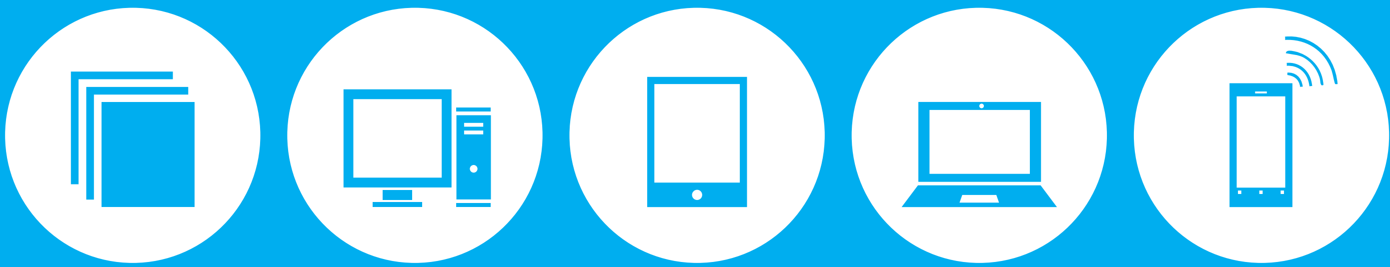
Trinity Mirror plc

Annual Report 2014



Telling the Story

Yesterday. Today. Tomorrow.

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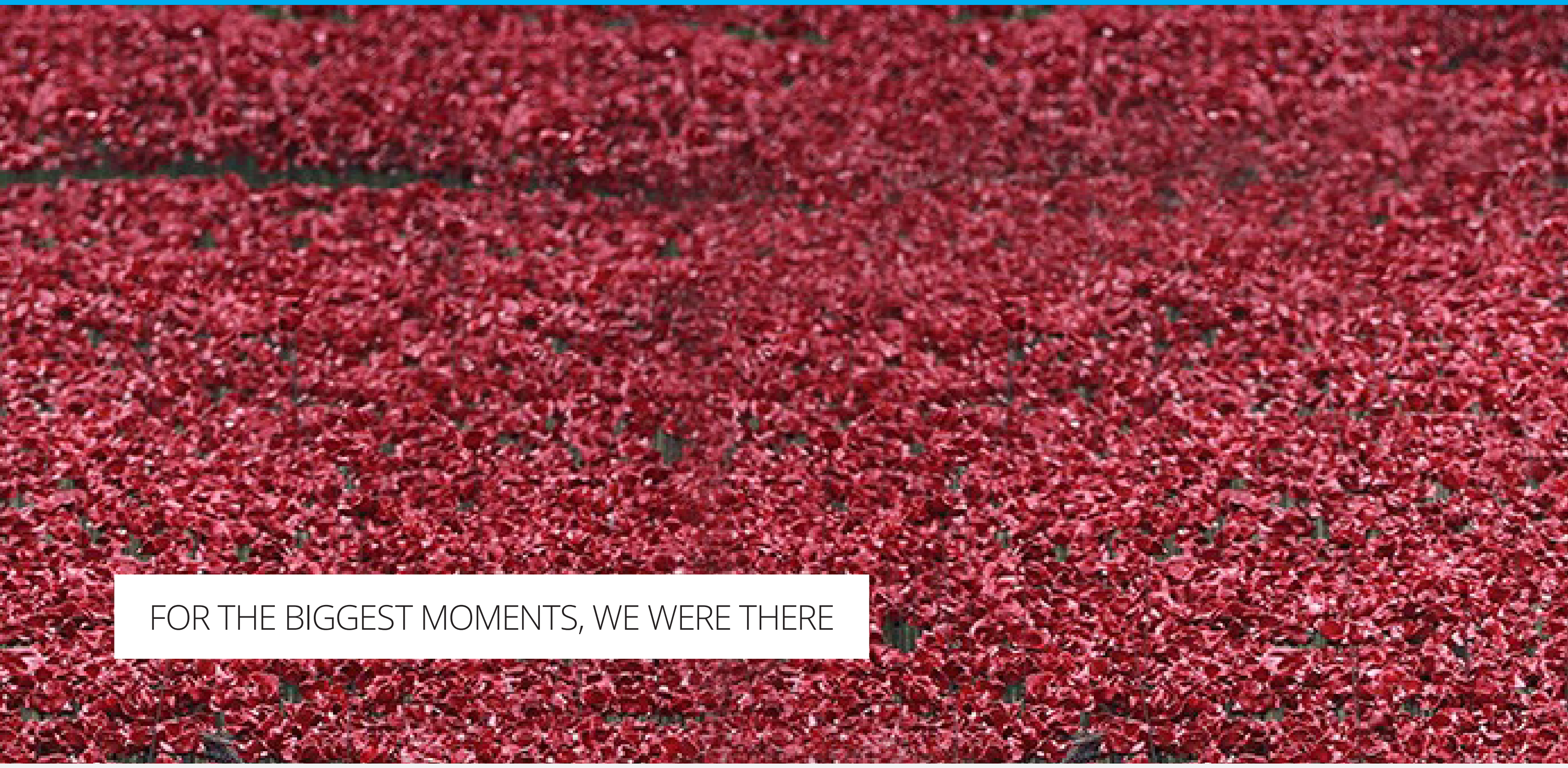
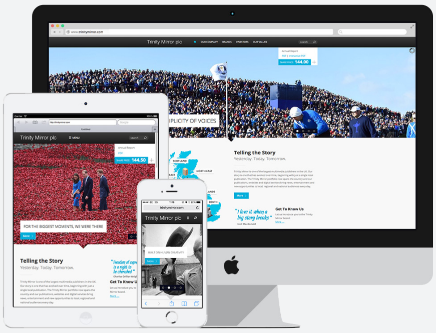


WELCOME TO THE TRINITY MIRROR PLC ANNUAL REPORT FOR THE 52 WEEKS ENDED 28 DECEMBER 2014. IN THIS REPORT YOU WILL FIND INFORMATION ON: OUR BUSINESS; OUR STRATEGY; OUR PERFORMANCE; AND HOW WE GOVERN OUR BUSINESS.



For more information on our business go to **www.trinitymirror.com**

CHAIRMAN'S INTRODUCTION

KEY POINTS
- Solid performance for the year
- Board refresh
- Well positioned to deliver shareholder value

In recent years, Trinity Mirror has been going through a dramatic transformation and I am very pleased with the continued progress the management team are making on our strategic objective of delivering sustainable growth in revenue and profit. 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.

We have once again delivered adjusted operating profit above £100 million, which has been a consistent theme even though print revenues remain under pressure and we continue to invest in digital.

The strong cash generation of the business has ensured we move into 2015 with a very robust balance sheet with net debt of £19.3 million at the end of 2014. We are now virtually debt free as we received special dividends from Local World of £12.0 million during the first two months of 2015.

I am delighted that the further strengthening of our financial position has enabled the Board to propose a final dividend for 2014 of 3 pence per share, the first for six years.

We remain committed to addressing our historical pension deficits and I am pleased that we finalised the funding valuations of the pension schemes in December and now have agreed funding plans to address the deficits.

We continue to deal with the historical legal issues in a professional and efficient manner and this year our internal investigations, coupled with our ongoing cooperation with the Metropolitan Police Service, provided sufficient evidence for us to confirm that phone hacking had indeed been undertaken by some individuals in the Group many years ago. As a result we began a process of resolving and dealing with civil claims in relation to phone hacking. Although we believe we have made adequate provision for dealing with these issues, the legal process remains lengthy and there remains a risk of further allegations or claims.

I wish to add my personal apology to the open apology which we published in our three national newspapers to the victims of phone hacking.

Press regulation has always been an important consideration for the Board and after much debate and discussion across the industry and with all other interested parties, the Group has entered into a contract to be regulated by the Independent Press Standards Organisation ('IPSO'). This is a welcome change in press regulation and we believe this is an important step in rebuilding the reputation of the British press which has been damaged by the revelations of the Leveson Enquiry.

It is my longstanding belief that effective, robust governance helps create value for shareholders. To achieve this, the Board has continued to play a key role in overseeing the strategic direction of the Group. We continue to constructively challenge and support the right 'Tone at the Top' in the Company and have completed a thorough external Board evaluation. Both provide us with confidence in how the Board oversees the activities of the Group.

There have been a number of changes to the Board during the year. We have appointed three new non-executive directors: David Kelly, Lee Ginsberg and Helen Stevenson, all of whom bring unique and relevant experience and skills to the Board. Gary Hoffman resigned after six years on the Board and we thank Gary for his contribution and wish him well. We also had a significant change in the executive directors with both Mark Hollinshead and Paul Vickers resigning from the Board. Both Mark and Paul had been with the Group for a number of years and we wish them both well in the future. Donal Smith has decided to step down as a non-executive director at the forthcoming Annual General Meeting due to increased business commitments. He has made a valuable contribution to the Board since his appointment 3 years ago.

Our industry continues to be transformed by the digital revolution and this brings a number of fascinating challenges to newspaper publishers everywhere. I believe that the quality of our news brands, the strength of our management team, our solid profit performance, a stable balance sheet and strong cash flows ensure we are in a good position to address these challenges. We will do our best to end the year ahead in even better shape than we started it.

DAVID GRIGSON
Chairman

2 March 2015

CHIEF EXECUTIVE'S INTRODUCTION

KEY POINTS

- Strategy remains on track
- New streamlined management structure
- Confident of further progress in 2015

Our clear objective is to deliver sustainable growth in revenue and profit.

Whilst the print market is in structural decline, print remains very important to the Group and our strategy is to outperform in a difficult marketplace. I am pleased that, once again, the Daily Mirror's circulation performance outperformed its peer group in 2014. We experienced improving rates of print advertising revenue decline in the first half of 2014, albeit these fell back in the second half. Consequently, we continue to focus on driving efficiencies across our print operations, delivering structural cost savings of £15 million in 2014.

We have made rapid progress in accelerating our digital publishing operations with significant increases in both audience and revenue. Our Strategic Report provides you with more detail on our progress and actions, as well as explaining the markets we operate in and the risks we face.

I am grateful to Mark Hollinshead and Paul Vickers, for their contribution to the Group over the years. We have now implemented a more streamlined management structure, with Vijay Vaghela and I much closer to day-to-day operations and delivery of strategy. This new structure is working well, with increased collaboration and faster decision making.

Key to the delivery of our strategy is our people. We have attracted strong talent into the Group, whilst at the same time making Trinity Mirror a better place to work. This is witnessed by the encouraging results from our second all staff survey. However, we still have much to do and our managers across the business are working through detailed action plans to ensure we continue to make Trinity Mirror an employer of choice.

I want to take this opportunity to thank all our staff for their hard work in 2014. It has been a challenging year, but one in which we have delivered a solid financial performance and have made accelerated progress in digital.

I am confident that, with our new organisation structure in place and the continued pride and professionalism of our staff, we can look forward to continued progress in 2015.

SIMON FOX
Chief Executive

2 March 2015

OUR BUSINESS

Our vision

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

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.

