**	0.1
Proceeds on disposal of subsidiary undertaking	36	**2.5**	–
Proceeds on disposal of property, plant and equipment		**0.7**	0.3
Purchases of property, plant and equipment		**(8.0)**	(5.6)
Acquisition of associate undertaking	17	**(14.2)**	–
Net cash used in investing activities		**(16.4)**	(4.8)
Financing activities			
Interest paid on borrowings		**(5.7)**	(7.9)
Repayment of borrowings		**(54.5)**	(69.7)
Purchase of own shares		**(3.0)**	–
Net cash used in financing activities		**(63.2)**	(77.6)
Net (decrease)/increase in cash and cash equivalents		**(8.7)**	8.7
Cash and cash equivalents at the beginning of the period	27	**24.2**	15.5
Cash and cash equivalents at the end of the period	27	**15.5**	24.2

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the 52 weeks ended 29 December 2013 (52 weeks ended 30 December 2012)

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 Strategic Report on pages 15 to 28.

These consolidated financial statements were approved for issue by the Board of directors on 13 March 2014. The 2013 Annual Report will be available on the Company's website at www.trinitymirror.com and at the Company's registered office at One Canada Square, Canary Wharf, London E14 5AP on 13 March 2014 and will be sent to shareholders who have elected to receive a hard copy in April 2014.

2 Adoption of new and revised standards

Changes in accounting policy

The Group has adopted IAS 19 (Amended) 'Employee Benefits' during the current financial period and has been applied retrospectively to 2012 for comparative purposes. Statutory operating profit for 2012 has been reduced by £3.2 million due to pension administrative expenses, which were previously allowed for in the pension finance charge, now charged to statutory operating profit and the pension finance charge has increased by £6.0 million due to a change in the basis of calculation. Together, the changes have resulted in a £9.2 million reduction in statutory profit before tax and a £6.9 million reduction in statutory profit after tax with statutory earnings per share decreasing by 2.8 pence. The adjusted results are not impacted as they exclude both the pension administrative expenses and the pension finance charge.

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

IFRS 1 (Amended) 'First-time Adoption of International Financial Reporting Standards' – effective for periods beginning on or after 1 January 2013

IFRS 7 (Amended) 'Financial Instruments' – effective for periods beginning on or after 1 January 2013

IFRS 13 (Issued) 'Fair Value Measurement' – effective for periods beginning on or after 1 January 2013

IAS 1 (Amended) 'Presentation of Financial Statements' – effective for periods beginning on or after 1 July 2012

Improvements to IFRS (2011), effective for periods starting on or after 1 January 2013 has had no material impact on the Group.

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

IFRS 9 (Issued) 'Financial Instruments' – effective for periods starting on or after 1 January 2015

IFRS 10 (Issued) 'Consolidated Financial Statements' – effective for periods beginning on or after 1 January 2014

IFRS 11 (Issued) 'Joint Arrangements' – effective for periods beginning on or after 1 January 2014

IFRS 12 (Issued) 'Disclosure of Interests in Other Entities' – effective for periods beginning on or after 1 January 2014

IAS 27 (Revised) 'Separate Financial Statements' – effective for periods beginning on or after 1 January 2014

IAS 28 (Revised) 'Investments in Associates' – effective for periods beginning on or after 1 January 2014

IAS 32 (Amended) 'Financial Instruments' – effective for periods beginning on or after 1 January 2014

3 Accounting policies

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 29 December 2013, prepared in accordance with applicable law and United Kingdom Accounting Standards, are presented on pages 107 to 115.

Basis of preparation

These consolidated financial statements have been prepared on a going concern basis as set out in the Corporate Governance Report on page 35.

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 29 December 2013 and the comparative period has been prepared for the 52 weeks ended 30 December 2012.

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.

Basis of accounting

These consolidated financial statements have been prepared in accordance with IFRS standards and IFRIC interpretations as adopted by the 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 29 December 2013. 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.

3 Accounting policies continued

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 associates post-acquisition profits or losses after tax is recognised in the consolidated income statement and its share of other comprehensive income are recognised in the consolidated statement of comprehensive income.

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 or associate, 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 other intangible assets 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, 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.

Other intangible assets in respect of online activities 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 or more frequently where there is an indication that the recoverable amount is less than the carrying amount.

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

3 Accounting policies continued

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 independently from those of the Group and are controlled by 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.

The Group operates a defined contribution pension scheme which has been set up under trust that holds the financial assets independently from those of the Group and is controlled by Trustees. Payments to defined contribution pension schemes are charged as an expense as they fall due.

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 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 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 liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the 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 charged or credited in the consolidated income statement except when it relates to items charged or credited in the consolidated statement of comprehensive income or items charged or credited directly to equity in which case the deferred tax is also dealt with in the consolidated statement of comprehensive income and equity respectively.

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).

3 Accounting policies continued

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 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.

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. Provisions are made for legal and other costs in respect of historical litigation and other matters in progress and for estimated damages where it is judged probable that damages will be payable.

Share-based payments

The Group issues equity-settled benefits to certain employees.

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.

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3 Accounting policies continued

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 (notes 14 and 15).

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 (note 33).

Derivative financial instruments

Derivative financial instruments are recognised at fair value and can change significantly from period to period (note 26).

4 Operating segments

Operating segments are 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 Group has four operating segments that are regularly reviewed by the Board and chief operating decision maker.

The operating segments are: Publishing which includes all of our newspapers and associated digital publishing; Printing which provides printing services to the publishing segment and to third parties; Specialist Digital which includes our acquired digital classified and digital marketing services businesses; and Central which includes revenue and costs not allocated to the operational divisions and the share of results of associates.

The accounting policies used in the preparation of each segment's revenue and results are the same as the Group's accounting policies described in note 3. The Board and chief operating decision maker are not provided with an amount for total assets by segment. The Group's operations are located in the UK and the Group is not subject to significant seasonality during the year.

Segment revenue and results

52 weeks ended 29 December 2013	**Publishing 2013 £m**	**Printing 2013 £m**	**Specialist Digital 2013 £m**	**Central 2013 £m**	**Total 2013 £m**
Revenue					
Segment sales	**576.4**	**198.4**	**20.0**	**3.0**	**797.8**
Inter-segment sales	**–**	**(132.7)**	**(1.3)**	**–**	**(134.0)**
Total revenue	**576.4**	**65.7**	**18.7**	**3.0**	**663.8**
Segment result	**118.5**	**–**	**0.4**	**(10.9)**	**108.0**
Amortisation of other intangible assets					**(5.2)**
Pension administrative expenses					**(2.8)**
Non-recurring items					**(234.8)**
Operating loss					**(134.8)**
Investment revenues					**0.3**
Pension finance charge					**(13.2)**
Finance costs					**(13.1)**
Loss before tax					**(160.8)**
Tax credit					**64.4**
Loss for the period					**(96.4)**

52 weeks ended 30 December 2012 (restated)	Publishing 2012 £m	Printing 2012 £m	Specialist Digital 2012 £m	Central 2012 £m	Total 2012 £m
Revenue					
Segment sales	615.6	219.5	23.0	3.2	861.3
Inter-segment sales	–	(153.2)	(1.6)	–	(154.8)
Total revenue	615.6	66.3	21.4	3.2	706.5
Segment result	125.1	–	(2.9)	(15.1)	107.1
Amortisation of other intangible assets					(3.0)
Pension administrative expenses					(3.2)
Non-recurring items					(66.0)
Operating profit					34.9
Investment revenues					0.4
Pension finance charge					(11.2)
Finance costs					(14.4)
Profit before tax					9.7
Tax credit					7.2
Profit for the period					16.9

5 Revenue

	2013 £m	2012 £m
Circulation	**285.8**	297.2
Advertising	**262.7**	292.8
Printing	**65.7**	66.3
Other	**49.6**	50.2
Total revenue	**663.8**	706.5

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

	2013 £m	2012 £m
UK and Republic of Ireland	**659.9**	702.1
Continental Europe	**3.7**	3.8
Rest of World	**0.2**	0.6
Total revenue	**663.8**	706.5

6 Result for the period

	2013 £m	2012 £m
Operating (loss)/profit for the period is arrived at after (charging)/crediting:		
Staff costs	**(210.0)**	(214.0)
Cost of inventories recognised as cost of sales	**(107.6)**	(130.5)
Depreciation of property, plant and equipment	**(26.4)**	(29.1)
Profit on disposal of fixed assets	**0.2**	0.1
Write-off of fixed assets	**(1.2)**	–
Amortisation of other intangible assets		
– excluding associates	**(2.2)**	(3.0)
– share of associates	**(3.0)**	–
Operating lease rentals payable:		
– property	**(6.0)**	(6.9)
– vehicles, plant and equipment	**(2.7)**	(2.8)
Trade receivables impairment	**1.4**	(0.8)
Net foreign exchange gain/(loss)	**0.1**	(0.1)
Pension administrative expenses	**(2.8)**	(3.2)
Non-recurring items		
– excluding associates	**(234.3)**	(71.5)
– share of associates	**(0.5)**	5.5
Auditors' remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**(0.2)**	(0.2)
Fees payable to the Company's auditor for other services to the Group:		
– the audit of the Company's subsidiaries	**(0.4)**	(0.4)
Total audit fees	**(0.6)**	(0.6)
Non-audit fees payable to the Company's auditors for:		
– audit-related assurance services	**(0.1)**	(0.1)
– other taxation advisory services	**(0.1)**	(0.1)
Total non-audit fees	**(0.2)**	(0.2)

There were no future services for the auditors contracted at the reporting date (2012: £nil).

Fees payable to Deloitte LLP for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

A description of the work of the Audit & Risk Committee is set out in the Audit & Risk Committee Report on pages 37 to 41 and includes an explanation of how auditors' objectivity and independence are safeguarded when non-audit services are provided by the auditors.

Total administrative expenses included in operating (loss)/profit amounted to £382.1 million (2012: £230.4 million) including non-recurring items amounting to a charge of £234.3 million (2012: £71.5 million), pension administrative expenses of £2.8 million (2012: £3.2 million) and amortisation of other intangible assets of £2.2 million (2012: £3.0 million).

Total share of results of associates amounted to a profit of £3.3 million (2012: £7.2 million) comprising share of profit before non-recurring items and amortisation of other intangible assets of £6.8 million (2012: £1.7 million), a non-recurring change of £0.5 million (2012: £5.5 million profit) and amortisation of other intangible assets of £3.0 million (2012: £nil).

Total foreign exchange gains were £2.8 million (2012: £7.3 million) comprising a net foreign exchange gain of £0.1 million (2012: £0.1 million loss) included in operating (loss)/profit and a gain on the retranslation of borrowings of £2.7 million (2012: £7.4 million) included in finance costs.

7 Staff costs

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

	2013 Number	2012 Number
Production and editorial	**2,710**	2,733
Sales and distribution	**1,216**	1,449
Administration	**1,107**	1,210
	5,033	5,392

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:

	2013 £m	2012 £m
Wages and salaries	**(174.9)**	(179.1)
Social security costs	**(18.0)**	(18.4)
Share-based payments in the period (note 32)	**(2.3)**	(2.8)
Pension costs – defined contribution pension schemes (note 33)	**(14.8)**	(13.7)
	(210.0)	(214.0)

Wages and salaries include bonuses payable in the period. 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 Conduct Authority are shown in the tables in the Remuneration Report on pages 42 to 56 and form part of these consolidated financial statements.