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 2014

14M

FIVE NATIONAL NEWSPAPERS REACHING 8 MILLION READERS EACH WEEK AND 100 REGIONAL NEWSPAPERS REACHING 6 MILLION READERS EACH WEEK

730M

WE SOLD OVER 550 MILLION NATIONAL AND REGIONAL NEWSPAPERS AND PUBLISHED OVER 180 MILLION FREE NEWSPAPERS

73M

OVER 73 MILLION WORLDWIDE DIGITAL AUDIENCE EACH MONTH WITH 57% FROM THE UK AND 47% ACCESSING THROUGH OUR MOBILE SITES

6.1BN

OUR DIGITAL PUBLISHING PRODUCTS HAD OVER 6.1 BILLION PAGE VIEWS

4,368

4,368 STAFF IN 48 LOCATIONS IN THE UK AND IRELAND

OUR PERFORMANCE

Although the markets we operate in remain challenging, our performance remains robust with revenue declines in print being partly mitigated by strong growth in digital and cost mitigation to maintain profits.

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 restructuring charges, non-recurring items and non-cash accounting items. The statutory results are adjusted by the exclusion of non-recurring items, restructuring charges in respect of cost reduction measures, 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 36 in the notes to the consolidated financial statements is a reconciliation between the statutory results and the adjusted 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 2014 and 2013:

STATUTORY RESULTS

	2013	**2014**
Revenue (£m)	663.8	**636.3**
Operating (loss)/profit (£m)	(134.8)	**98.6**
EBITDA (£m)	121.8	**128.0**
(Loss)/earnings per share (pence)	(39.0)	**28.1**

Revenue declined as expected during the year due to the structural challenges facing print media while digital continued to grow strongly supported by continued investment. The statutory results in 2013 were 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

	2013	**2014**
Revenue (£m)	663.8	**636.3**
Operating profit (£m)	108.0	**105.5**
EBITDA (£m)	134.4	**130.0**
Earnings per share (pence)	32.0	**32.8**

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 maintaining operating profits with growth in adjusted earnings per share. This short-term stability in profits provides the financial flexibility to enable management to focus on delivering the strategy which is described in the Strategic Update section of this Strategic Report.

How we create value

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 multimedia 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 commercial business, Trinity Mirror Solutions, represents through our titles and other media companies titles, over 220 newspapers and over 100 digital products which together reach 27% of British adults.

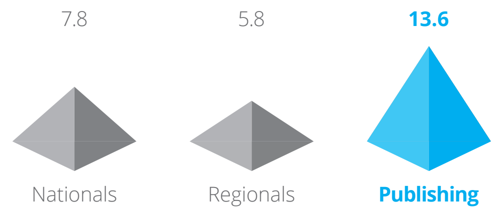
Alongside our publishing operations, the Group operates a printing business (Printing division) providing internal and external print services. We also operate specialist digital businesses (Specialist Digital division) providing digital recruitment platforms and digital marketing services such as website 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, cash flows 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.

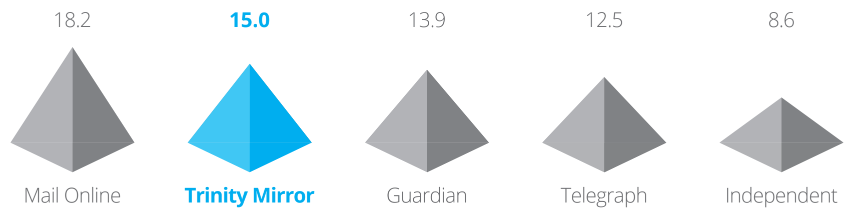
Our reach

Seven-day average weekly print readership (m)



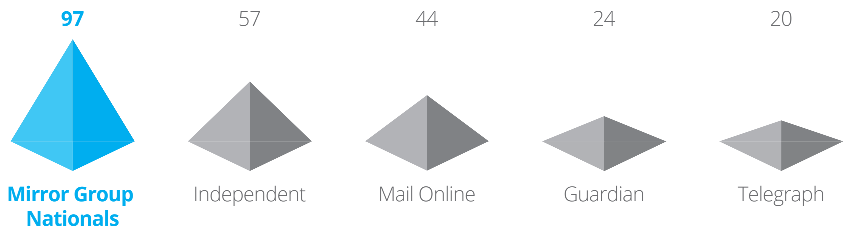
Source: NRS Oct 13 to Sep 14, JICREG as at Oct 14

Comscore December 2014 UK average monthly unique users (m)



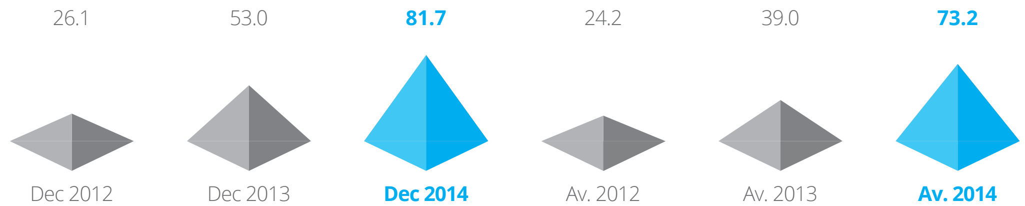
Source: Comscore Dec 14 multiplatform; UK only

National news brands average monthly unique users 2014 growth versus 2013 (%)



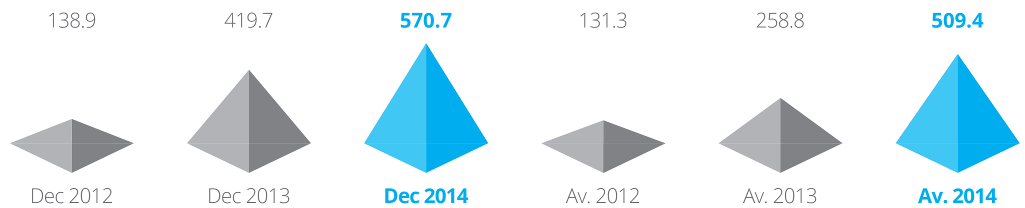
Source: ABCe 2014 v 2013

Digital audience – December and average monthly unique users (m)



Source: Omniture

Digital engagement – December and average monthly page views (m)



Source: Omniture

BUSINESS MODEL continued

How our model is evolving

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 six years as follows:

	2014 £m	2014 %	2008 £m	2008 %
Circulation	280	44	345	39
Advertising	243	38	427	48
Display	*139*	*21*	*185*	*21*
Classified	*87*	*14*	*214*	*24*
Other	*17*	*3*	*28*	*3*
Printing	64	10	56	7
Other	49	8	54	6
Total revenue	**636**	**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.

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

	2014 £m	2014 %	2008 £m	2008 %
Labour	(196)	(36)	(291)	(40)
Newsprint	(98)	(18)	(126)	(17)
Depreciation	(24)	(5)	(38)	(5)
Other	(219)	(41)	(282)	(38)
Total costs	**(537)**	**(100)**	(737)	(100)

Labour accounted for 36% of costs in 2014. We have continued to invest in technology to ensure that our non-customer facing operations are as cost efficient as they can be. The staff profile of the Group has evolved in recent years with an increasing proportion employed in the Group's digital operations.

At the end of 2014 the Group employed staff as follows:

Group by division	Print Number	Digital Number	Total Number	Total %
Publishing	3,075	328	3,403	78
Printing	738	–	738	17
Specialist Digital	–	183	183	4
Central	34	10	44	1
Total employees	**3,847**	**521**	**4,368**	**100**

Publishing by function	Print Number	Digital Number	Total Number	Total %
Editorial	1,581	177	1,758	52
Advertising	716	67	783	23
Circulation	282	–	282	8
Production	128	11	139	4
Other	368	73	441	13
Total employees	**3,075**	**328**	**3,403**	**100**

Newsprint, accounting for 18% of the adjusted cost base in 2014, is substantially procured on six-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 29% of depreciation in 2014 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 significantly below depreciation for many years.

Other costs as a percentage of total costs have increased marginally as the Group continues to outsource services such as IT, Pre-press and some printing. The most significant elements of other costs are printing (including external printing of magazines), distribution, information technology and property operating leases.

What makes us different

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 over time outperform the market. Whilst print related revenues will remain challenged, digital revenue growth is expected to offset the decline in print and drive growth over time.

- Circulation revenue will see lower declines than other print revenues due to the benefit of cover price increases even though volume will remain under pressure. Despite the continued structural pressure on volumes, competitor pricing strategy is anticipated to be less aggressive in 2015 as lower newsprint prices reduce some of the pressure on price increases. Therefore we have not increased the cover price of the Daily Mirror in January this year and this will result in higher rates of decline in circulation revenues in 2015.
- Print advertising revenue will remain under pressure due to continued structural challenges. However an improvement in the overall macroeconomic environment will help reduce the impact of the structural challenges. 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 commercial business, Trinity Mirror Solutions.
- Whilst other publishing print revenue remains under pressure, further diversification of these revenue streams and growth in digital revenues is expected to deliver sustainable growth in other revenue over time.
- Contract printing revenue has grown for a number of years with spare capacity being utilised by third parties, but the market is now much more competitive. The Group will continue to drive revenue to fill spare capacity or retire capacity if it is more efficient to do so as was seen with the closure of our Reading print plant at the beginning of 2014. In 2015, the loss of a newsprint supply contract for the Independent and *i* will impact revenue and cost with no impact on profit.
- Specialist digital revenue relates to our digital classified advertising business and our two digital marketing services businesses. The division returned to revenue growth towards the end of the year as the impact from the disposal of the digital property classified advertising business and the digital recruitment classified advertising business restructuring in 2013 fell out from the comparatives. The division is expected to build on the revenue growth in 2015.
- 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. Our product development team continues to launch new and innovative products. With our increased headroom for investment this supports an increase in both the number and scale of opportunities we can pursue.

Efficiency

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

- The unified organisation structure across the national and regional brands ensures activity is driven to benefit the Group overall 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 is expected to be completed in 2015. This 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 substantially for six months with volume commitments allowing 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 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.

What makes us different continued

Financial Flexibility

The Group is clear on the challenges it faces and has been focused on executing its strategy whilst increasing financial flexibility. The strengthened balance sheet and strong cash flows of the business provide increased financial flexibility for both investment opportunities and the return of capital to shareholders alongside appropriately funding our pension schemes.

- Outstanding long-term debt on a contracted basis is now only £68.3 million with £44.2 million having been paid from cash flows in June 2014. The outstanding debt of £68.3 million is due for repayment in June 2017. In July 2014, the Group negotiated a new £60 million bank facility which is committed until July 2018 and was undrawn at the reporting date. At the end of 2014, the Group had cash balances of £49.0 million.
- The Group has material historical pension liabilities with the IAS 19 pension deficit of £301.2 million at the end of 2014. This compares to £252.2 million at the end of 2013 and £297.7 million at 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 2044. 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 defined benefit pension schemes to 31 December 2013. These valuations were finalised in December 2014 with annual deficit funding payments of £36.2 million per annum for 2015, 2016 and 2017. Given the strong cash flows generated by the business, the Group pre paid in December 2014 £17.0 million of contributions due in 2015 and 2016. Therefore contributions due in 2015, 2016 and 2017 will be £19.7 million, £35.7 million and £36.2 million respectively with annual contributions thereafter of some £36 million per annum.
- The Group has increased investment in the digital cost base over the past two years investing £4 million in 2013 and a further £8 million in 2014. Further incremental investment in digital of £5 million is expected in 2015. In addition with our increased headroom for investment we can increase the focus on launching, developing, investing in or acquiring new businesses.
- The Board is proposing a final dividend for 2014 of 3 pence per share which, subject to shareholder approval, would be payable on 4 June 2015 to shareholders on the register on 8 May 2015. The Board is adopting a progressive dividend policy aligned to the free cash generation of the Group and the investment required to deliver sustainable growth in revenues and profits. At this stage the Board expects paying total dividends of some 5 pence per ordinary share in 2015. The final dividend for 2014 will be the first dividend since the suspension of dividends in 2008.

Shareholder value

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

Outlook

The revenue trends in 2015 will be adversely impacted by the closure of a number of regional titles in the South in December 2014 and a change to the newsprint supply agreement for the Independent and *i* from January 2015. The titles closures contributed £4.5 million of revenue in 2014. The supply of newsprint to the Independent and *i* generated revenues and costs of £11.1 million in 2014 with no impact on profit.

In the first two months of the year digital audience and revenue growth has remained strong with our digital audience hitting 100 million unique users for the first time in January 2015. Print circulation volume and advertising trends have continued at the level experienced at the end of 2014. Circulation revenue has been impacted by the decision not to increase the cover price of the Daily Mirror.

A continued focus on costs, with further targeted structural savings of £10 million in 2015, combined with the benefit of lower newsprint prices and ongoing progress with our strategy, provides the Board with confidence that performance for the current year will be in line with expectations.

STRATEGIC UPDATE

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

STRATEGIC FOCUS | **KEY PERFORMANCE INDICATOR** | **MEASUREMENT**

OUR CLEAR GOAL TO DELIVER SUSTAINABLE GROWTH IN REVENUES AND PROFITS WILL BE DELIVERED THROUGH FOUR KEY AREAS OF STRATEGIC FOCUS:

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

STRATEGIC UPDATE continued

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.

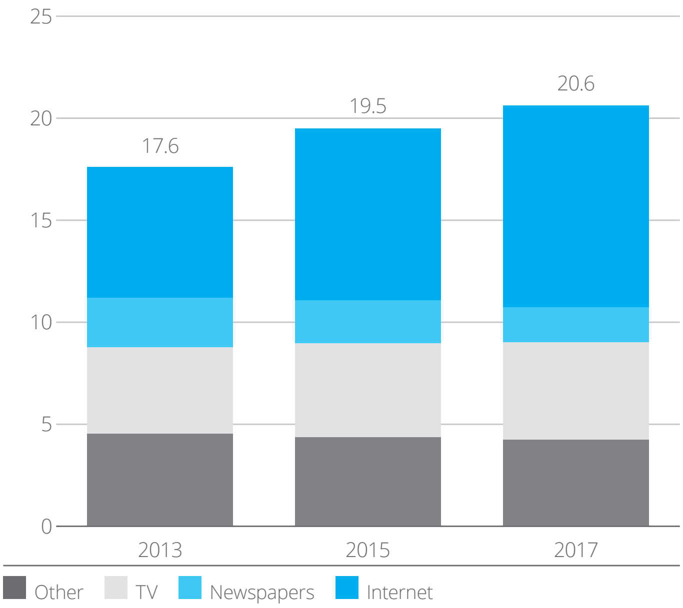
The print press advertising market is forecast to decline by 8% in 2015. This rate of decline is projected to continue in 2016 and 2017. Within this display is forecast to perform slightly ahead of classified.

The digital press advertising market is forecast to increase by 17% in 2015. This rate of increase is projected to continue in 2016 and 2017. Within this, display is forecast to perform significantly ahead of classified.

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

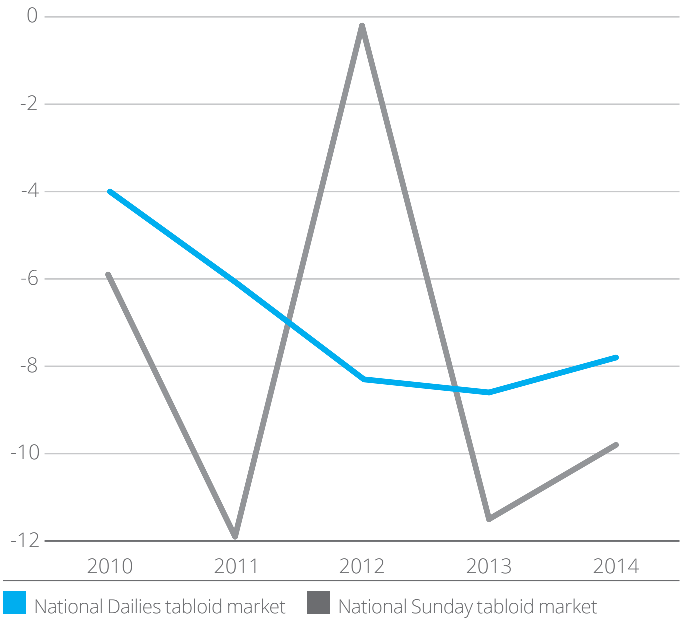
Alongside this investment, the Group will invest in new products and businesses which build on our content and audience.

UK advertising market (bn)



Source: Enders' forecast at December 2014

Circulation volumes 2010 to 2014 year on year change (%)



Source: ABC

STRATEGIC UPDATE continued

We continue to make progress towards delivering our vision of being 'a dynamic and growing media business that is an essential part of our customers' daily lives'.

The strategy remains unchanged with focus on digital investment and growth combined with minimising the print declines and tight management of the cost base.

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 maintain financial flexibility. Despite the continuing pressure on revenue, the Group has delivered adjusted annual operating profit in excess of £100 million in each of the past five 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 2014, driven by the annualised impact of investment in 2013 and new investment in 2014, we invested £12 million and we expect to invest an incremental £5 million in 2015. In addition, we invested £4 million in print initiatives.

We expended £6 million on capital expenditure in 2014 which was less than the £15 million guidance due to timing of year end payments and phasing of capital spend into 2015. We expect capital expenditure of around £15 million in 2015 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 profit and digital revenue targets and for delivery of long-term performance based on delivery of increased shareholder value. Further details are set out in the Remuneration Report on pages 47 to 61.

Key highlights of progress on each area of strategic focus in the year were:

Protecting and revitalising our core brands in print

- The Daily Mirror has continued to outperform the red top market in terms of year on year circulation trends in 2014. During the year we launched the second phase of our #Madeuthink brand campaign, positioning the Daily Mirror as the "intelligent tabloid" to differentiate the Daily Mirror from other titles in the red top market. The recent National Readership Survey Print and Digital Data figures show the Daily Mirror's combined print and digital monthly audience at 17 million, second only to the Daily Mail with 23 million. The same data shows the Daily Record remains the leading news brand in Scotland with a total audience of 3 million.
- Trinity Mirror Solutions was unveiled as the new name and brand identity of our national advertising commercial business. A new structure, including three new senior roles, has been implemented to better combine the potential of TMS's brands and audiences for the benefit of advertisers. We invested in a 25-strong cross-media sales innovation unit combining the skills of our sales team with that of business planners, researchers, designers and writers to create and sell innovative cross-media advertising solutions for growing numbers of new and existing clients.
- The Daily Mirror and Sunday Mirror have increased print advertising market share with one of the major contributory factors being the success of new packages such as 'Big City' and 'Sunday Best' which combine the full scale and reach of the Trinity Mirror portfolio by combining the sales of our major regional newspapers with our national brands to provide media planners and buyers with a brand new mass market audience proposition. We re-launched and rebranded the Sunday People magazine to become 'Love Sunday' with positive feedback from both readers and advertisers. In Scotland, the Sunday Mail won Newspaper of the Year in the Scottish Press Awards.
- As the best watched TV awards show on UK terrestrial TV, the annual 'Pride of Britain Awards' continues to go from strength to strength. During the year we continued to expand our 'Pride of...' series launching the 'Pride of Ireland Awards' and the 'Pride of Birmingham Awards'. In Scotland, the Daily Record held its eleventh 'Our Heroes' awards.
- In our regional markets we continue to adapt and refresh our newspapers to ensure they are increasingly relevant and appealing to our readers and advertisers. Our Group-wide technology platform gives us the capability to add new products on multiple platforms with a minimal increase in costs or resource. One such example is the successful launch of the Sunday Echo in Liverpool which has allowed us to increase our audience on a Sunday both in print and online through the provision of more comprehensive football content. All of our major regional daily newspapers are now distributed through the wholesale infrastructure with resulting cost and logistical benefits.
- We continue to challenge the appropriateness of the regional newspaper portfolio and this has led to a rationalisation of our newspaper titles in the South with the closure of seven newspapers at the end of the year.

Growing our existing brands onto digital delivery channels

- A new editorial structure, Newsroom 3.1, has been implemented in the regional newsrooms to support a digital first publishing process providing content for our rapidly growing digital audience, whilst at the same time producing strong newspapers. The implementation of Newsroom 3.1 which put digital news gathering and audience analytics at the heart of our regional newsrooms has led to a near doubling of our regional digital audiences. This structure, combined with a focus on mobile, social, data journalism and community engagement has put us ahead of other regional news brands. Our national news brands also underwent newsroom reorganisations to better serve growing multi-platform audience.
- The strong growth in total unique users and page views has continued during the year. Our average monthly unique users and average monthly page views for the Publishing division across web, mobile and apps for the year have grown year on year by 87% to 73.2 million and by 97% to 509.4 million respectively. In December, monthly unique users were 81.7 million and monthly page views were 570.7 million. This has driven strong growth in digital display advertising all year with growth of 101.4%. We continue to refresh our websites to increase user engagement whilst ensuring we can drive revenues through a range of advertising formats.
- We have enhanced the digital classified platforms across our regional websites and have rolled out our new platforms for recruitment, What's On, Buysell and BMDs. Fish4Jobs, our leading recruitment portal, has unveiled a new look national job site with responsive web design and a fresh, new brand identity.
- We are investing to increase the quality and volume of video across our websites. The commercial opportunities are significant as video commands the highest revenue per thousand views on our websites. The Mirror site exceeded 10 million video streams in a month at the end of the year, up from 3 million at the start of the year.
- Our Data Journalism Unit made good progress during the year and the data journalism site Ampp3d continues to grow. The team issued the 'NHS S.O.S' 16 page pullout investigation into the future of the NHS, produced in collaboration with Sunday Mirror journalists, built a First World War search tool enabling users to look up relatives who were killed in the 1914–18 conflict and produced the second 'Real School Guides' which was published across our regional titles.
- We continue to drive new commercial partnerships to diversify and drive digital revenues and have entered into a new partnership for the provision of bingo and other online games. We launched the Mirror and Record's new bingo and casino platforms in July. Mirror Matches, our new dating site, went live in August.
- We continue to gain good traction with the e-edition for the Daily Mirror and Sunday Mirror. Our free Monday to Friday editions of the Daily Mirror had in excess of 56,000 Publication Active Views in December and the Daily Mirror and Sunday Mirror are available through subscription over the weekend with over 11,000 paid for subscribers.