8 Non-recurring items

	2013 £m	2012 £m
Impairment of goodwill and other intangible assets[a]	**(225.0)**	(60.0)
Restructuring charges[b]	**(9.9)**	(11.5)
Profit on disposal of subsidiary undertaking[c]	**0.6**	–
Non-recurring items included in administrative expenses	**(234.3)**	(71.5)
Non-recurring items included in share of results of associates[d]	**(0.5)**	5.5
Total non-recurring items	**(234.8)**	(66.0)

(a) An impairment review comparing the carrying value of the Group's assets with value in use was undertaken in accordance with IAS 36. The review indicated that a £225.0 million impairment charge against goodwill and publishing rights and titles in respect of the Nationals and certain regional (Scotland, North East and Cardiff) cash-generating units was required (2012: £60.0 million impairment charge against goodwill in the digital recruitment cash-generating unit (£52.0 million) and the digital property cash-generating unit (£8.0 million) (notes 14 and 15)).

(b) Restructuring charges of £9.9 million (2012: £11.5 million) were incurred in delivery of cost reduction measures.

(c) The Group disposed of Trinity Mirror Digital Property Limited realising a profit on disposal of £0.6 million (note 36).

(d) Share of the after tax non-recurring items incurred by Local World in respect of restructuring charges (2012: gain made by PA Group Limited on disposal of its 50% interest in Canada Newswires) (note 17).

9 Investment revenues

	2013 £m	2012 £m
Interest income on bank deposits and other interest receipts	**0.3**	0.4

10 Finance costs

	2013 £m	2012 £m
Interest on bank overdrafts and borrowings	(7.0)	(8.8)
Total interest expense	(7.0)	(8.8)
Fair value loss on derivative financial instruments	(8.8)	(13.0)
Foreign exchange gain on retranslation of borrowings	2.7	7.4
Finance costs	(13.1)	(14.4)

11 Tax

	2013 £m	2012 (restated) £m
Current tax		
Corporation tax charge for the period	(19.1)	(23.7)
Prior period adjustment	1.0	0.4
Current tax charge	(18.1)	(23.3)
Deferred tax		
Deferred tax credit for the period	48.3	6.9
Deferred tax rate change	34.3	23.2
Prior period adjustment	(0.1)	0.4
Deferred tax credit	82.5	30.5
Tax credit	64.4	7.2

	%	%
Reconciliation of tax credit		
Standard rate of corporation tax	23.3	(24.5)
Tax effect of items that are not deductible in determining taxable profit/(loss)	(1.0)	(152.8)
Deferred tax rate change	16.6	239.2
Prior period adjustment	0.6	8.2
Tax effect of share of results of associates	0.5	4.1
Tax credit rate	40.0	74.2

The standard rate of corporation tax reduced from 24% to 23% on 1 April 2013. The blended rate for the accounting year is 23.25% being a mix of 24% up to 31 March 2013 and 23% from 1 April 2013 (2012: 24.5% being a mix of 26% up to 31 March 2012 and 24% from 1 April 2012). The current tax liabilities amounted to £16.7 million (2012: £21.3 million) at the reporting date.

The opening deferred tax position is recalculated in the period in which a change in the standard rate of corporation tax has been enacted or substantively enacted by parliament. The change in rate from 23% to 20% (2012: from 25% to 23%) has been accounted for in the year resulting in a £34.3 million credit (2012: £23.2 million credit) in the consolidated income statement and a £8.9 million debit (2012: £4.6 million debit) in the consolidated statement of comprehensive income.

The tax on actuarial gains/(losses) on defined benefit pension schemes taken to the consolidated statement of comprehensive income is a debit of £8.5 million (2012: £14.6 million credit) comprising a deferred tax debit of £9.2 million and a current tax credit of £0.7 million (2012: £14.6 million deferred tax credit).

The tax on share-based payments taken to equity is a credit of £5.9 million (2012: £nil).

12 Dividends

No dividend is declared for both 2013 and 2012.

13 Earnings per share

	2013 £m	2012 (restated) £m
Profit after tax before adjusted* items	**79.1**	73.7
Adjusted* items:		
Non-recurring items (after tax)	**(187.3)**	(62.6)
Amortisation of other intangibles (after tax)	**(4.8)**	(2.3)
Finance costs (after tax)	**(4.9)**	(4.3)
Pension charges (after tax)	**(12.8)**	(10.8)
Tax legislation changes	**34.3**	23.2
(Loss)/profit for the period	**(96.4)**	16.9

* 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, the pension finance charge, the pension administrative expenses and the impact of tax legislation changes. Set out in note 37 is the reconciliation between the statutory results and the adjusted results.

Weighted average number of ordinary shares	Thousand	Thousand
Weighted average number of ordinary shares for basic earnings per share	**247,328**	246,686
Effect of potential dilutive ordinary shares in respect of share options	**10,063**	6,698
Weighted average number of ordinary shares for diluted earnings per share	**257,391**	253,384

Basic earnings per share is calculated by dividing profit for the period 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 weighted average number of potentially dilutive ordinary shares not currently dilutive was 5,215,571 (2012: 6,406,571).

Statutory (loss)/earnings per share	Pence	Pence
(Loss)/earnings per share – basic	**(39.0)**	6.8
(Loss)/earnings per share – diluted	**(39.0)**	6.7

Potentially dilutive ordinary shares in respect of share options have not been included in the statutory diluted (loss)/earnings per share calculation as they are antidilutive in this instance.

Adjusted* earnings per share	Pence	Pence
Earnings per share – basic	**32.0**	29.9
Earnings per share – diluted	**30.7**	29.1

* 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, the pension finance charge, the pension administrative expenses and the impact of tax legislation changes. Set out in note 37 is the reconciliation between the statutory results and the adjusted results.

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

	Pence	Pence
Impairment of goodwill and intangible assets	**(73.1)**	(24.3)
Restructuring charges	**(2.8)**	(3.3)
Profit on disposal of subsidiary undertaking	**0.3**	–
Loss per share – non-recurring items included in administrative expenses	**(75.6)**	(27.6)
(Loss)/profit per share – non-recurring items included in share of results of associates	**(0.2)**	2.2
Loss per share – total non-recurring items	**(75.8)**	(25.4)

14 Goodwill

	2013 £m	2012 £m
Opening balance	**17.8**	77.8
Impairment	**(3.4)**	(60.0)
Disposal	**(2.4)**	–
Closing balance	**12.0**	17.8

At the reporting date the Publishing division comprises eight cash-generating units and the Specialist Digital division comprises three cash-generating units. Goodwill is allocated to cash-generating units as follows:

	2013 £m	2012 £m
Publishing	**–**	3.4
Specialist Digital	**12.0**	14.4
Total	**12.0**	17.8

Note 15 sets out the results of the impairment review performed at the reporting date which resulted in an impairment of £3.4 million of goodwill relating to the cash-generating units in the Publishing division and concluded that no impairment was required in respect of goodwill relating to the cash-generating units in the Specialist Digital division. Note 36 sets out details of the disposal of Trinity Mirror Digital Property Limited which comprised one of the cash-generating units in the Specialist Digital division.

15 Other intangible assets

	Publishing rights and titles £m	Customer relationships and domain names £m	Group total £m
Cost			
At 1 January 2012	1,852.8	46.7	1,899.5
At 30 December 2012	1,852.8	46.7	1,899.5
Disposal	–	(9.6)	(9.6)
At 29 December 2013	**1,852.8**	**37.1**	**1,889.9**
Accumulated amortisation			
At 1 January 2012	(965.0)	(36.6)	(1,001.6)
Amortisation	–	(3.0)	(3.0)
At 30 December 2012	(965.0)	(39.6)	(1,004.6)
Amortisation	–	(2.2)	(2.2)
Impairment	(221.6)	–	(221.6)
Disposal	–	9.6	9.6
At 29 December 2013	**(1,186.6)**	**(32.2)**	**(1,218.8)**
Carrying amount			
At 30 December 2012	887.8	7.1	894.9
At 29 December 2013	**666.2**	**4.9**	**671.1**

At the reporting date the Publishing division comprises eight cash-generating units and the Specialist Digital division comprises three cash-generating units. Other intangible assets are allocated to cash-generating units as follows:

	Publishing rights and titles £m	Customer relationships and domain names £m	Total 2013 £m	Publishing rights and titles £m	Customer relationships and domain names £m	Total 2012 £m
Publishing	**666.2**	**–**	**666.2**	887.8	–	887.8
Specialist Digital	**–**	**4.9**	**4.9**	–	7.1	7.1
Total	**666.2**	**4.9**	**671.1**	887.8	7.1	894.9

15 Other intangible assets continued

The directors consider publishing rights and titles have indefinite economic lives due to the longevity of the brands and the ability to evolve the brands in an ever changing media landscape. It is not practicable to review individual publishing rights and titles due to the interdependencies of revenues and cash inflow within the cash-generating units. The customer relationships and domain names have estimated useful lives of between four and 10 years.

The Group tests the carrying value of assets at the cash-generating unit level for impairment at each reporting date or more frequently if there are indications that assets might be impaired. The review is undertaken by assessing whether the carrying value of assets is supported by their value in use which is calculated as the net present value of future cash flows derived from those assets, using cash flow projections. If an impairment charge is required this is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit but subject to not reducing any asset below its recoverable amount.

The Group prepares cash flow projections for a cash-generating unit using the approved budget for 2014 and the projections for 2015 and 2016. The growth rates for the three-year period are internal projections based on both internal and external market information and reflect past experience of and the risk associated with each asset. Cash flow projections beyond 2016 are extrapolated based on estimated growth rates which do not exceed the average long-term growth rates for the relevant markets. The growth rates range between 0% and 2.5% and vary with the Board's view of the cash-generating units market position and maturity of the relevant market.

The post-tax discount rate used at the period end reporting date was 11.0% (2012: 7.4%) reflecting a long-term equity and debt mix based on the period end enterprise value assuming a long-term debt to EBITDA ratio of 1.5 times. The equivalent pre-tax discount rate is 14.2% (2012: 9.4%). The increase in the post-tax discount rate is driven by changes in the market expectations of the capital structure and the cost of debt and equity for the print media sector.

The impairment review of the carrying value of assets performed at the reporting date resulted in an impairment of £225.0 million in respect of assets relating to the cash-generating units in the Publishing division and concluded that no impairment was required in respect of assets relating to the cash-generating units in the Specialist Digital division. The impairment has been allocated £3.4 to goodwill in respect of the Nationals cash-generating unit and £221.6 million to publishing rights and titles in respect of the Nationals and certain regional (Scotland, North East and Cardiff) cash-generating units. The impairment is driven by the increase in the post tax discount rate and a review of the market in which the cash-generating units in the Publishing division operate and the prospects for these businesses due to the ongoing challenges arising from changing media consumption faced by print media.

The impairment review is sensitive to a change in key assumptions used in the value in use calculations relating to the discount rate and future growth rates. A reasonably possible change of 1% in the discount rate or of 1% in the growth rate beyond 2016 would change the gross impairment in respect the cash-generating units in the Publishing division by some £60 million and have no impact on the cash-generating units in the Specialist Digital division.