Continuing our relentless focus on efficiency and cost management

- Operating costs fell by £25.7 million reflecting the benefit of structural cost savings of £15 million and ongoing cost mitigation actions which have more than offset increased investment in digital of £8 million and inflationary cost increases, in particular newsprint prices which increased by some 5% year on year. Further structural cost savings of £10 million are targeted in 2015.
- Savings in the year have been driven through the outsourcing of IT support and services functions, the restructure of editorial and advertising functions, the streamlining of the senior management team and a range of other smaller initiatives across the Group.

Launching, developing, investing in or acquiring new businesses built around distinctive content or audience

- Our investment in Local World continues to deliver strong returns with our share of post-tax profit for the year up £0.1 million to £5.2 million.
- Our product development team continues to launch new and innovative products. Pinpoint, a mobile geo-targeting product for advertisers and a new version of Mirror Football with integrated, content-driven betting (in partnership with Paddy Power) were both launched during the year. A digital content syndication licensing tool and a public notices application are both in development and due for release in 2015.
- GoalTime, an all new live football betting pool game, was developed and floated as Contagious Sports Inc on the Toronto Stock Exchange. Our investment was converted into equity of the listed entity and we hold 2.2 million shares (valued at £0.7 million at the reporting date). UsVsTh3m has now been integrated into Mirror.co.uk.
- The new technology platform that we have rolled out across the business provides significant flexibility for the launch, development or integration of acquisitions built around distinctive content or audience.

The Group's strategic objective to deliver sustainable growth in revenue and profit remains. The areas of strategic focus are unchanged but continue to evolve. Following the progress made during 2014 the next steps for the areas of strategic focus are set out below:

STRATEGIC AREA	FOCUS IN 2014	FOCUS IN 2015
Protecting and revitalising our core brands in print	To keep our entire portfolio under continuous review with a view to improving products wherever possible.	Continue to challenge the appropriateness of the print portfolio and review our print products.
Growing our existing brands onto digital delivery channels	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.	The opportunities in digital continue to expand as more and more people adopt technology and we will build on the material audience numbers with particular focus on mobile and video and monetisation.
Continuing our relentless focus on efficiency and cost management	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.	As demonstrated in 2014, as we face challenging print revenues, our focus on tight cost management remains key. Our structural cost savings target for 2015 is £10 million.
Launching, developing, investing in or acquiring new businesses built around distinctive content or audience	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.	Our increased headroom for investment means we can increase the focus on launching, developing, investing in or acquiring new businesses.

Management changes

We have made a number of significant appointments during the year including James Wildman as Chief Revenue Officer of Trinity Mirror Solutions and Pete Picton as Editorial Director for Mirror.co.uk. James joined us from his position as Yahoo MD for UK and Ireland and brings with him a wealth of experience in sales and marketing in a global digital business. Pete is an experienced digital journalist and was the former deputy editor of Mail Online.

We have welcomed, amongst others, Rachel Stock as Group HR Director, Andy Atkinson to the role of Trinity Mirror Solutions Sales Director; Piers North as Trinity Mirror Solutions Strategy Director; Oliver Gerrish as Head of Digital Analytics; Bob Cuff as Managing Director of Teesside; Stuart Birkett as Managing Director of the North East and Will Handley has been appointed Marketing Director within Trinity Mirror's New Business Division.

These appointments evidence the progress in developing Trinity Mirror as an employer of choice for digital and commercial talent.

We have also streamlined the senior management structure with Steve Anderson-Dixon appointed as Managing Director, Trinity Mirror Regionals; Allan Rennie as Managing Director, Media Scotland; Neil Jagger as General Manager, UK Nationals and Lloyd Embley as Group Editor in Chief.

Press regulation

The Group, along with the vast majority of national and regional newspaper and magazine publishers, has entered into a contract to be regulated by the Independent Press Standards Organisation ('IPSO').

We recognise that the reputation of the British press has been severely damaged by the findings of the Leveson Enquiry and we welcome the new regime and high regulatory standards that will be required under IPSO.

Following an independent process, IPSO has appointed its first Chairman, Sir Alan Moses, and its first Board. IPSO became fully operational from September 2014.

KEY PERFORMANCE INDICATORS

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

While the market remains challenging the Group aims to maintain profits and cash flows. The strengthened balance sheet and strong cash flows of the business provide increased financial flexibility for both investment opportunities and the return of capital to shareholders alongside appropriately funding our pension schemes.

In 2014, revenue fell by 4% as the challenging economic environment and structural challenges for print continued to impact the Group's revenue, an improvement of two percentage points on the 6% decline in the prior year. Revenue trends in the second half of 2014 were significantly more challenging with a decline of 6% compared to 2% in the first half.

Strong cash flows enabled net debt and leverage (contracted net debt/adjusted EBITDA for the 12 months to December) to fall. The Group is expected to have net cash during 2015. The Group repaid the £44.2 million of maturing long-term debt in June 2014 from cash flow and had cash balances of £49.0 million at the year end.

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.

Key performance indicators

Performance against the key performance indicators underpinning the strategy was:

AREAS OF STRATEGIC FOCUS: KEY PERFORMANCE INDICATORS	PROGRESS
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	• Circulation volumes of the Daily Mirror and Sunday Mirror, our largest brands, outperformed the market while our other titles had a mixed performance (page 29) • Growth in print advertising volume market share of the Daily Mirror, Sunday Mirror and Daily Record while our other titles performed less well (page 30) • Print revenue trend improved in the first half but this reversed in the second half (page 21)
Growing our existing brands onto digital delivery channels Digital growth: • Digital audience (unique user and page views) growth • Digital revenue (advertising and commercial) growth	• Strong growth maintained in digital audience (page 7) • Publishing digital revenue continued strong growth all year (page 21)
Continuing our relentless focus on efficiency and cost management Targeted cost savings: • Structural cost saving and ongoing mitigating cost actions	• Delivered £15 million of structural cost savings, £5 million ahead of target. This, coupled with ongoing cost mitigation actions, ensured total costs fell by almost £26 million year on year despite ongoing inflationary cost rises (page 22)
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	• Our product development team continues to launch new and innovative products (page 14)

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 40.

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 matters.

Significant risks

There have been no changes in the principal risks and uncertainties reported last year. These principal risks together with progress made during the year are set out below:

RISK DESCRIPTION	RISK FACTORS	RISK ACTION	UPDATE
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.	Monthly review of specific strategic initiatives at Board meetings and, at least annually, review of overall strategy.	The strategy remains unchanged with focus on digital investment and growth combined with minimising the print declines and tight management of the cost base.
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.	Whereas the rate of print revenue declines improved in the first half, this reversed in the second half. To counter this we increased our cost management actions and delivered additional structural cost savings and other cost mitigation initiatives. We have not reduced our investment in digital: people, product and infrastructure; and saw the strong growth in digital revenue continue. Whereas the crossover of digital growth and print decline may have been pushed out we remain confident that this will be achieved while at the same time delivering a solid profit and cash flows.
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. Cooperation with police on their inquiries. Independent consultant working with external lawyers on police enquiries, civil claims and related investigations.	We continue to deal with the historical legal issues in a professional and efficient manner, although the final outcome of these items remains uncertain.
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.	We remain committed to addressing our historical pension deficits and we finalised the funding valuations of the pension schemes in December. The next triennial valuation date is 31 December 2016.

RISKS AND UNCERTAINTIES continued

Significant risks continued

Strategy and revenue loss

The Strategic Update section of this Strategic Report gives a detailed review of the progress to date and the future expectations of the strategy.

Historical legal issues

The Group continues to cooperate with the Metropolitan Police Service in respect of Operation Elveden (the investigation relating to alleged inappropriate payments to public officials) and Operation Golding (the investigation into alleged phone hacking).

In July 2014, after our ongoing investigations revealed that phone hacking had taken place at the Group, a provision of £4.0 million was made to cover the cost of dealing with and resolving civil claims from individuals in relation to phone hacking. In the second half of the year a number of claims have been settled and a subsidiary, MGN Limited, has admitted liability to a number of individuals who had sued the Company for alleged interception of their voicemails many years ago. As we progressed with dealing with the civil claims it has become evident that the cost of resolving these claims will be higher than previously envisaged. The provision of £4.0 million made at the half year for dealing with and resolving these claims has increased by a further £8.0 million. Inevitably, there remains ongoing uncertainty as to how matters will progress and whether or not new allegations or claims will emerge and their possible financial impact. Due to this uncertainty a contingent liability has been highlighted in note 37 in the notes to the consolidated financial statements.

The intrusion into peoples' lives through the unlawful practice of phone hacking is unacceptable. We apologise to the victims of phone hacking and published an open apology in our three national newspapers in February 2015.

Pensions

An update on pensions is set out in the Group Financial Review section of the Strategic Report.

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 the risk of failure by employees to comply with 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 is 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 whistleblowing charter in place where employees may report any concerns about the integrity of the business. From 2014, this has been 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 62 to 70, 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, 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 taxation requirements. The Group paid corporation tax of £17.3 million (2013: £22.0 million) and paid indirect employment taxes (employer and employee NI and employee PAYE) of £62.3 million (2013: £62.9 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.

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 4,368 people in 48 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.

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 2014, 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 increased year on year to 9.7% (2013: 8.6%). During the same period, the retention rate, defined as employees in the Group's employment for the full 12 months, reduced slightly to 87.8% (2013: 90.0%).

THE GROUP HAS:

- Reinforced our vision and values in all businesses;
- Undertaken a second staff survey and developed further action plans in all businesses;
- Held the third editorial conference and the second editorial awards;
- Held the second commercial conference and the second commercial awards.

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% (2013: 2.1%). This compares favourably with the national average level of employee absence of 3.3% (2013: 3.8%).

The Group is committed to equality of opportunity in all its employment practices to ensure we attract and retain the best people. In 2014, women made up 38% of staff (2013: 38%) and the number of women occupying senior managerial roles was 14% (2013: 16%).

The split of employees as at 28 December 2014 by gender was as follows:

	Male Number	Male %	Female Number	Female %
Directors	6	75	2	25
Senior managers	36	86	6	14
Other	2,666	62	1,652	38
TOTAL	**2,708**	**62**	**1,660**	**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 41 and the composition of the Board is set out in the Corporate Governance Report on page 39.

In 2014, 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 and publishing digital revenue growth targets, a bonus of 45.8% of entitlement is payable in respect of the performance of the Group in 2014. For the staff bonus scheme a bonus of 40% of entitlement is payable.

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.

Employees are able to join the enhanced section of the defined contribution pension scheme or if they do not they are auto-enrolled (unless they opt out) to the foundation section of the defined contribution pension scheme. The original section of the defined contribution pension scheme is closed to new members. All members of the enhanced section and the original sections also receive Death in Service and Permanent Health Insurance benefits.

GROUP FINANCIAL REVIEW

Income statement (page 77)

	Statutory results 2014 £m	Statutory results 2013 £m	Adjusted results 2014 £m	Adjusted results 2013 £m
Revenue				
Publishing*	**554.0**	578.4	**554.0**	578.4
Print	***521.6***	*556.4*	***521.6***	*556.4*
*Digital**	***32.4***	*22.0*	***32.4***	*22.0*
Printing	**64.5**	65.7	**64.5**	65.7
Specialist Digital*	**14.5**	16.7	**14.5**	16.7
Central	**3.3**	3.0	**3.3**	3.0
Revenue	**636.3**	663.8	**636.3**	663.8
Costs	**(568.3)**	(801.9)	**(536.9)**	(562.6)
Associates	**30.6**	3.3	**6.1**	6.8
Operating profit/(loss)	**98.6**	(134.8)	**105.5**	108.0
Financing	**(17.0)**	(26.0)	**(3.2)**	(6.7)
Profit/(loss) before tax	**81.6**	(160.8)	**102.3**	101.3
Tax	**(11.8)**	64.4	**(21.0)**	(22.2)
Profit/(loss) after tax	**69.8**	(96.4)	**81.3**	79.1
Earnings/(loss) per share	**28.1p**	(39.0)p	**32.8p**	32.0p

* Following a change in management structure, the Group has reclassified the revenue and results of fish4 from the Specialist Digital operating segment to the Publishing operating segment. The revision to the operating segments has had no impact on the revenue or operating profit of the Group. The 2013 comparatives have been restated as a result of this change. Note 4 in the notes to the consolidated financial statements sets out the impact of this change on the previously reported results.

The results are presented on a statutory and adjusted basis to provide a more meaningful comparison of the Group's performance. The adjusted results aim to provide an underlying performance of Group without the volatility created by a number of accounting and predominantly non-cash items. Set out in note 36 in the notes to the consolidated financial statements is the reconciliation between the statutory and the adjusted results.

Group revenue is the same on both a statutory and adjusted basis. Statutory costs include non-recurring items, the amortisation of other intangible assets, the pension administrative expenses and the restructuring charges in respect of cost reduction measures which are excluded from the adjusted results.

Revenue (note 5)

	2014 £m	2013 £m	Variance £m	Variance %
Circulation	**279.8**	285.8	(6.0)	(2.1)
Advertising	**242.5**	262.7	(20.2)	(7.7)
Publishing Print	***209.2***	*236.3*	*(27.1)*	*(11.5)*
*Publishing Digital**	***28.5***	*19.2*	*9.3*	*48.4*
*Specialist Digital**	***4.8***	*7.2*	*(2.4)*	*(33.3)*
Printing	**64.5**	65.7	(1.2)	(1.8)
Other	**49.5**	49.6	(0.1)	(0.2)
Publishing Print	***32.6***	*34.3*	*(1.7)*	*(5.0)*
Publishing Digital	***3.9***	*2.8*	*1.1*	*39.3*
Specialist Digital	***9.7***	*9.5*	*0.2*	*2.1*
Central	***3.3***	*3.0*	*0.3*	*10.0*
Revenue	**636.3**	663.8	(27.5)	(4.1)

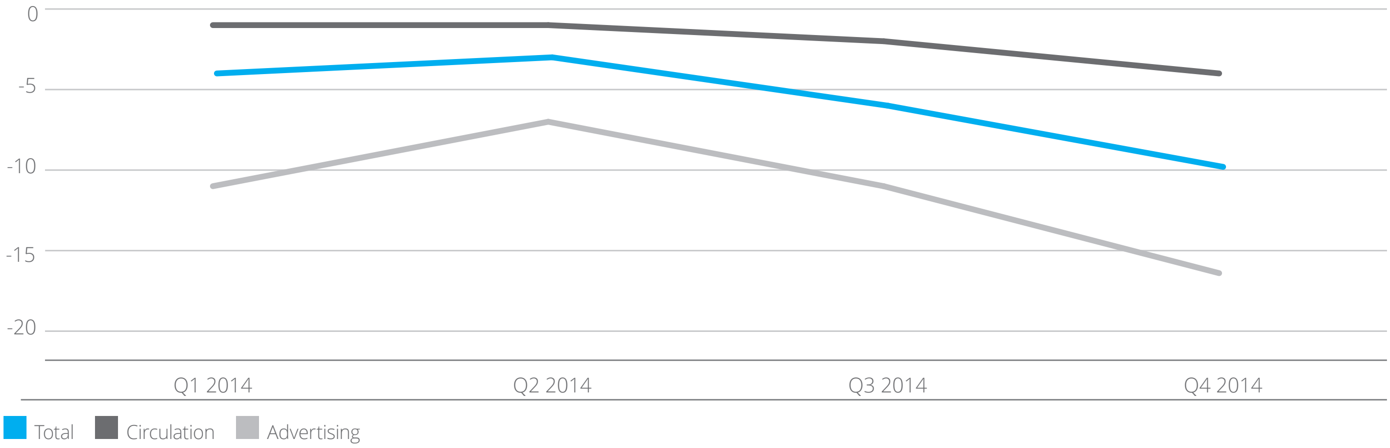
* Comparatives restated for fish4. Note 4 in the notes to the consolidated financial statements sets out the impact of this change on the previously reported results.

Revenue fell by £27.5 million or 4.1% compared to a decline of 6.0% for 2013. Revenue trends improved as we progressed through the first half with a more challenging market impacting performance in the second half. Print advertising revenue fell by 14.1% in the second half compared to a decline of 8.8% in the first half. For the Publishing division, revenue fell by £24.4 million with Print revenue falling by 6.3% to £521.6 million and with growth of 47.3% in digital revenue to £32.4 million. Further details on the revenue trends for each division are shown in the Divisional Review.

Revenue (note 5) continued

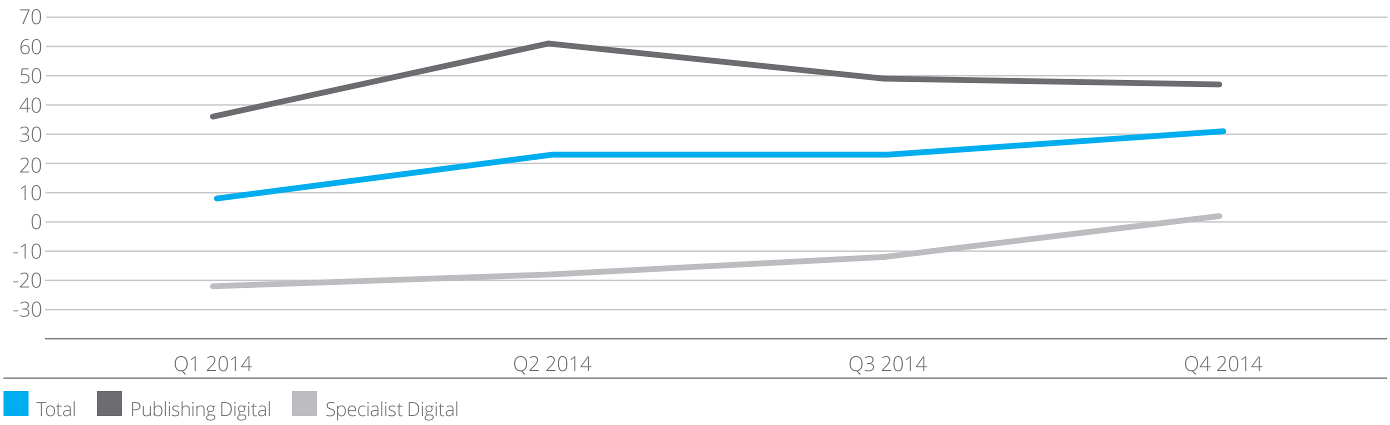
The graphs that follow show the quarterly year on year revenue trends in print and digital during the year. Print revenue is all advertising, circulation, printing and other revenues generated from activities linked to the publishing and printing of newspapers. Digital revenue is all advertising and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

Print revenue year on year (%)



Total print revenue had a mixed year and there remains month on month volatility. The graph above has been prepared on a quarterly basis to highlight the overall trends experienced in the year. Circulation revenue benefited from cover price increases in the first half but these had less impact in the second half due to changes in the frequency and timing of price increases. Advertising revenue improved in the first half then reversed in the second half as supermarket spending was reduced and due to the impact of stronger comparatives.

Digital revenue year on year (%)



Total digital revenues showed accelerating growth during the year. Publishing digital revenues grew strongly all year driven by the strong growth in publishing digital display advertising as our strategy of building audience continued to deliver. The slowdown in the percentage rate of growth reflects that the momentum began in the second half of the prior year. Specialist Digital revenues experienced a significant decline at the start of the year due to the sale of the digital specialist classified property business at the end of August last year and the portfolio rationalisation of the digital specialist classified recruitment business in the third quarter of last year. Growth returned in the last quarter of the year.

Excluding the Specialist Digital property business, total digital revenues increased by £10.1 million or 27.4% to £46.9 million, with growth of 25.6% in the first half and 29.2% in the second half.

GROUP FINANCIAL REVIEW continued

Costs (notes 6 and 8)

	Statutory results		Adjusted results	
	2014 £m	2013 £m	2014 £m	2013 £m
Labour	(196.1)	(210.0)	(196.1)	(210.0)
Newsprint	(97.5)	(102.3)	(97.5)	(102.3)
Depreciation	(24.5)	(26.4)	(24.5)	(26.4)
Other	(250.2)	(463.2)	(218.8)	(223.9)
Non-recurring items	*(12.0)*	*(224.4)*	–	–
Amortisation of other intangible assets	*(2.2)*	*(2.2)*	–	–
Pension administrative expenses	*(3.2)*	*(2.8)*	–	–
Restructuring charges in respect of cost reduction measures	*(14.0)*	*(9.9)*	–	–
Other	*(218.8)*	*(223.9)*	*(218.8)*	*(223.9)*
Costs	**(568.3)**	(801.9)	**(536.9)**	(562.6)

Statutory costs fell by £233.6 million or 29.1% to £568.3 million while adjusted costs fell by £25.7 million or 4.6% to £536.9 million.

Labour costs fell by £13.9 million or 6.6% to £196.1 million due to restructuring actions during the year in print which was partly offset by salary inflation and investment in digital.

Newsprint costs fell by £4.8 million or 4.7% to £97.5 million due to reduced paid for volumes, fewer free copies distributed and reduced pagination partially offset by the impact of a price increase.

Depreciation fell by £1.9 million or 7.2% to £24.5 million as capital expenditure remains well below depreciation.