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 1 January 2012	212.2	20.6	313.1	2.2	548.1
Additions	–	–	0.6	4.5	5.1
Disposals	(0.1)	(0.1)	–	–	(0.2)
Reclassification	–	–	0.7	(0.7)	–
Write-off of assets	(0.1)	(0.3)	(4.8)	–	(5.2)
At 30 December 2012	212.0	20.2	309.6	6.0	547.8
Additions	–	–	0.6	7.6	8.2
Disposals	(0.8)	–	–	–	(0.8)
Disposal of subsidiary undertaking	–	(0.1)	(0.2)	–	(0.3)
Reclassification	4.4	(4.4)	1.2	(1.2)	–
Write-off of assets	–	–	(1.5)	–	(1.5)
At 29 December 2013	**215.6**	**15.7**	**309.7**	**12.4**	**553.4**
Accumulated depreciation and impairment					
At 1 January 2012	(35.4)	(4.3)	(126.7)	–	(166.4)
Charge for the period	(4.3)	(0.8)	(24.0)	–	(29.1)
Write-off of assets	0.1	0.3	4.8	–	5.2
At 30 December 2012	(39.6)	(4.8)	(145.9)	–	(190.3)
Charge for the period	(4.7)	(0.3)	(21.4)	–	(26.4)
Disposals	0.3	–	–	–	0.3
Disposal of subsidiary undertaking	–	0.1	0.2	–	0.3
Reclassification	(1.8)	1.8	–	–	–
Write-off of assets	–	–	0.3	–	0.3
At 29 December 2013	**(45.8)**	**(3.2)**	**(166.8)**	**–**	**(215.8)**
Carrying amount					
At 30 December 2012	172.4	15.4	163.7	6.0	357.5
At 29 December 2013	**169.8**	**12.5**	**142.9**	**12.4**	**337.6**

	2013 £m	2012 £m
Capital commitments		
Expenditure contracted for but not provided in the consolidated financial statements	**1.5**	3.4

17 Investment in associates

Details of each of the Group's associates at the end of the period are as follows:

			Interest	
Name of associate	Principal activity	Place of incorporation	2013	2012
PA Group Limited	News agency	England and Wales	**21.53%**	21.53%
Local World Holdings Limited	Regional publishing company	England and Wales	**19.98%**	–

On 7 January 2013, the Group acquired a 19.98% equity interest in Local World Limited for a cash consideration of £14.2 million. On the same day, Local World Limited acquired the regional publishing assets previously owned by Northcliffe Media Limited and Iliffe News & Media Limited. Local World Limited subsequently changed its name to Local World Holdings Limited.

On 16 December 2013, PA Group Limited announced the disposal of its weather forecasting business, MeteoGroup for a cash consideration of €190 million. The transaction is subject to German competition clearance and is expected to complete in early 2014 with 75% of the consideration payable on completion with the balance payable one year after completion. PA Group Limited is expected to report a profit on disposal of some £125 million. The Group will account for its share of such profit as a non-recurring item at the time of completion.

	PA Group Limited £m	Local World Holdings Limited £m	Group total £m
At 1 January 2012	7.2	–	7.2
Share of results:			
Results before amortisation and non-recurring items	1.7	–	1.7
Non-recurring items	5.5	–	5.5
Dividends received	(0.1)	–	(0.1)
Share of other comprehensive costs	(1.7)	–	(1.7)
At 30 December 2012	12.6	–	12.6
Investment	**–**	**14.2**	**14.2**
Share of results:			
Results before amortisation and non-recurring items	**1.7**	**5.1**	**6.8**
Non-recurring items	**–**	**(0.5)**	**(0.5)**
Amortisation of other intangible assets	**(0.3)**	**(2.7)**	**(3.0)**
Dividends received	**(2.3)**	**–**	**(2.3)**
Share of other comprehensive costs	**(1.0)**	**–**	**(1.0)**
At 29 December 2013	**10.7**	**16.1**	**26.8**

PA Group Limited	2013 £m	2012 £m
Total assets	**93.0**	93.9
Total liabilities	**(43.3)**	(35.3)
Net assets	**49.7**	58.6
Group's share of net assets	**10.7**	12.6
Revenue	**92.9**	94.1
Profit for the period	**6.5**	33.3
Group's share of results for the period	**1.4**	7.2

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 2012 together with the management accounts up to the end of December 2013 have been used with appropriate year end adjustments made. Included in the share of results of associates was a £nil (2012: £5.5 million after tax non-recurring gain on disposal of its 50% interest in Canada Newswires) and a £0.3 million after tax amortisation of other intangible assets charge.

17 Investment in associates continued

Local World Holdings Limited	2013 £m	2012 £m
Total assets	127.4	–
Total liabilities	(49.9)	–
Net assets	77.5	–
Group's share of net assets	15.5	–
Goodwill	0.6	–
Group's share of interest in associate	16.1	–
Revenue	230.6	–
Profit for the period	9.5	–
Group's share of results for the period	1.9	–

The financial statements of Local World Holdings Limited are made up to 31 December each year. For the purposes of applying the equity method of accounting the management accounts up to the end of December 2013 have been used with appropriate year end adjustments made. Included in the share of results of associates is a £0.5 million after tax non-recurring charge in respect of restructuring charges and a £2.7 million after tax amortisation charge.

18 Inventories

	2013 £m	2012 £m
Raw materials and consumables	8.9	7.0

The Group consumed £107.6 million (2012: £130.5 million) of inventories during the period.

19 Other financial assets

Trade and other receivables	2013 £m	2012 £m
Gross trade receivables	96.3	93.1
Allowances for doubtful receivables	(2.7)	(5.6)
Net trade receivables	93.6	87.5
Prepayments and accrued income	15.1	17.6
Other receivables	1.8	2.0
	110.5	107.1

Net trade receivables

Trade receivables net of allowances for doubtful receivables at the reporting date amounted to £93.6 million (2012: £87.5 million).

The average credit period taken on sales of goods is 53 days (2012: 48 days). No interest is charged on the receivables. The Group has provided fully for all receivables over 120 days and 50% of receivables between 90 days and 120 days because historical experience is such that these receivables are generally not recoverable. Trade receivables less than 90 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 (2012: two) customers who individually represent more than 10% of net trade receivables.

Included in net trade receivables balance are debtors with a carrying amount of £4.4 million (2012: £1.9 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 83 days (2012: 85 days).

19 Other financial assets continued

Ageing of past due but not impaired receivables	2013 £m	2012 £m
60–90 days	3.7	1.3
90–120 days	0.7	0.6
Total	4.4	1.9

Movement in allowance for doubtful debts	2013 £m	2012 £m
Opening balance	5.6	6.2
Impairment losses recognised	(1.4)	0.8
Utilisation of provision	(1.3)	(1.4)
Disposed of subsidiary undertaking	(0.2)	–
Closing balance	2.7	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	2013 £m	2012 £m
Less than 60 days	–	0.6
60–90 days	–	1.5
90–120 days	0.5	0.6
120+ days	2.2	2.9
Total	2.7	5.6

The carrying amount of trade and other receivables approximates their fair value.

	2013 £m	2012 £m
Cash and cash equivalents	15.5	24.2

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of one week or less. At 30 December 2012, £14.2 million was held in escrow pending the completion of the investment in Local World (note 17). The carrying amount of these assets approximates their fair value.

20 Other financial liabilities

Trade and other payables	2013 £m	2012 £m
Trade payables	(17.9)	(19.3)
Social security and other taxes	(7.8)	(8.5)
Accruals and deferred income	(60.4)	(65.4)
Other payables	(4.2)	(7.9)
	(90.3)	(101.1)

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 35 days (2012: 34 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 2 January 2012 (at 25% tax rate)	(61.3)	(4.2)	(1.2)	(224.5)	57.5	0.5	(233.2)
Change of tax rate applying to deferred tax:							
Credit to consolidated income statement	4.8	0.3	0.1	18.0	–	–	23.2
Charge to equity	–	–	–	–	(4.6)	–	(4.6)
At 2 January 2012 (at 23% tax rate)	(56.5)	(3.9)	(1.1)	(206.5)	52.9	0.5	(214.6)
Credit/(charge) to consolidated income statement	3.0	1.4	–	0.7	–	(0.1)	5.0
Credit to equity	–	–	–	–	15.6	–	15.6
At 30 December 2012 (at 23% tax rate)	(53.5)	(2.5)	(1.1)	(205.8)	68.5	0.4	(194.0)
Change of tax rate applying to deferred tax:							
Credit/(charge) to consolidated income statement	7.1	0.4	0.1	26.8	–	(0.1)	34.3
Charge to equity	–	–	–	–	(8.9)	–	(8.9)
At 30 December 2012 (at 20% tax rate)	(46.4)	(2.1)	(1.0)	(179.0)	59.6	0.3	(168.6)
Credit to consolidated income statement	1.5	1.4	0.1	44.8	–	0.4	48.2
(Charge)/credit to equity	–	–	–	–	(9.2)	5.9	(3.3)
At 29 December 2013 (at 20% tax rate)	**(44.9)**	**(0.7)**	**(0.9)**	**(134.2)**	**50.4**	**6.6**	**(123.7)**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances in the consolidated balance sheet:

	2013 £m	2012 £m
Deferred tax liabilities	**(180.7)**	(262.9)
Deferred tax assets	**57.0**	68.9
	(123.7)	(194.0)

At the reporting date, the Group has unused tax losses of £4.4 million (2012: £4.4 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 £34.6 million (2012: £34.6 million) at the reporting date.

22 Provisions

	Share-based payments £m	Property £m	Restructuring £m	Other £m	Total £m
At 1 January 2012	(1.5)	(9.7)	(2.9)	–	(14.1)
Charged to income statement	(0.3)	(3.2)	(11.5)	–	(15.0)
Utilisation of provision	–	2.9	10.3	–	13.2
At 30 December 2012	(1.8)	(10.0)	(4.1)	–	(15.9)
Reclassification	(2.0)	(1.6)	–	(6.5)	(10.1)
Charged to income statement	(0.2)	(2.4)	(9.9)	(0.6)	(13.1)
Utilisation of provision	0.3	3.0	10.6	1.1	15.0
At 29 December 2013	**(3.7)**	**(11.0)**	**(3.4)**	**(6.0)**	**(24.1)**

The provisions have been analysed between current and non-current as follows:

	2013 £m	2012 £m
Current	**(10.3)**	(7.1)
Non-current	**(13.8)**	(8.8)
	(24.1)	(15.9)

The reclassification relates to amounts previously included in accruals now more appropriately included in provisions.

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.

The other provision relates to legal and other costs relating to historical litigation and other matters.

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 15 in the notes to the parent company financial statements.

24 Notes to the consolidated cash flow statement

	2013 £m	2012 (restated) £m
Operating (loss)/profit	**(134.8)**	34.9
Depreciation of property, plant and equipment	**26.4**	29.1
Impairment of goodwill and other intangible assets	**225.0**	60.0
Amortisation of other intangible assets	**2.2**	3.0
Share of results of associates	**(3.3)**	(7.2)
Charge for share-based payments	**2.3**	2.8
Profit on disposal of subsidiary undertaking	**(0.6)**	–
Profit on disposal of fixed assets	**(0.2)**	(0.1)
Write-off of fixed assets	**1.2**	–
Pension funding in excess of income statement charge	**(16.2)**	(7.7)
Operating cash flows before movements in working capital	**102.0**	114.8
(Increase)/decrease in inventories	**(1.9)**	2.7
Increase in receivables	**(4.4)**	(6.0)
Decrease in payables	**(2.8)**	(2.3)
Cash flows from operating activities	**92.9**	109.2

25 Borrowings

	2013 £m	2012 £m
Loan notes	(102.4)	(154.6)
Derivative financial instruments (note 26)	(3.2)	(2.7)
	(105.6)	(157.3)
The borrowings are repayable as follows:		
On demand or within one year	(43.6)	(52.4)
In the second year	–	(41.3)
In the fourth year	(62.0)	–
In the fifth year	–	(63.6)
	(105.6)	(157.3)
The borrowings are included in the consolidated balance sheet as follows:		
Amount included in non-current liabilities	(62.0)	(104.9)
Amount included in current liabilities	(43.6)	(52.4)
	(105.6)	(157.3)

The amount included in non-current liabilities represents borrowings of £62.0 million (2012: £104.9 million) and in current liabilities represents borrowings of £40.4 million (2012: £49.7 million) and derivative financial instruments of £3.2 million (2012: £2.7 million). Non-current assets include £1.9 million (2012: £5.2 million) relating to derivative financial instruments which are included in net debt in note 27.

	2013 £m	2012 £m
Loan notes movement in the period:		
Opening balance	(154.6)	(226.8)
Foreign exchange gain on retranslation	2.7	7.4
Repayments	49.5	64.8
Closing balance	(102.4)	(154.6)

	2013 £m	2012 £m
Composition of loan notes:		
US$350 million loan notes	–	(49.7)
£22 million loan notes	–	–
US$252 million loan notes	(92.4)	(94.9)
£10 million loan notes	(10.0)	(10.0)
	(102.4)	(154.6)

Private placement loan notes totalling US$602 million and £32 million were issued in 2001 (US$350 million and £22 million) and 2002 (US$252 million and £10 million). On the issue date the capital repayments and fixed rate interest on the US$ 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 interest rate 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 the reporting date there were no outstandings in respect of the US$350 million loan notes and £22 million loan notes that were issued in 2001 following repayments made in 2008, 2011 and 2013. At the reporting date there were US$150 million and £10 million outstanding in respect of the US$252 million loan notes and £10 million loan notes that were issued in 2002 following a repayment made in 2012.

At 29 December 2013 the Group had available £110.0 million (2012: £110.0 million) of undrawn committed borrowing facilities of which all conditions precedent had been met. The facility is in place until August 2015 and reduces to £101.8 million in March 2014 and further reduces to £93.5 million in March 2015.

All borrowings are denominated in Sterling unless otherwise indicated. The bank facility and the private placement loan notes are unsecured.

25 Borrowings continued

The effective interest rates at the reporting date are as follows:

	2013 %	2012 %
US$ denominated loan notes	7.39	6.78
£ denominated loan notes	7.14	7.14

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:

	2013 £m	2012 £m
US$ denominated loan notes	(92.4)	(144.6)
£ denominated loan notes	(10.0)	(10.0)

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 Group has cross-currency interest rate swaps to manage its exposure to foreign exchange movements and interest rate movements on the 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 two of the financial instruments hierarchy. Level two fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

The movement in the derivative financial instruments is as follows:

	2013 £m	2012 £m
Opening asset	2.5	10.6
Repayments	5.0	4.9
Movement in fair value	(8.8)	(13.0)
Closing (liability)/asset	**(1.3)**	2.5

The derivative financial instruments are included in the consolidated balance sheet as follows:

	2013 £m	2012 £m
Current liabilities	(3.2)	(2.7)
Non-current assets	1.9	5.2
Closing (liability)/asset	**(1.3)**	2.5

27 Net debt

The statutory net debt for the Group is as follows:

	30 December 2012 £m	Cash flow £m	Derivative financial instruments* £m	Foreign exchange* £m	Loans repaid £m	Transfer to current £m	29 December 2013 £m
Non-current liabilities							
Loan notes	(104.9)	–	–	(0.3)	–	43.2	**(62.0)**
	(104.9)	**–**	**–**	**(0.3)**	**–**	**43.2**	**(62.0)**
Current liabilities							
Loan notes	(49.7)	–	–	3.0	49.5	(43.2)	**(40.4)**
Derivative financial instruments	(2.7)	–	(5.6)	–	5.0	0.1	**(3.2)**
	(52.4)	**–**	**(5.6)**	**3.0**	**54.5**	**(43.1)**	**(43.6)**
Non-current assets							
Derivative financial instruments	5.2	–	(3.2)	–	–	(0.1)	**1.9**
	5.2	**–**	**(3.2)**	**–**	**–**	**(0.1)**	**1.9**
Current assets							
Cash and cash equivalents	24.2	45.8	–	–	(54.5)	–	**15.5**
	24.2	**45.8**	**–**	**–**	**(54.5)**	**–**	**15.5**
Net debt including cash in escrow	**(127.9)**	**45.8**	**(8.8)**	**2.7**	**–**	**–**	**(88.2)**
Cash in escrow	(14.2)	14.2	–	–	–	–	**–**
Net debt excluding cash in escrow	**(142.1)**	**60.0**	**(8.8)**	**2.7**	**–**	**–**	**(88.2)**

* The impact on the loan notes of translation into Sterling at the settlement date or 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.

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:

	30 December 2012 £m	Cash flow £m	Loans repaid £m	Transfer to current £m	29 December 2013 £m
Non-current liabilities					
Loan notes	(112.5)	–	–	44.2	(68.3)
	(112.5)	**–**	**–**	**44.2**	**(68.3)**
Current liabilities					
Loan notes	(54.5)	–	54.5	(44.2)	(44.2)
	(54.5)	**–**	**54.5**	**(44.2)**	**(44.2)**
Current assets					
Cash and cash equivalents	24.2	45.8	(54.5)	–	15.5
	24.2	**45.8**	**(54.5)**	**–**	**15.5**
Net debt including cash in escrow	**(142.8)**	**45.8**	**–**	**–**	**(97.0)**
Cash in escrow	(14.2)	14.2	–	–	–
Net debt excluding cash in escrow	**(157.0)**	**60.0**	**–**	**–**	**(97.0)**

The statutory net debt reconciles to the contracted net debt as follows:

	2013 £m	2012 £m
Statutory net debt	**(88.2)**	(142.1)
Loan notes at period end exchange rate	**102.4**	154.6
Loan notes at swapped exchange rate	**(112.5)**	(167.0)
Cross-currency interest rate swaps	**1.3**	(2.5)
Contracted net debt	**(97.0)**	(157.0)

28 Operating lease commitments

Total commitments under non-cancellable operating leases:

	Vehicles, plant and equipment 2013 £m	**Property 2013 £m**	Vehicles, plant and equipment 2012 £m	Property 2012 £m
Within one year	**(1.7)**	**(8.5)**	(2.1)	(9.0)
Later than one and less than five years	**(1.9)**	**(27.0)**	(2.2)	(32.1)
After five years	**–**	**–**	–	(3.4)
	(3.6)	**(35.5)**	(4.3)	(44.5)

Total future minimum lease payments with tenants under non-cancellable property operating leases:

	2013 £m	2012 £m
Within one year	**1.9**	1.9
Later than one and less than five years	**6.2**	7.3
After five years	**–**	0.8
	8.1	10.0

29 Share capital and reserves

	Share capital £m	**Share premium account £m**	**Capital redemption reserve £m**	**Retained earnings and other reserves £m**	**Total £m**
At 1 January 2012	(25.8)	(1,121.6)	(4.3)	476.3	(675.4)
Total comprehensive costs for the period	–	–	–	38.9	38.9
Credit to equity for equity-settled share-based payments	–	–	–	(2.5)	(2.5)
At 30 December 2012	(25.8)	(1,121.6)	(4.3)	512.7	(639.0)
Total comprehensive costs for the period	–	–	–	72.3	72.3
Credit to equity for equity-settled share-based payments	–	–	–	(8.0)	(8.0)
Purchase of own shares	–	–	–	3.0	3.0
At 29 December 2013	**(25.8)**	**(1,121.6)**	**(4.3)**	**580.0**	**(571.7)**

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 £13.4 million (2012: £12.6 million), classified as Treasury Shares. During the period the Trust purchased 2,600,000 shares for a consideration of £3.0 million. The Trust received a payment of £3.0 million from the Company to purchase these shares. During the period 1,652,091 shares were released to senior managers relating to the grants made in prior years.

Cumulative goodwill written off to reserves in respect of continuing businesses acquired prior to 1998 is £25.9 million (2012: £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.

30 Called-up share capital

	2013 Number	2013 £m	2012 Number	2012 £m
Authorised				
Ordinary shares of 10 pence each	**450,000,000**	**(45.0)**	450,000,000	(45.0)

	2013 Number	2013 £m	2012 Number	2012 £m
Allotted, called-up and fully paid ordinary shares of 10 pence each				
Opening balance and 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.

The lowest closing price of the shares during the year was 85.5 pence (2012: 25.5 pence) and the highest closing price was 208.0 pence (2012: 96.2 pence). The closing share price as at the reporting date was 208.0 pence (2012: 92.2 pence).

Long-Term Incentive Plans, Deferred Share Award Plan and Restricted Share Plan

The Trinity Mirror Employee Benefit Trust ('the Trust') is established in Jersey and is administered by the trustee Appleby Trust (Jersey) Limited. The Trust holds shares of the Company for subsequent transfer to employees under the terms of the Group's share plans.

At the reporting date, the Trust held 10,792,570 shares (2012: 9,844,661 shares) with a carrying value of £13,435,155 (2012: £12,587,454) and a market value of £22,448,546 (2012: £9,081,700). In addition, the Trust holds cash to purchase future shares of £6,575 (2012: £6,374). 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.

Trinity International Restricted Share Plan

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 29 December 2013 the trust held 90,855 shares (2012: 90,855 shares) with a carrying value of £445,523 (2012: £445,523) and a market value of £188,978 (2012: £83,814) in the Company, none of which (2012: none) had options granted over them under the restricted share plan. Dividends on the shares are payable at an amount of 0.01 pence (2012: 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.

31 Share premium account

	2013 £m	2012 £m
Opening balance and closing balance	**(1,121.6)**	(1,121.6)

32 Share-based payments

The charge related to share-based payments during the period was £2.3 million (2012: £2.8 million).

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 and prior to 2006 awards took the form of Performance Shares and Matching Shares. All awards prior to 2011 have lapsed. Full details of how the schemes operate are explained in the Remuneration Report.

The vesting period is three years and is subject to continued employment of the participant. The Performance Shares granted in 2011 vest if targets measuring the Company's total shareholder return against the performance of a comparator group of companies are met. The Performance Shares granted in 2012 and 2013 vest if targets measuring the Company's share price are met. The Deferred Shares have no performance conditions.