Other costs, excluding non-recurring items, amortisation of other intangible assets, pension administrative expenses and restructuring charges in respect of cost reduction measures, fell by £5.1 million or 2.3% to £218.8 million due to continued tight management of costs.

Non-recurring items included in statutory costs in the current year and prior year are set out below.

Restructuring charges in respect of cost reduction measures were £14.0 million.

Both statutory and adjusted costs benefited from £15 million of structural cost savings and include incremental investment of £8 million in digital initiatives. Structural cost savings for 2015 are expected to be £10 million with incremental investment in digital expected to be £5 million. The Group's restructuring costs for 2015 are expected to be £10 million.

Non-recurring items (note 8)

	Statutory results	
	2014 £m	2013 £m
Provision for historical legal issues	(12.0)	–
Impairment of goodwill and other intangible assets	–	(225.0)
Profit on disposal of subsidiary undertaking	–	0.6
Non-recurring items excluding associates	**(12.0)**	(224.4)
Non-recurring items included in associates	27.2	(0.5)
Non-recurring items including associates	**15.2**	(224.9)

The Group made a provision of £12.0 million to cover the cost of dealing with and resolving civil claims from individuals in relation to phone hacking.

In the prior year 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 comprised £3.4 million relating to goodwill and £221.6 million relating to publishing rights and titles.

The non-recurring items included in associates include the £27.5 million share of the gain on the disposal by the PA of MeteoGroup.

Associates (note 17)

	Statutory results		Adjusted results	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Result before amortisation and non-recurring items	**6.1**	6.8	**6.1**	6.8
Amortisation of other intangible assets	**(2.7)**	(3.0)	**–**	–
Non-recurring items	**27.2**	(0.5)	**–**	–
Share of results of associates	**30.6**	3.3	**6.1**	6.8

The Group has a 21.5% investment in PA Group and a 20.0% investment in Local World, accounted for as associated undertakings. The adjusted results exclude amortisation of other intangible assets and non-recurring items to be consistent with the treatment adopted by the Group.

The statutory share of the post-tax profits from associates increased by £27.3 million to £30.6 million. The non-recurring items comprise our £27.5 million share of the gain on the disposal by the PA of its weather forecasting business, MeteoGroup, our £0.4 million share of the profit of MeteoGroup recorded by the PA up to the date of completion less our £0.7 million share of restructuring costs incurred by the PA and Local World. Adjusted share of post-tax profit from associates fell by £0.7 million to £6.1 million. This includes a reduction in the contribution from the PA of £0.8 million to £0.9 million following its disposal of MeteoGroup which has been partially offset by an increase in our share of post-tax profit of Local World of £0.1 million to £5.2 million.

Operating profit/(loss) (note 6)

	Statutory results		Adjusted results	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Operating profit/(loss)	**98.6**	(134.8)	**105.5**	108.0
Operating margin (pre associates)	**10.7%**	(20.8%)	**15.6%**	15.2%

Statutory operating profit increased by £233.4 million to £98.6 million primarily reflecting the significant impairment of goodwill and other intangible assets taken in the prior year and our share of the exceptional gain by the PA on their disposal of MeteoGroup in the current year. Adjusted operating profit fell by £2.5 million or 2.3% to £105.5 million with operating margin improving by 0.4 percentage points from 15.2% to 15.6%.

Financing (notes 9 and 10)

	Statutory results		Adjusted results	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Investment revenues	**0.3**	0.3	**0.3**	0.3
Pension finance charge	**(11.2)**	(13.2)	**–**	–
Finance costs	**(6.1)**	(13.1)	**(3.5)**	(7.0)
Interest on bank overdrafts and borrowings	***(3.5)***	*(7.0)*	***(3.5)***	*(7.0)*
Fair value loss on derivative financial instruments	***(0.3)***	*(8.8)*	**–**	–
Foreign exchange (loss)/gain on retranslation of borrowings	***(2.3)***	*2.7*	**–**	–
Financing	**(17.0)**	(26.0)	**(3.2)**	(6.7)

Statutory financing costs which include the pension finance charge, the change in derivative financial instruments and the foreign exchange changes on retranslation of foreign currency borrowings fell by £9.0 million to £17.0 million. Adjusted financing costs fell by £3.5 million to £3.2 million reflecting the benefit of the material fall in long-term debt and the continued benefit of the low interest rate environment.

Profit/(loss) before tax

	Statutory results		Adjusted results	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Profit/(loss) before tax	**81.6**	(160.8)	**102.3**	101.3

The statutory profit before tax for the year amounts to £81.6 million compared to a loss of £160.8 million in the prior year due to the impact of the impairment charge in the prior year and the exceptional gain by the PA in the current year. Adjusted profit before tax increased by £1.0 million or 1.0% to £102.3 million due to the reduction in net interest cost more than offsetting the reduction in adjusted operating profit.

GROUP FINANCIAL REVIEW continued

Tax (note 11)

	Statutory results 2014 £m	Statutory results 2013 £m	Adjusted results 2014 £m	Adjusted results 2013 £m
Tax (charge)/credit	**(11.8)**	64.4	**(21.0)**	(22.2)
Effective tax rate	**(14.5%)**	40.0%	**(20.5%)**	(21.9%)

The statutory tax charge of £11.8 million (2013: credit of £64.4 million) comprises a current tax charge of £13.8 million (2013: £18.1 million) and a deferred tax credit of £2.0 million (2013: £82.5 million). The effective tax rate is lower than the standard rate of corporation tax as the share of results of associates is post-tax. The adjusted tax charge of £21.0 million (2013: £22.2 million) represents 20.5% (2013: 21.9%) of adjusted profit before tax and reflects the benefit of the reduction in the rate of corporation tax from 23.0% to 21.0% on 1 April 2014.

Dividends (note 12)

The Board is proposing a final dividend for 2014 of 3 pence per share which, subject to shareholder approval, would be payable on 4 June 2015 to shareholders on the register on 8 May 2015.

Earnings/(loss) per share (note 13)

	Statutory results 2014 £m	Statutory results 2013 £m	Adjusted results 2014 £m	Adjusted results 2013 £m
Profit/(loss) after tax	**69.8**	(96.4)	**81.3**	79.1
Weighted average number of shares (000's)	**248,108**	247,328	**248,108**	247,328
Earnings/(loss) per share	**28.1p**	(39.0)p	**32.8p**	32.0p

Statutory earnings per share increased by 67.1 pence or 172.1% to 28.1 pence and adjusted earnings per share increased by 0.8 pence or 2.5% to 32.8 pence. The increase in the weighted average number of shares year on year reflects the impact of the 3,408,484 share options exercised during the year and the 1,652,091 share options exercised during the prior year partially offset by the 1,391,620 shares acquired by the Trustees of the Trinity Mirror Employee Benefit Trust in the year and the 2,600,000 shares acquired in the prior year.

Cash flow (page 78)

	2014 £m	2013 £m
Statutory operating profit/(loss)	**98.6**	(134.8)
Non cash items	**(3.4)**	253.0
Operating cash flow	**95.2**	118.2
Pension funding	**(15.0)**	(16.2)
Working capital	**9.9**	(9.1)
Cash flows from operating activities	**90.1**	92.9
Income tax paid	**(17.3)**	(22.0)
Net interest paid	**(3.6)**	(5.4)
Net capital expenditure	**(6.2)**	(7.3)
Acquisition of associate	**–**	(14.2)
Disposal of subsidiary	**0.9**	2.5
Purchase of shares for LTIP	**(2.2)**	(3.0)
Dividends received	**16.0**	2.3
Net cash flow	**77.7**	45.8
Borrowings repaid	**(44.2)**	(54.5)
Net increase/(decrease) in cash	**33.5**	(8.7)
Cash at start of period	**15.5**	24.2
Cash at end of period	**49.0**	15.5

Notes to cash flow

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.

Working capital (inflows)/outflows are primarily due to cash expended on provisions net of the charges in the year and the timing of the year end.

Pension funding represents the amounts paid to the pension schemes to fund the pension schemes deficits of £18.2 million (2013: £19.0 million) less the pension administrative costs of £3.2 million (2013: £2.8 million) charged in the consolidated income statement.

Income tax paid fell due to a fall in both taxable income and the standard rate of corporation tax.

Net interest paid comprised £3.9 million (2013: £5.7 million) interest paid on borrowings less £0.3 million (2013: £0.3 million) interest received. The fall in interest payments reflects the continued fall in debt in the current and prior year.

Net capital expenditure was £6.2 million (2013: £7.3 million) against depreciation of £24.5 million (2013: £26.4 million). Gross capital expenditure was £6.4 million during the year. Proceeds of £0.2 million (2013: £0.7 million) were received from the disposal of fixed assets.

Acquisition of associate related to the investment in Local World in the prior year.

Disposal of subsidiary related to the disposal of Trinity Mirror Digital Property in the prior year.

The Trustees of the employee benefit trust purchased 1.4 million shares (2013: 2.6 million) for a consideration of £2.2 million (2013: £3.0 million) during the year.

Dividends received comprises a dividend from PA Group of £12.9 million (2013: £2.3 million) and a dividend from Local World of £3.1 million (2013: £nil). Special dividends totalling £12.0 million have been received from Local World since the reporting date.

The Group repaid £44.2 million of maturing long-term debt during the year. Cash balances increased by £33.5 million during the year to £49.0 million.

Balance sheet (page 79)

	2014 £m	2013 £m
Intangible assets	680.9	683.1
Property, plant and equipment	317.7	337.6
Investment in associates	41.4	26.8
Retirement benefit assets	17.8	15.7
Deferred tax assets	62.1	57.0
Derivative financial instruments	3.2	1.9
Non-current assets	**1,123.1**	1,122.1
Cash and cash equivalents	49.0	15.5
Short-term debt	–	(40.4)
Medium-term debt	(65.3)	(62.0)
Derivative financial instruments	–	(3.2)
Retirement benefit obligation	(319.0)	(267.9)
Deferred tax liabilities	(178.0)	(180.7)
Provisions	(30.2)	(24.1)
Net current other assets	15.3	12.4
Non-current liabilities and net current liabilities	**(528.2)**	(550.4)
Net assets	**594.9**	571.7
Share capital	(25.8)	(25.8)
Share premium account	(606.7)	(1,121.6)
Capital redemption reserve	(4.4)	(4.3)
Retained earnings and other reserves	42.0	580.0
Equity	**(594.9)**	(571.7)

GROUP FINANCIAL REVIEW continued

Intangible assets (notes 14 and 15)

	2014 £m	2013 £m
Publishing rights and titles	**666.2**	666.2
Customer relationships and domain names	**2.7**	4.9
Goodwill	**12.0**	12.0
Intangible assets	**680.9**	683.1

Publishing rights and titles and goodwill are unchanged. Customer relationships and domain names have fallen by £2.2 million reflecting amortisation charged in the year. The impairment review at the reporting date concluded that no impairment was required in respect of the intangible assets.

Property, plant and equipment (note 16)

	2014 £m	2013 £m
Land and buildings	**177.1**	182.3
Plant and equipment	**134.2**	142.9
Assets under construction	**6.4**	12.4
Property, plant and equipment	**317.7**	337.6

Property, plant and equipment fell due to the depreciation charge of £24.5 million and £0.2 million of disposals and £0.9 million of write-offs being higher than additions of £5.7 million.