The movement in the number of Performance Shares and Deferred Shares during the period was:

	2013 Deferred Shares	2013 Performance Shares	2012 Deferred Shares	2012 Performance Shares
Awards outstanding at start of period	**6,474,381**	**9,532,792**	5,074,165	4,967,247
Granted during the period	**–**	**2,458,487**	2,683,818	7,278,368
Forfeited during the period	**(40,054)**	**–**	(73,926)	(1,473,075)
Lapsed during the period	**–**	**(1,494,731)**	–	(1,239,748)
Exercised during the period	**(1,652,091)**	**–**	(1,209,676)	–
Awards outstanding at end of period	**4,782,236**	**10,496,548**	6,474,381	9,532,792

The share price at the date of grant for the Performance Shares was 105.0 pence (2012: Performance Shares was 25.8 pence in respect of 4,629,362 shares and 38.5 pence in respect of 2,649,006 shares and the Deferred Shares was 26.3 pence).

The weighted average share price at the date of lapse for awards lapsed during the period was 112.2 pence (2012: 54.3 pence).

The weighted average share price at the date of exercise for awards exercised during the period was 108.2 pence (2012: 79.2 pence).

The estimated fair values at the date of grant of the shares awarded are as follows:

	Awarded in 2013 £	Awarded in 2012 £	Awarded in 2011 £
Deferred Shares	**–**	705,000	2,882,000
Performance Shares	**1,148,113**	343,939	1,098,000

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 2011 were as follows:

	Performance award 2013	Deferred award 2013	Performance award 2012	Deferred award 2012	Performance award 2011	Deferred award 2011
Expected volatility (%)	**60.0**	**–**	60.0	–	69.0	–
Expected life (years)	**3.0**	**–**	3.0	3.0	3.0	3.0
Risk-free (%)	**0.4**	**–**	0.4	–	1.7	–

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.

33 Retirement benefit schemes

Defined contribution pension schemes

The Group operates the Trinity Mirror Pension Plan (the 'TMPP Scheme'), which is a defined contribution pension scheme for qualifying employees. The assets of the scheme are held separately from those of the Group in funds under the control of Trustees.

The Group implemented the Auto Enrolment legislation from 1 July 2013. The TMPP Scheme has three sections, one for members who elected to join prior to 1 May 2013 which is now closed to new members, one for members who elect to join from 1 May 2013 and one for members who are auto enrolled.

The current service cost charged to the consolidated income statement of £14.8 million (2012: £13.7 million) represents contributions payable to the scheme by the Group at rates specified in the scheme rules. Contributions that were due have been paid over to the scheme at all reporting dates.

Defined benefit pension schemes

Background

The Group's defined benefit pension schemes were closed to new entrants from 1 January 2003 and closed to future accrual from 31 March 2010.

The principal schemes which together represent the majority of the aggregate value of the assets and liabilities 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').

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 any liabilities which are not satisfied by payments from the Old Scheme and the Maxwell Communications Pension Plan. No contributions have been paid to the Old Scheme since 1992. The disclosures contained in this note in respect of these two schemes are combined (the 'Old Scheme/Past Service Scheme').

The remaining four defined benefit pension schemes have all secured their members benefits by way of a buy-in with insurance companies. It is expected that these schemes will be wound up during 2014 without further contributions from the Group. On completion of the winding up of these schemes, any surplus assets will be either transferred to one of the principal schemes.

Characteristics

The defined benefit pension schemes provide pensions to members which are based on the final salary pension payable normally from age 65 plus surviving spouses or dependents benefits following a member's death. Benefits increase both before and after retirement either in line with statutory requirements or in accordance with the scheme rules. Such increases are either at fixed rates or in line with retail or consumer prices but subject to upper and lower limits.

All of the schemes are independent of the Group with assets held independently of the Group. They are governed by Trustees who administer benefits in accordance with the scheme rules and appropriate UK legislation. The principal schemes each have a professional independent trustee as their chairman with half of the remaining Trustees nominated by the members and half by the Group.

Maturity profile and cash flow

Across the principal schemes, the invested assets at the year end are expected to be sufficient to pay the uninsured benefits due up to 2043, based on the year end assumptions. The remaining uninsured benefit payments, payable from 2044, are due to be funded by a combination of asset outperformance and the deficit contributions currently scheduled to be paid by 2027. The liabilities relate 50% to current pensioners and their spouses or dependants and 50% relate to deferred pensioners. Uninsured benefit payments in 2013 were £47 million, projected to rise to an annual peak in 2035 of £80 million and reducing thereafter.

Funding arrangements

The funding of the Group's principal schemes is subject to UK pension legislation as well as the guidance and codes of practice issued by the Pensions Regulator. Funding targets are agreed between the Trustees and the Group and are reviewed and revised usually every three years. The funding targets must include a margin for prudence above the expected cost of paying the benefits and so are different to the liability value for IAS 19 purposes. The funding deficits revealed by these triennial valuations are removed over time in accordance with an agreed recovery plan and schedule of contributions for each scheme.

Following a period of consultation with the Trustees of the principal schemes, in conjunction with the refinancing completed on 14 March 2012, the Trustees agreed to extend their recovery plans with reduced deficit funding payments for 2012, 2013 and 2014. Normalised levels of contributions will recommence from 2015.

As part of this consultation process the formal valuations for the Old Scheme/Past Service Scheme and the MGN Scheme were completed on 14 March 2012 for a valuation as at 31 December 2010 which showed deficits of £192.5 million and £68.8 million respectively. The next valuation date is as at 31 December 2013.

33 Retirement benefit schemes continued

Also as part of the consultation process, the Trinity Scheme and the MIN Scheme revised their previous schedules of contributions and recovery plans on 14 March 2012. A valuation was prepared in October 2013 for a valuation as at 30 June 2012 for the Trinity Scheme which showed a deficit of £127.5 million. The last valuation prepared for the MIN Scheme was as at 31 March 2010 which showed a deficit of £13.3 million. The Trustees of the Trinity Scheme and the MIN Scheme have agreed to carry out valuations as at 31 December 2013 in order that the valuation date of the principal schemes are aligned and in the meantime have agreed to continue with level of payments in the recovery plans agreed on 14 March 2012.

During 2013, contributions paid to the defined benefit pension schemes amounted to £19.0 million (2012: £10.9 million) being £9.9 million in respect of the agreed 2013 payments and an accelerated payment of £9.1 million in respect of the agreed 2014 payments (2012: £10.0 in respect of the agreed 2012 payments and a further £0.9 million relating to costs incurred by the schemes in negotiating the revised recovery plans). Payments were £11.6 million (2012: £6.2 million) to the Past Service Scheme, £4.0 million (2012: £2.0 million) to the MGN Scheme, £1.0 million (2012: £0.7 million) to the Trinity Scheme, £1.6 million (2012: £0.9 million) to the MIN Scheme and £0.8 million (2012: £1.1 million) to the smaller schemes. Following the accelerated payment in 2013, no contributions are due in 2014.

Any changes to amounts payable in 2014 and therafter will be based on the outcome of the valuations of the principal schemes for a valuation as at 31 December 2013 which are ongoing and are expected to be completed in 2014.

Risks

Valuations for funding and accounting purposes are based on assumptions about future economic and demographic variables. This results in risk of a volatile valuation deficit, and the risk that the ultimate cost of paying benefits is higher than the current assessed liability value.

The main sources of risk are:

- Investment risk: a reduction in asset returns (or assumed future asset returns);
- Inflation risk: an increase in benefit increases (or assumed future increases); and
- Longevity risk: an increase in average life spans (or assumed life expectancy).

These risks are managed by:

- Investing in insured annuity policies: the income from these policies exactly matches the benefit payments for the members covered, removing all of the above risks. At the reporting date the insured annuity policies covered 23% of total liabilities;
- Investing a proportion of assets in government and corporate bonds: changes in the values of the bonds broadly match changes in the values of the uninsured liabilities, reducing the investment risk. At the reporting date this amounted to 35% of assets excluding the insured annuity policies;
- Investing a proportion in equities: with the aim of achieving outperformance and so reducing the deficits over the long term. At the reporting date this amounted to 54% of assets excluding the insured annuity policies; and
- The gradual sale of equities over time to purchase additional annuity policies or bonds: to further reduce risk as the schemes which are closed to future accrual mature.

The Group is not exposed to any unusual, entity specific or scheme specific risks. There were no plan amendments, settlements or curtailments during 2013 which resulted in a pension cost.

Actuarial projections at the reporting date showed removal of the accounting deficit by 2022 due to scheduled contributions and asset outperformance over assumed investment returns.

Results

The Group has adopted IAS 19 (Amended) 'Employee Benefits' during the current financial period and has been applied retrospectively to 2012 for comparative purposes. The impact is set out in note 2.

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 2013, the day closest to the reporting date for which such values were available.

The assets and liabilities of the principal schemes as at the reporting date are:

	Old Scheme/Past Service Scheme £m	MGN Scheme £m	Trinity Scheme £m	MIN Scheme £m
Present value of uninsured scheme liabilities	(568.8)	(456.8)	(289.0)	(76.8)
Present value of insured scheme liabilities	(181.7)	–	(85.4)	(110.3)
Total present value of scheme liabilities	**(750.5)**	**(456.8)**	**(374.4)**	**(187.1)**
Invested and cash assets at fair value	399.1	374.2	301.7	61.3
Value of insurance contracts	181.7	–	85.4	110.3
Total value of scheme assets	**580.8**	**374.2**	**387.1**	**171.6**
Net scheme (deficit)/surplus	**(169.7)**	**(82.6)**	**12.7**	**(15.5)**

33 Retirement benefit schemes continued

Based on actuarial advice, the assumptions used in calculating the scheme liabilities and the actuarial value of those liabilities are:

	2013	2012
Financial assumptions (nominal % pa)		
Discount rate	**4.40**	4.50
Retail price inflation rate	**3.35**	2.80
Consumer price inflation rate	**2.35**	2.00
Rate of pension increase in deferment	**2.35**	2.00
Rate of pension increases in payment	**3.95**	3.85
Mortality assumptions – future life expectancies from age 65 (years)		
Male currently aged 65	**22.3**	22.6
Female currently aged 65	**24.4**	24.7
Male currently aged 55	**23.1**	23.5
Female currently aged 55	**25.4**	25.7

Assumed life expectancies at the year end are around 0.3 years lower than the prior year. This reflects the results of a postcode mortality analysis carried out by the Group's actuaries in 2013, which showed that the Group's scheme members are expected to live to a marginally lower age than a typical UK pension scheme member. The prior year life expectancies were consistent with the assumptions for the latest funding valuations, which included a margin for prudence. In addition, for the year end valuation, the Group has included assumptions for future rates of pension commutation and of early retirement reductions applying to pensions, to reflect recent experience in the schemes. These three updated assumptions reduced the net deficit at the reporting date by £47 million.