Investment in associates (note 17)

Investment in associates includes the carrying value of our 20.0% investment in Local World Holdings Limited and our 21.5% investment in PA Group Limited. The carrying value of our shares has increased by £14.6 million being the statutory share of results of the associates less dividends received of £16.0 million.

Deferred tax (note 21)

Deferred tax assets increased by £5.1 million from £57.0 million to £62.1 million primarily due to the increase in the retirement benefit obligation included in liabilities partially offset by a fall in the share-based payments deferred tax asset.

Deferred tax liabilities fell by £2.7 million from £180.7 million to £178.0 million primarily due to a reduction in accelerated capital allowances. The most significant item in deferred tax liabilities relates to the potential tax exposure of £134 million from selling the Publishing rights and titles which have a tax base cost of £nil on consolidation.

Derivative financial instruments (note 26)

Derivative financial assets of £3.2 million represent the 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. 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.

The valuations of the principal schemes as at 31 December 2013 were completed on 9 December 2014. Deficit funding contributions have been agreed at £36.2 million for 2015, 2016 and 2017. In addition, the Group has agreed that in respect of dividend payments, additional contributions at 50% of the excess would be paid if dividends in 2015 were above 5 pence per share. For 2016 and 2017 the threshold increases in line with the increase in dividends capped at 10% per annum.

During 2014, contributions paid to the defined benefit pension schemes amounted to £18.2 million being an accelerated payment of £17.0 million and £1.2 million of other contributions. The contributions due in respect of 2014 were prepaid in 2013. In December 2014 the Group pre paid deficit funding contributions of £16.5 million in respect of 2015 and £0.5 million in respect of 2016. The next valuation date of the principal schemes is 31 December 2016 and will be finalised by the end of 2017.

The accounting pension deficit increased during the year by £49.0 million from £252.2 million (£201.8 million net of deferred tax) to £301.2 million (£241.0 million net of deferred tax) reflecting the impact of an increase in liabilities of £47.1 million and a fall in assets of £1.9 million. The increase in liabilities has been driven by a further fall in the real discount rate of 0.40% from 1.05% to 0.65% partially offset by the payment of pensions and a reduction for buy-outs. The demographic assumptions have been updated based on the most recent valuations. The fall in assets was driven by positive return on assets and company contributions being more than offset by the payment of pensions and a reduction for buy-outs. The increase in the accounting pension deficit does not impact the agreed funding commitments.

Net debt (note 27)

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 £77.7 million from £97.0 million to £19.3 million.

Statutory net debt which includes the US$ denominated private placement loan notes at the period end exchange rate and the related cross-currency interest rate swaps at fair value fell by £75.1 million from £88.2 million to £13.1 million. The fair value of the Group's cross-currency interest rate swaps was an asset of £3.2 million and the sterling amount of the private placement loan notes was £65.3 million.

The Group repaid the maturing loan notes of £44.2 million in June 2014 without the need to draw on the Group's bank facility. The final repayment on the private placement loan notes is £68.3 million in June 2017.

On 25 July 2014, the £110 million bank facility was cancelled and replaced with a £60 million bank facility which is committed until July 2018. The reduced facility reflects the benefit of continued strong cash flows generated by the business and the much reduced leverage of the Group. The Group had no drawings during the year on its bank facilities. Cash balances at the reporting date were £49.0 million.

Provisions (note 22)

Provisions increased by £6.1 million from £24.1 million to £30.2 million driven by the increase in the provision in respect of dealing with and resolving civil claims arising from phone hacking partly offset by reduced property provisions which were utilised during the year and reduced NIC liability on share-based payments due to the vesting of awards in prior periods and a reduction in the share price since the prior year end.

Net current other assets (notes 19 and 20)

Net current other assets include current assets excluding cash and cash equivalents, less trade and other payables and current tax liabilities. The increase is driven by the timing of the year end.

Equity (notes 29, 30 and 31)

Equity at the year end was £594.9 million, an increase of £23.2 million from £571.7 million. This increase reflects the £27.6 million of total comprehensive income for the year partially offset by a charge to equity for equity-settled share-based payments of £2.2 million and a debit to equity for purchase of shares for LTIP of £2.2 million. The total comprehensive income for the year includes the profit for the period partially offset by the actuarial losses on the defined benefit pension schemes.

Parent company balance sheet (page 112)

	2014 £m	2013 £m
Called-up share capital	**25.8**	25.8
Share premium account	**606.7**	1,121.6
Capital redemption reserve	**4.4**	4.3
Profit and loss account	**46.5**	(514.8)
Equity shareholders' funds	**683.4**	636.9

Following an impairment of investments held by Trinity Mirror plc during 2013 the Company had a negative balance on the profit and loss of £514.8 million and therefore was not able to pay dividends or undertake any other distribution to shareholders. To ensure the Company was in a position to make distributions to shareholders in the future, the Company applied for court approval for a capital reduction. On 30 April 2014 the High Court of Justice made an Order confirming the reduction of the Company's share premium account by £514.8 million, an amount which eliminated the deficit on the Company's profit and loss account. Profits generated by the Company after 30 April 2014 are now available for distribution to shareholders.

DIVISIONAL FINANCIAL REVIEW

Operating segments (note 4)

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 acquired digital recruitment classified business 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:

	2014 £m	2013 £m	Variance £m	Variance %
Publishing*	554.0	578.4	(24.4)	(4.2)
Printing	64.5	65.7	(1.2)	(1.8)
Specialist Digital*	14.5	16.7	(2.2)	(13.2)
Central	3.3	3.0	0.3	10.0
Revenue	636.3	663.8	(27.5)	(4.1)
Publishing	113.5	118.5	(5.0)	(4.2)
Printing	–	–	–	–
Specialist Digital	2.0	0.4	1.6	400.0
Central	(10.0)	(10.9)	0.9	8.3
Adjusted operating profit	105.5	108.0	(2.5)	(2.3)

* Following a change in management structure, the Group has reclassified the revenue and results of fish4 from the Specialist Digital operating segment to the Publishing operating segment. The revision to the operating segments has had no impact on the revenue or operating profit of the Group. The 2013 comparatives have been restated as a result of this change. Note 4 in the notes to the consolidated financial statements sets out the impact of this change on the previously reported results.

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:

	2014 £m	2013 £m	Variance £m	Variance %
Print	521.6	556.4	(34.8)	(6.3)
Circulation	*279.8*	*285.8*	*(6.0)*	*(2.1)*
Advertising	*209.2*	*236.3*	*(27.1)*	*(11.5)*
Other	*32.6*	*34.3*	*(1.7)*	*(5.0)*
Digital*	32.4	22.0	10.4	47.3
*Advertising**	*28.5*	*19.2*	*9.3*	*48.4*
Other	*3.9*	*2.8*	*1.1*	*39.3*
Revenue*	554.0	578.4	(24.4)	(4.2)
Costs*	(440.5)	(459.9)	19.4	4.2
Operating profit	113.5	118.5	(5.0)	(4.2)
Operating margin	20.5%	20.5%	–	–

* Comparatives restated for fish4. Note 4 in the notes to the consolidated financial statements sets out the impact of this change on the previously reported results.

Publishing continued

Revenue fell by 4.2% or £24.4 million to £554.0 million with print revenue declining by 6.3% and digital revenue growing by 47.3%. This compares to a decline in print of 6.7% and growth in digital of 2.3% in the prior year.

Circulation revenue fell by 2.1% reflecting the benefit of cover price increases which are helping offset the impact of falling volumes.

The Daily Mirror continues to outperform the market with a volume decline of 7.4% compared to a 7.8% decline in the UK national daily tabloid market. The Sunday Mirror and Sunday People declined by 9.8% and 10.8% respectively in a UK national Sunday tabloid market that declined by 9.9%. The Daily Record was down 10.7% against an overall Scottish daily tabloid market decline of 9.7% and the Sunday Mail was down 12.3% against an overall Scottish Sunday tabloid market decline of 11.3%.

The Sunday market remains challenging with continued competitive pricing in the popular Sunday market with our titles at a premium to all titles in our market.

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

	2014 Volume actual[a] 000	2013 Volume actual[a] 000	**Change %**	**2014 Average readership[b] 000**	2013 Average readership[b] 000	**Change %**
Daily Mirror	**951**	1,028	(7.4)	**2,281**	2,456	(7.1)
Sunday Mirror	**923**	1,023	(9.8)	**2,453**	2,566	(4.4)
Sunday People	**369**	413	(10.8)	**683**	741	(7.8)
Daily Record[c]	**202**	226	(10.7)	**624**	705	(11.5)
Sunday Mail[c]	**228**	259	(12.3)	**767**	800	(4.1)

a Average ABC circulation for the 12 months to December 2014 and December 2013.

b Average NRS readership for the 12 months to December 2014 and December 2013.

c Within Scottish market only.

The market for our regional titles remains difficult with declines of 13.3% for paid for dailies, 15.0% for paid for weeklies and 18.8% for paid for Sundays. This excludes the launch in January 2014 of the Sunday Echo in Liverpool. Whilst we have a number of individual titles performing strongly relative to the market our overall trends are disappointing.

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

	2014 Daily circulation^	2013 Daily circulation^	**Change %**	**2014 Average readers***	2013 Average readers*	**Change %**
Manchester Evening News<	**68,953**	70,619	(2.4)	**343,375**	337,969	1.6
Liverpool Echo	**63,413**	71,565	(11.4)	**170,055**	192,501	(11.7)
Evening Chronicle (Newcastle)	**36,307**	40,727	(10.9)	**131,907**	149,746	(11.9)
Birmingham Mail>	**32,445**	39,621	(18.1)	**90,310**	133,670	(32.4)
Sunday Sun (Newcastle)	**32,874**	36,732	(10.5)	**90,370**	104,187	(13.3)
Evening Gazette (Teesside)	**27,273**	30,636	(11.0)	**75,055**	85,838	(12.6)
Sunday Mercury (Birmingham)	**24,825**	30,144	(17.6)	**79,810**	92,721	(13.9)
Daily Post (North Wales)	**26,339**	27,424	(4.0)	**69,545**	73,331	(5.2)
Coventry Telegraph	**22,642**	26,035	(13.0)	**65,225**	74,521	(12.5)
South Wales Echo (Cardiff)	**21,204**	25,312	(16.2)	**60,220**	72,659	(17.1)
Western Mail (Wales)+	**20,316**	22,867	(11.2)	**58,575**	57,379	2.1
Wales on Sunday	**16,048**	20,185	(20.5)	**50,010**	66,057	(24.3)
The Journal (Newcastle)	**17,030**	19,162	(11.1)	**76,525**	88,975	(14.0)
Huddersfield Daily Examiner	**15,298**	16,948	(9.7)	**42,690**	45,874	(6.9)
Sunday Echo (Liverpool)±	**22,258**	n/a	n/a	**72,630**	n/a	n/a

^ Average ABC July to December 2014 and July to December 2013.