The estimated impact on the IAS 19 liabilities and on the IAS 19 deficit at the reporting date, due to a reasonably possible change in key assumptions over the next year, are set out in the table below:

	Effect on liabilities £m	Effect on deficit £m
Discount rate +/- 0.5% pa	-127/+139	-109/+120
Retail price inflation rate +/- 0.5% pa	+25/-27	+16/-18
Consumer price inflation rate +/- 0.5% pa	+49/-44	+48/-44
Life expectancy at age 65 +1 year	+69/-67	+60/-58

The effect on the deficit is lower than the effect on the liabilities due to the matching impact on the value of the insurance contracts held in respect of some of the liabilities. Each assumption variation represents a reasonably possible change in the assumption over the next year but might not represent the actual effect because assumption changes are unlikely to happen in isolation.

The estimated impact of the assumption variations make no allowance for changes in the values of invested assets that would arise if market conditions were to change in order to give rise to the assumption variation. If allowance were made, the estimated impact would likely be lower as the values of invested assets would normally change.

The amount included in the consolidated income statement, consolidated statement of comprehensive income and consolidated balance sheet arising from the Group's obligations in respect of its defined benefit pension schemes is as follows:

Consolidated income statement	2013 £m	2012 (restated) £m
Pension scheme administrative expenses	**(2.8)**	(3.2)
Pension scheme finance charge	**(13.2)**	(11.2)
Defined benefit cost recognised in income statement	**(16.0)**	(14.4)

Consolidated statement of comprehensive income	2013 £m	2012 (restated) £m
Actuarial (loss)/gain due to liability experience	**(11.8)**	14.2
Actuarial loss due to liability assumption changes	**(15.4)**	(112.2)
Total liability actuarial loss	**(27.2)**	(98.0)
Returns on scheme assets greater than discount rate	**69.7**	33.9
Total gain/(loss) recognised in statement of comprehensive income	**42.5**	(64.1)

33 Retirement benefit schemes continued

Consolidated balance sheet	2013 £m	2012 £m
Present value of uninsured scheme liabilities	**(1,392.0)**	(1,358.8)
Present value of insured scheme liabilities	**(424.1)**	(444.8)
Total present value of scheme liabilities	**(1,816.1)**	(1,803.6)
Invested and cash assets at fair value	**1,139.8**	1,061.1
Value of insurance contracts	**424.1**	444.8
Total value of scheme assets	**1,563.9**	1,505.9
Net scheme deficit	**(252.2)**	(297.7)
Non-current assets – retirement benefit assets	**15.7**	36.7
Non-current liabilities – retirement benefit obligations	**(267.9)**	(334.4)
Net scheme deficit	**(252.2)**	(297.7)
Net scheme deficit included in consolidated balance sheet	**(252.2)**	(297.7)
Deferred tax included in consolidated balance sheet	**50.4**	68.5
Net scheme deficit after deferred tax	**(201.8)**	(229.2)

Movement in net scheme deficit	2013 £m	2012 (restated) £m
Opening net scheme deficit	**(297.7)**	(230.1)
Contributions	**19.0**	10.9
Consolidated income statement	**(16.0)**	(14.4)
Consolidated statement of comprehensive income	**42.5**	(64.1)
Closing net scheme deficit	**(252.2)**	(297.7)

Changes in the present value of scheme liabilities:	2013 £m	2012 (restated) £m
Opening present value of scheme liabilities	**(1,803.6)**	(1,705.8)
Interest cost	**(79.4)**	(81.8)
Actuarial (loss)/gain – experience	**(11.8)**	14.2
Actuarial gain – change to demographic assumptions	**59.0**	1.5
Actuarial loss – change to financial assumptions	**(74.4)**	(113.7)
Benefits paid	**82.7**	82.0
Buy-out	**11.4**	–
Closing present value of scheme liabilities	**(1,816.1)**	(1,803.6)

Changes in the fair value of scheme assets:	2013 £m	2012 (restated) £m
Opening fair value of scheme assets	**1,505.9**	1,475.7
Interest income	**66.2**	70.6
Actual return on assets greater than discount rate	**69.7**	33.9
Contributions by employer	**19.0**	10.9
Benefits paid	**(82.7)**	(82.0)
Administrative expenses	**(2.8)**	(3.2)
Buy-out	**(11.4)**	–
Closing fair value of scheme assets	**1,563.9**	1,505.9

33 Retirement benefit schemes continued

Fair value of scheme assets:	2013 £m	2012 £m
UK equities	**223.7**	227.6
US equities	**159.0**	103.9
Other overseas equities	**230.3**	252.7
Property	**28.2**	22.1
Corporate bonds	**264.7**	264.6
Fixed interest gilts	**63.9**	54.8
Index linked gilts	**67.4**	90.4
Cash and other	**102.6**	45.0
Invested and cash assets at fair value	**1,139.8**	1,061.1
Value of insurance contracts	**424.1**	444.8
Fair value of scheme assets	**1,563.9**	1,505.9

All of the scheme assets have quoted prices in active markets. Scheme assets include neither direct investments in the Company's ordinary shares nor any property assets occupied nor other assets used by the Group.

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 29).

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:

	2013 £m	2012 £m
Contracted net debt (note 27)	**(97.0)**	(157.0)
EBITDA	**134.4**	136.2
Net debt to EBITDA	**0.7**	1.2
Operating profit (note 37)	**108.0**	107.1
Total interest expense (note 10)	**(7.0)**	(8.8)
Interest cover	**15.4**	12.2

Contracted net debt is defined as long-term and short-term borrowings excluding derivative financial instruments less cash and cash equivalents. EBITDA and operating profit is before non-recurring items and amortisation. Total interest expense is interest on bank overdraft and borrowing.

For the period to 30 June 2013, the financial covenants attached to the bank facility were a minimum interest cover of 4.0 times and a maximum net debt to EBITDA ratio of 2.75 times. For the period from 1 July 2013 to 30 June 2014, the financial covenants attached to the bank facility are a minimum interest cover of 4.5 times and a maximum net debt to EBITDA ratio of 2.5 times.

For 2013, the financial covenants in respect of the private placement loan notes were the minimum interest cover of 2.0 times and for net debt to EBITDA a maximum cover of 4.0 times.

During 2013, the Group generated net cash, before repayment of borrowings, the investment in Local World and the acceleration of pension deficit payments of £69.0 million. The cash held at the end of the year was £15.5 million.

Externally imposed capital requirement

The Group is subject to externally imposed capital requirements based on net worth covenants under the private placement loan notes as well as in respect of the bank facility.

34 Financial instruments continued

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 quarterly update 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 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	
	2013 £m	2012 £m	**2013 £m**	2012 £m
Euro	**–**	–	**2.0**	1.5
US$	**(93.7)**	(142.1)	**0.4**	0.1

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% (2012: 1%) of Group revenue. Euro balances 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 primarily on the private placement loan notes which are mainly US$ denominated and fixed interest. At the time of the 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 private placement loan notes and matching swaps. The Group's consolidated balance sheet shows the 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 represent 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.

34 Financial instruments continued

10% strengthening of Sterling	Euro currency impact 2013 £m	Euro currency impact 2012 £m	US$ currency impact 2013 £m	US$ currency impact 2012 £m
Decrease in profit	**(0.2)**	(0.1)	**–**	–
Decrease in equity	**–**	–	**–**	–

10% weakening of Sterling	Euro currency impact 2013 £m	Euro currency impact 2012 £m	US$ currency impact 2013 £m	US$ currency impact 2012 £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.

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 1% increase in interest rates has been used and represents the assessment of a reasonably possible change.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's profit for the period would decrease/increase by £0.5 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 June 2012 an interest rate swap was entered into which converted the floating rate interest payments on £100.0 million of principal into fixed rate payments due in December 2012, June 2013, December 2013 and June 2014.

Other price risks

The Group has no listed equity investments and is not directly exposed to equity price risk. 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, with the exception of exceptional circumstances, such as the financial crisis over the past few years, 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 Audit & Risk Committee and where material 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.

34 Financial instruments continued

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	2013 Credit limit £m	2013 Balance £m	2012 Credit limit £m	2012 Balance £m
Santander UK	London	A	5.0	–	5.0	–
Lloyds TSB Bank plc	London	A	5.0	11.6	5.0	0.6
National Westminster Bank	London	A –	5.0	3.2	5.0	5.8
Royal Bank of Scotland plc	London	A –	5.0	0.5	5.0	1.9
Ulster Bank plc	Dublin	BBB+	–	0.1	–	1.7

The Board has agreed that due to the risk profile of and the substantial Government shareholding in Lloyds TSB Bank plc and National Westminster Bank plc/Ulster Bank plc that the Group could hold surplus cash in these banks, subject to continued review.

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
2013					
Non-derivative financial instruments:					
Sterling fixed interest rate	(10.4)	–	–	–	–
Non-Sterling fixed interest rate	(35.9)	(4.5)	(4.5)	(62.9)	–
Derivative financial instruments:					
Financial assets	35.9	4.5	4.5	62.9	–
Financial liabilities	(35.9)	(1.5)	(1.5)	(69.1)	–
2012					
Non-derivative financial instruments:					
Sterling fixed interest rate	(0.7)	(10.4)	–	–	–
Non-Sterling fixed interest rate	(59.9)	(36.7)	(4.6)	(4.6)	(64.2)
Derivative financial instruments:					
Financial assets	59.9	36.7	4.6	4.6	64.2
Financial liabilities	(58.0)	(36.1)	(1.6)	(1.6)	(69.1)

The non-derivative financial instruments include the private placement loan notes. The non-Sterling fixed interest rate liabilities arise on the 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.

At the reporting date the Group has access to financial facilities of which the total unused amount is £110.0 million (2012: £110.0 million). The bank facility reduces by £8.2 million to £101.8 million on 31 March 2014 and by a further £8.3 million to £93.5 million on 31 March 2015. The facility expires on 30 August 2015. 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 is 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. Detail of other related party transactions are disclosed below.

Trading transactions

The Group traded with the following associated undertakings: PA Group Limited and Local World Holdings Limited.

PA Group Limited

The Group earned revenue of £nil (2012: £nil) and the Group incurred charges for services received of £4.2 million (2012: £5.1 million). The amount outstanding at the reporting date amounted to £nil (2012: £nil) owed to PA Group Limited.

Local World Holdings Limited

The Group earned revenue of £7.2 million (2012: £nil) and the Group incurred charges for services received of £nil (2012: £nil). The amount outstanding at the reporting date amounted to £0.5 million (2012: £nil million) owed by Local World Holdings Limited.

Sales of goods and services to related parties would be 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 includes the non-executive directors, the executive directors and the direct reports of the Chief Executive. Their remuneration during the period was as follows:

	2013 £m	2012 £m
Short-term employee benefits	**(3.7)**	(3.4)
Retirement benefits	**(0.5)**	(0.7)
Share-based payments in the period	**(1.4)**	(1.8)
Compensation for loss of office	**–**	(1.8)
	(5.6)	(7.7)

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 42 to 56.

36 Disposal of subsidiary undertaking

On 31 August 2013 the Group disposed of Trinity Mirror Digital Property Limited. The net assets at the date of disposal were as follows:

	£m
Goodwill	2.4
Trade and other receivables	0.8
Trade and other payables	(0.4)
Net assets	2.8
Profit on disposal	0.6
Total consideration	**3.4**
Satisfied by:	
Cash consideration paid	2.5
Deferred consideration	0.9
Total consideration	**3.4**
Net cash flow arising on disposal:	
Cash consideration	2.5
Net cash inflow	**2.5**

The deferred consideration of £0.9 million was received on 30 December 2013.

37 Reconciliation of statutory results to adjusted results

for the 52 weeks ended 29 December 2013

	Statutory results £m	Non-recurring items[(a)] £m	Amortisation[(b)] £m	Finance costs[(c)] £m	Pension charges[(d)] £m	Tax legislation changes[(e)] £m	Adjusted results £m
Revenue	**663.8**	**–**	**–**	**–**	**–**	**–**	**663.8**
Operating (loss)/profit	**(134.8)**	**234.8**	**5.2**	**–**	**2.8**	**–**	**108.0**
(Loss)/profit before tax	**(160.8)**	**234.8**	**5.2**	**6.1**	**16.0**	**–**	**101.3**
(Loss)/profit after tax	**(96.4)**	**187.3**	**4.8**	**4.9**	**12.8**	**(34.3)**	**79.1**
Basic (loss)/earnings per share (p)	**(39.0)**	**75.8**	**1.9**	**2.0**	**5.2**	**(13.9)**	**32.0**

52 weeks ended 30 December 2012 (restated)

	Statutory results £m	Non-recurring items[(a)] £m	Amortisation[(b)] £m	Finance costs[(c)] £m	Pension charges[(d)] £m	Tax legislation changes[(e)] £m	Adjusted results £m
Revenue	706.5	–	–	–	–	–	706.5
Operating profit	34.9	66.0	3.0	–	3.2	–	107.1
Profit before tax	9.7	66.0	3.0	5.6	14.4	–	98.7
Profit after tax	16.9	62.6	2.3	4.3	10.8	(23.2)	73.7
Basic earnings per share (p)	6.8	25.4	0.9	1.8	4.4	(9.4)	29.9

(a) Non-recurring items relate to the items charged or credited to operating profit as set out in note 8 and prior year tax adjustments included in the taxation charge or credit as set out in note 11.
(b) Amortisation of the Group's other intangible assets and amortisation included in share of results of associates.
(c) Impact of the translation of foreign currency borrowings and fair value changes on derivative financial instruments as set out in note 10.
(d) Pension finance charge and pension administrative expenses relating to the defined benefit pension schemes as set out in note 33.
(e) Tax legislation changes relate to the change in the corporation tax rate on the opening deferred tax position as set out in note 11.

38 Contingent liabilities

There is potential for further liabilities to arise from the outcome or resolution of the ongoing historical legal issues. Due to the present uncertainty in respect of the nature, timing or measurement of any such liabilities it is too soon to be able to reliably estimate how these matters will proceed and their financial impact.

PARENT COMPANY BALANCE SHEET

at 29 December 2013 (30 December 2012) Company registration number 82548

	notes	2013 £m	2012 £m
Fixed assets			
Investments in subsidiary undertakings	4	**811.8**	1,511.8
Investments in associated undertakings	5	**14.2**	–
		826.0	1,511.8
Current assets			
Debtors			
– due within one year	6	**2.5**	2.3
– due after more than one year	6	**1.9**	5.2
Cash at bank and in hand		**5.9**	15.0
		10.3	22.5
Creditors: amounts falling due within one year			
Borrowings	8	**(47.5)**	(52.4)
Other creditors	9	**(88.8)**	(23.7)
		(136.3)	(76.1)
Net current liabilities		**(126.0)**	(53.6)
Total assets less current liabilities		**700.0**	1,458.2
Creditors: amounts falling due after more than one year			
Borrowings	8	**(62.0)**	(104.9)
Deferred tax liabilities	7	**(1.2)**	(3.2)
		(63.2)	(108.1)
Net assets before pension scheme assets		**636.8**	1,350.1
Pension scheme assets	10	**0.1**	0.2
Net assets		**636.9**	1,350.3
Equity capital and reserves			
Called-up share capital	11	**25.8**	25.8
Share premium account	12	**1,121.6**	1,121.6
Capital redemption reserve	13	**4.3**	4.3
Profit and loss account	13	**(514.8)**	198.6
Equity shareholders' funds		**636.9**	1,350.3

These parent company financial statements were approved by the Board of directors and authorised for issue on 13 March 2014. They were signed on its behalf by:

Simon Fox
Chief Executive

Vijay Vaghela
Group Finance Director

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.

Basis of preparation

These parent company financial statements have been prepared on a going concern basis as set out in the Corporate Governance Report on page 35.

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

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

For defined contribution pension schemes, payments to defined contribution pension schemes are charged as an expense as they fall due.

For defined benefit pension schemes, 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

Income and 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 £712.5 million (2012: £121.9 million profit). 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:

	2013 Number	2012 Number
Administration	8	9

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.

	2013 £m	2012 £m
Staff costs, including directors' emoluments, incurred during the period were:		
Wages and salaries	2.2	1.8
Social security costs	0.6	0.7
Share-based payments	2.1	2.5
Pension benefit	0.4	0.4
Compensation for loss of office	–	0.9
	5.3	6.3

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 Conduct Authority are shown in the tables in the Remuneration Report on pages 42 to 56 and form part of these parent company financial statements.

4 Investments in subsidiary undertakings

	Shares in subsidiary undertakings £m
Cost	1,511.8
Provisions for impairment	
At 30 December 2012	–
Impairment charge	(700.0)
At 29 December 2013	**(700.0)**
Net book value	
At 30 December 2012	1,511.8
At 29 December 2013	**811.8**

At the period end reporting date an impairment review was undertaken which indicated that a £700 million impairment was required in respect of the investment in Trinity Mirror Group Limited, the holding company of the publishing businesses of the Group. No impairment was indicated in the other investments held by the Company. The impairment review was performed using the same assumptions used in the impairment review performed in relation to the Group's assets which are disclosed in notes 14 and 15 in the notes to the consolidated financial statements.

The impairment is driven by the increase in the post tax discount rate and a review of the market in which the publishing businesses operate and the prospects for these businesses due to the structural challenges faced by print media.

The impairment review is sensitive to a change in key assumptions used in the value in use calculations relating to the discount rate and future growth rates. A reasonably possible change of 1% in the discount rate or of 1% in the growth rate beyond 2016 would change the impairment in respect the investment in Trinity Mirror Group Limited by some £70 million and have no impact on the other investments held by the Company.

5 Investments in associated undertakings

	Shares in associated undertakings £m
Cost	
At 30 December 2012	–
Additions	14.2
At 29 December 2013	**14.2**

On 7 January 2013, the Company acquired a 19.98% equity interest in Local World Limited for a cash consideration of £14.2 million. On the same day, Local World Limited acquired the regional publishing assets previously owned by Northcliffe Media Limited and Iliffe News & Media Limited. Local World Limited subsequently changed its name to Local World Holdings Limited. Further details relating to the associate are disclosed in note 17 in the notes to the consolidated financial statements.

6 Debtors

	2013 £m	2012 £m
Amounts falling due within one year:		
Other debtors	**2.5**	2.3
Amounts falling due after more than one year:		
Derivative financial instruments	**1.9**	5.2

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.

7 Deferred tax liabilities

	2013 £m	2012 £m
Opening liability	**(3.2)**	(4.9)
Change of tax rate applying to deferred tax	**0.4**	0.4
Revised opening balance	**(2.8)**	(4.5)
Tax credit	**1.6**	1.3
Closing liability	**(1.2)**	(3.2)

8 Borrowings

	Due within one year 2013 £m	Due after more than one year 2013 £m	Due within one year 2012 £m	Due after more than one year 2012 £m
Bank overdrafts	**(3.9)**	**–**	–	–
Loan notes	**(40.4)**	**(62.0)**	(49.7)	(104.9)
Derivative financial instruments	**(3.2)**	**–**	(2.7)	–
	(47.5)	**(62.0)**	(52.4)	(104.9)

	2013 £m	2012 £m
Loan notes comprise:		
US$350 million unsecured loan notes	**–**	(49.7)
£22 million unsecured loan notes	**–**	–
US$252 million unsecured loan notes	**(92.4)**	(94.9)
£10 million unsecured loan notes	**(10.0)**	(10.0)
	(102.4)	(154.6)

US$350 million and £22 million unsecured loan notes

The final repayment was made in October 2013.

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 outstanding balance of the loan notes consist of:

US$50 million 7.27% Series B notes due 20 June 2014
US$100 million 7.42% Series C notes due 20 June 2017
£10 million 7.14% Series D notes due 20 June 2014

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 29 December 2013, £102.4 million (2012: £104.9 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.

Syndicated unsecured bank loan

There is no drawing (2012: £nil) on the bank facility of £110.0 million (2012: £110.0 million). The facility is in place until August 2015 and reduces to £101.8 million in March 2014 and further reduces to £93.5 million in March 2015.

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.

9 Other creditors

	2013 £m	2012 £m
Amounts owed to subsidiary undertakings	**(85.1)**	(17.6)
Share-based payments	**(2.9)**	(0.8)
Accruals and deferred income	**(0.8)**	(5.3)
	(88.8)	(23.7)

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

10 Pension scheme assets and liabilities

The Company contributes to the Trinity Mirror Pension Plan, which is a defined contribution pension scheme for qualifying employees in the Group. The assets of the scheme are held separately from those of the Group in funds under the control of Trustees. The current service cost charged to the profit and loss account of £21,000 (2012: £36,000) represents contributions payable to the scheme by the Company at rates specified in the scheme rules. Contributions that were due have been paid over to the scheme at all reporting dates.

The Group announced the closure of all defined benefit schemes to future accrual from 31 March 2010. Prior to this date, the Company contributed to a number of the Group's defined benefit pension schemes which operate for employees of a number of Group companies. The Company is the sponsoring company for the Trinity Mirror plc Retirement Plan (the 'Scheme') and accounts for the Scheme in these parent company financial statements. 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.

Based on actuarial advice, the financial assumptions used in calculating the Scheme's liabilities under FRS 17 are:

	2013 %	2012 %	2011 %	2010 %	2009 %
Inflation rate	**3.35**	2.80	3.05	3.45	3.50
Discount rate	**4.40**	4.50	4.90	5.40	5.70
Expected return on Scheme's assets	**4.25**	4.35	4.70	4.90	5.80
Expected rate of salary increases	**–**	–	–	–	3.75
Rate of pension increases in payment: pre 6/04/97 pensions	**3.80**	3.60	3.70	3.75	3.75
Rate of pension increases in payment: post 6/04/97 pensions	**3.80**	3.60	3.70	3.75	3.75
Rate of pension increase in deferment	**2.35**	2.00	1.85	2.70	3.50

Mortality rates are as follows:

	2013 Years	2012 Years	2011 Years	2010 Years	2009 Years
Future life expectancy for a pensioner currently aged 65:					
– male	**22.3**	22.6	21.8	21.7	21.6
– female	**24.4**	24.7	24.2	24.1	24.0
Future life expectancy at age 65 for a non-pensioner currently aged 55:					
– male	**23.1**	23.5	23.5	23.5	23.4
– female	**25.4**	25.7	25.9	25.8	25.7

Contributions in 2013 were £0.1 million (2012 £0.3 million). No contributions are expected in 2014.

The amount included in the balance sheet in respect of the Scheme is as follows:

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Fair value of the Scheme's assets	**23.9**	23.3	23.2	24.3	17.1
Actuarial value of the Scheme's liabilities	**(23.8)**	(23.1)	(22.6)	(20.3)	(12.7)
Net surplus	**0.1**	0.2	0.6	4.0	4.4
Irrecoverable surplus	**–**	–	–	–	(4.4)
Deferred tax	**–**	–	(0.1)	(1.1)	–
Net surplus	**0.1**	0.2	0.5	2.9	–

10 Pension scheme assets and liabilities continued

The movement in the surplus/(deficit) during the period is analysed below:

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Opening surplus in the Scheme	0.2	0.6	4.0	4.4	4.6
Current service cost	–	–	–	–	(0.1)
Contributions	0.1	0.3	1.1	0.5	1.2
Pension finance credit	–	–	0.1	0.3	0.3
Actuarial losses	(0.2)	(0.7)	(4.6)	(1.2)	(1.6)
Net surplus in the Scheme	0.1	0.2	0.6	4.0	4.4

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 2013 %	Market value at 2013 £m	Expected rate of return at 2012 %	Market value at 2012 £m	Expected rate of return at 2011 %	Market value at 2011 £m	Expected rate of return at 2010 %	Market value at 2010 £m	Expected rate of return at 2009 %	Market value at 2009 £m
UK equities	6.50	–	6.90	–	7.50	–	8.10	2.9	8.00	2.9
US equities	6.50	–	6.90	–	7.50	–	8.10	–	8.00	–
Other overseas equities	6.50	–	6.90	–	7.50	–	8.10	1.2	8.00	1.3
Property	5.10	–	5.30	–	5.75	–	6.30	–	6.40	–
Corporate bonds	4.40	–	4.50	–	4.90	–	5.40	6.4	5.70	7.1
Fixed interest gilts	3.55	–	2.70	–	2.80	–	4.20	–	4.50	–
Index linked gilts	3.40	–	2.75	–	2.85	0.5	4.00	7.0	4.20	5.7
Insurance contracts	4.40	23.8	4.50	23.1	4.90	22.6	–	–	–	–
Cash	2.65	0.1	2.30	0.2	2.70	0.1	4.10	6.8	4.40	0.1
		23.9		23.3		23.2		24.3		17.1

The movement in the fair value of Scheme's assets during the period is analysed below:

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Opening fair value of Scheme's assets	23.3	23.2	24.3	17.1	15.8
Expected return on Scheme's assets	1.0	1.1	1.2	0.9	1.0
Actuarial gain/(loss) on Scheme's assets	0.4	(0.1)	(1.8)	1.2	1.4
Contributions	0.1	0.3	1.1	0.5	1.2
Benefits paid	(0.9)	(1.2)	(1.6)	(1.4)	(2.3)
Annuity contract	–	–	–	6.0	–
Closing fair value of Scheme's assets	23.9	23.3	23.2	24.3	17.1

The movement in the actuarial value of the Scheme's liabilities during the period is analysed below:

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Opening actuarial value of Scheme's liabilities	(23.1)	(22.6)	(20.3)	(12.7)	(11.2)
Current service cost	–	–	–	–	(0.1)
Interest on Scheme's liabilities	(1.0)	(1.1)	(1.1)	(0.6)	(0.7)
Loss on change of assumptions	(0.6)	(0.7)	(1.1)	(0.1)	(3.1)
Experience gain/(loss) on liabilities	–	0.1	(1.7)	(2.3)	0.1
Benefits paid	0.9	1.2	1.6	1.4	2.3
Annuity contract	–	–	–	(6.0)	–
Closing actuarial value of Scheme's liabilities	(23.8)	(23.1)	(22.6)	(20.3)	(12.7)

11 Called-up share capital

The details of the Company's called-up share capital are disclosed in note 30 in the notes to the consolidated financial statements.

12 Share premium account

The details of the Company's share premium account are disclosed in note 31 in the notes to the consolidated financial statements.

13 Other reserves

	Capital redemption reserve £m	Profit and loss account £m
Opening balance	4.3	198.6
Transfer of retained loss for the period	–	(712.5)
Purchase of own shares	–	(3.0)
Share-based payments credit	–	2.1
Closing balance	**4.3**	**(514.8)**

The capital redemption reserve represents the nominal value of the shares purchased and subsequently cancelled as part of share buy-back programmes.

The profit and loss account is analysed below:

	2013 £m	2012 £m
Profit and loss account excluding pension scheme	**(514.9)**	198.4
Pension scheme	**0.1**	0.2
Profit and loss account	**(514.8)**	198.6

As a result of the impairment charge explained in note 4, the balance on the Company's profit and loss account is negative and therefore the Company is unable to declare dividends. This is further explained on page 23.

14 Operating lease commitments

The Company has annual commitments under non-cancellable operating leases in respect of land and buildings as follows:

	2013 £m	2012 £m
On operating leases which expire:		
In second to fifth years	**6.9**	–
After five years	**–**	6.9
	6.9	6.9

The Company had contracted with tenants for the following future minimum lease payments:

	2013 £m	2012 £m
On operating leases which expire:		
In second to fifth years	**1.7**	–
After five years	**–**	1.7
	1.7	1.7

15 Principal subsidiaries

Details of the Company's principal subsidiaries, all of which are incorporated in the United Kingdom, at 29 December 2013 are as follows:

	Principal activity	Proportion of ordinary shares held
Subsidiary undertakings		
Trinity Mirror Group Limited	Holding company	100.00*
Trinity Mirror Digital Limited	Holding company	100.00*
MGL2 Limited	Holding company	100.00
Trinity Mirror Regionals Limited	Holding company	100.00
MGN Limited	Publishing company	100.00
Scottish Daily Record and Sunday Mail Limited	Publishing company	100.00
Gazette Media Company Limited	Publishing company	100.00
NCJ Media Limited	Publishing company	100.00
Trinity Mirror Southern Limited	Publishing company	100.00
Media Wales Limited	Publishing company	100.00
Trinity Mirror North West & North Wales Limited	Publishing company	100.00
Trinity Mirror Cheshire Limited	Publishing company	100.00
Trinity Mirror Merseyside Limited	Publishing company	100.00
Trinity Mirror North Wales Limited	Publishing company	100.00
Trinity Mirror Huddersfield Limited	Publishing company	100.00
Trinity Mirror Midlands Limited	Publishing company	100.00
Scottish and Universal Newspapers Limited	Publishing company	100.00
MEN Media Limited	Publishing company	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
Rippleffect Studio Limited	Digital marketing services	100.00
The Communicator Corporation Limited	Digital marketing services	100.00
Trinity Mirror Shared Services Limited	Shared services	100.00*
Trinity Mirror Publishing Limited	Shared services	100.00

* Owned directly by the Company

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 2013 annual return and submitted to Companies House. A full list of subsidiaries will be submitted to Companies House during 2014.

ADDITIONAL INFORMATION
GROUP FIVE YEAR SUMMARY

	2013 £m	2012* £m	2011 £m	2010 £m	2009 £m
Income statement					
Revenue	**664**	707	761	770	771
Operating profit before non-recurring items	**100**	101	102	117	98
Operating (loss)/profit after non-recurring items	**(135)**	35	92	138	87
Pension finance (charge)/credit	**(13)**	(11)	3	(7)	(10)
Finance costs net of investment revenues	**(13)**	(14)	(21)	(7)	(35)
(Loss)/profit before tax	**(161)**	10	74	124	42
Tax credit/(charge)	**64**	7	4	(11)	(13)
(Loss)/profit for the period	**(96)**	17	78	113	29
Basic earnings per share before non-recurring items	**36.8p**	32.2p	34.0p	33.6p	14.5p
Non-recurring items	**(75.8)p**	(25.4)p	(2.6)p	11.0p	(3.0)p
Basic (loss)/earnings per share	**(39.0)p**	6.8p	31.4p	44.6p	11.5p
Balance sheet					
Intangible assets	**683**	913	976	970	946
Property, plant and equipment	**338**	358	382	410	423
Other assets and liabilities	**(361)**	(490)	(482)	(463)	(580)
	660	781	876	917	789
Net debt	**(88)**	(142)	(201)	(237)	(300)
Net assets	**572**	639	675	680	489
Total equity	**(572)**	(639)	(675)	(680)	(489)

*IAS 19 (Amended), has been adopted for 2013 and applied retrospectively to 2012 for comparative purposes.

SHAREHOLDER INFORMATION

Registered office

One Canada Square
Canary Wharf, London E14 5AP, United Kingdom
Telephone: +44 (0) 207 293 3000
Company website: www.trinitymirror.com
Registered in England and Wales No. 82548

Annual General Meeting

The Notice of Meeting sets out the resolutions being proposed at the Annual General Meeting which will be held at 11.30 am on Thursday, 15 May 2014 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(0) 121 415 7047

* Calls to this number are charged at 8 pence per minute plus network extras. Lines are open from 8.30 am to 5.30 pm, Monday to Friday, excluding UK bank holidays.

If you have any queries regarding your shareholding, please contact the registrars.

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.

E-communications

Trinity Mirror encourages its shareholders to consider receiving shareholder information electronically. Electing to receive shareholder communications in this way allows shareholders to access information quickly and securely. It also reduces company costs by decreasing the amount of paper it needs to use and minimises its environmental impact.

To register for this service please visit www.shareview.co.uk

Share dealing and Shareview

The Company's shares can be traded through most banks, building societies and stockbrokers. Additionally, shareholders can buy and sell shares through a telephone and internet service provided by the Company's Registrars, Equiniti.

Shareview, a website operated by Equiniti, allows shareholders to view the details of their shareholding, register for e-communications and send voting instructions electronically if they have received a voting form with an electronic reference or signed up for Shareview. For more information about both services log on to www.shareview.co.uk or call 08456 037037** for Shareview Dealing.

**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 Monday to Friday from 8.00 am to 4.30 pm for Shareview Dealing and until 6.00 pm for any other Shareview Dealing enquiries.

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 FCA before getting involved by visiting www.fsa.gov.uk/pages/register;
- Report the matter to the FCA either by calling 0800 111 6768 or visiting http://www.fca.org.uk/consumers/scams; and
- If the calls persist, hang up.

Analysis of share register at 29 December 2013

As at 29 December 2013, there were 14,577 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	422	2.89%	12,470	0.00%
51–100	5,361	36.78%	398,309	0.15%
101–500	6,397	43.88%	1,356,331	0.53%
501–1,000	941	6.46%	683,665	0.27%
1,001–10,000	1,165	7.99%	3,236,971	1.26%
10,001–50,000	130	0.89%	3,031,474	1.18%
50,001–100,000	36	0.25%	2,680,383	1.04%
100,001–500,000	55	0.38%	12,617,755	4.90%
500,001–1,000,000	24	0.16%	17,321,730	6.72%
1,000,001 +	46	0.32%	216,351,432	83.95%
Totals	**14,577**	**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 dates in 2014

13 March 2014 Annual Results Announcement

15 May 2014 Annual General Meeting

15 May 2014 Interim Management Statement

31 July 2014 Interim Results Announcement

13 November 2014 Interim Management Statement

Designed and produced by **Radley Yeldar** www.ry.com

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