* JICREG January to June 2014 and January to June 2013.

< Daily circulation (Monday – Saturday) with average readers (Thursday – Friday).

> Daily circulation (Monday – Friday) with average readers (Friday only).

+ Daily circulation (Monday – Friday) with average readers (Thursday – Friday).

± Launched in January 2014.

DIVISIONAL FINANCIAL REVIEW continued

Publishing continued

Print advertising fell by 11.5% with display lower by 10.3%, classified lower by 13.2% and other categories down by 11.5%. Whilst the print advertising market remains challenging and volatile we are encouraged by the improved trends in recruitment.

The Daily Mirror and the Sunday Mirror have grown print advertising volume market share with the Daily Mirror growing share from 18.4% to 18.5% and the Sunday Mirror growing share from 17.1% to 17.6%. The Sunday People share remained at 10.9%. The Daily Record share improved from 14.7% to 15.0% and the Sunday Mail share declined from 27.7% to 26.3% against the main Scottish competitor set having been impacted by circulation trends being marginally worse than the market.

For our regional newspapers, we believe our print advertising performance is broadly in line with market trends although we have materially improved classified recruitment trends with a decline of only 4.5% compared to a decline of 24.9% during last year.

Other print revenue declined by 5.0% driven by continued pressure on leaflets, lower waste sales and lower third-party services revenues partially offset by higher events revenue and sports publishing contract revenue. The benefit from new contracts secured by our sports contract publishing business including the match day programmes contract for Manchester United were partly offset by changes to other contracts from a profit share arrangement to a fixed management fee.

Digital revenue increased by 47.3% year on year driven by strong growth in our publishing digital audience with average monthly unique users increasing 87% to 73.2 million year on year with average monthly page views increasing 97% to 509.4 million year on year. In December, unique users were 81.7 million and page views were 570.7 million.

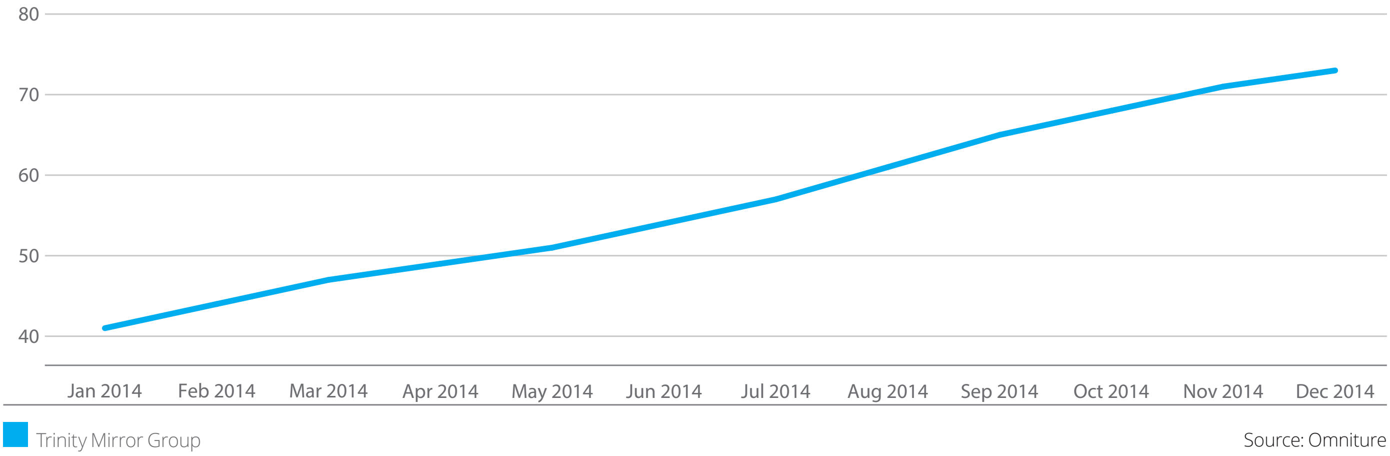
Unique users and page views for our publishing websites were as follows:

	2014 Average monthly UUs	**2014 Average monthly PVs**	2013 Average monthly UUs	2013 Average monthly PVs
National websites and mobile	**61,699**	**335,378**	30,729	166,809
Regional websites and mobile	**25,550**	**173,984**	14,040	91,979
Trinity Mirror Group*	**73,227**	**509,362**	39,092	258,788

* Trinity Mirror Group deduped across Nationals and Regionals.

We have seen strong growth in total unique users and page views all through the year. 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 coupled with our investment in product and commercial.

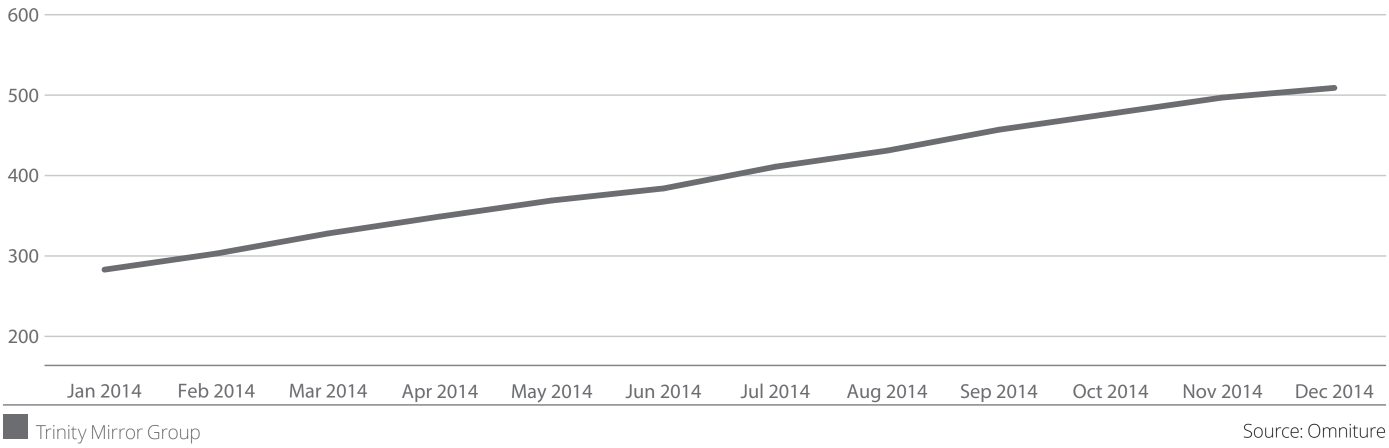
Monthly unique users Moving Annual Average (m)



Source: Omniture

Publishing continued

Monthly page views Moving Annual Average (m)



Source: Omniture

The above graphs shows the continued growth in the 12 months' Moving Annual Average for average monthly unique users and average monthly page views based on data extracted from Omniture.

Digital advertising revenue increased by 48.4% year on year. Digital display revenue has seen strong growth all year with growth of 101.4%. Digital classified revenue fell marginally by 0.2% with recruitment recovering following the internal changes made in prior years with growth of 13.2%. Other classified categories of motors and property remain challenging with dominant competitors. The remaining classified categories are also challenging and we are improving our offering in these areas such as through new platforms for What's On (local entertainment), Buysell (private ads) and BMDs (births, marriages and death notices).

Digital other revenue increased by 39.3% benefiting from the growth in audience and new commercial partnerships.

Costs fell by £19.4 million or 4.2% to £440.5 million. This includes structural cost savings and the continued tight management of the cost base to help mitigate the impact of a challenging print market. The fall in costs is after the impact of an increase in newsprint prices and increased investment in digital resources and product development.

Although revenues fell by £24.4 million, operating profit fell by only £5.0 million or 4.2% to £113.5 million. Operating margin remained the same at 20.5%.

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 62% 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:

	2014 £m	2013 £m	Variance £m	Variance %
Contract printing	**37.6**	38.4	(0.8)	(2.1)
Newsprint supply	**24.3**	24.6	(0.3)	(1.2)
Other revenue	**2.6**	2.7	(0.1)	(3.7)
Revenue	**64.5**	65.7	(1.2)	(1.8)
External costs	**(188.9)**	(198.4)	9.5	4.8
Publishing division recharge	**124.4**	132.7	(8.3)	(6.3)
Operating result	**–**	–	–	–

Revenues fell by £1.2 million or 1.8% to £64.5 million. Revenues from contract printing fell by £0.8 million or 2.1% to £37.6 million. Revenue from newsprint supplied to contract print customers fell due to the lower volumes despite higher newsprint prices.

External costs fell by £9.5 million or 4.8% to £188.9 million due to the costs associated with increases in contract printing revenues and inflationary cost increases including the newsprint price increase more than offset by cost reduction initiatives.

During the period, the Printing division secured an extension to its print contracts for the Daily Mail, Independent and *i*. As part of these new contracts the Group will no longer supply newsprint to the Independent and *i*. The change in the newsprint supply agreement has no impact on profits, but will reduce revenues and costs for newsprint supply. In 2014 the annual revenues and costs of newsprint supplied to the Independent and *i* was £11.1 million.

Printing continued

The net cost recharge to the Publishing division was £124.4 million compared to £132.7 million in the prior year. This fall in costs reflects the impact of an increase in newsprint prices and other inflationary cost increases more than offset by cost savings and the contribution from third-party contracts.

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 at the end of August 2013.

Trinity Mirror Digital Recruitment operates three specialist job boards: GAAPweb, TotallyLegal and SecsintheCity, each offering their clients access to high quality databases of job candidates within their specific niche areas of finance and accounting, legal and secretarial. 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:

	2014 £m	2013 £m	Variance £m	Variance %
Advertising*	**4.8**	7.2	(2.4)	(33.3)
Other	**9.7**	9.5	0.2	2.1
Revenue*	**14.5**	16.7	(2.2)	(13.2)
Costs*	**(12.5)**	(16.3)	3.8	23.3
Operating profit	**2.0**	0.4	1.6	400.0

* Comparatives restated for fish4. Note 4 in the notes to the consolidated financial statements sets out the impact of this change on the previously reported results.

Excluding Trinity Mirror Digital Property, revenue fell marginally by £0.3 million and operating profit grew by £1.8 million. The increase in operating profit is driven by growth in our digital marketing services businesses and a major restructure of the recruitment business with the transfer of the business onto a new technology platform and rationalisation of the portfolio to focus on the three key brands of GAAPweb, SecsintheCity and TotallyLegal.

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:

	2014 £m	2013 £m	Variance £m	Variance %
Revenue	**3.3**	3.0	0.3	10.0
Costs	**(19.4)**	(20.7)	1.3	6.3
Associates	**6.1**	6.8	(0.7)	(10.3)
Operating loss	**(10.0)**	(10.9)	0.9	8.3

The result for the year was a loss of £10.0 million compared to a loss of £10.9 million in the prior year.

Revenue primarily relates to rental income from surplus office space at the Group's main office at Canary Wharf which increased as more vacant space was leased to third parties.

Costs fell by £1.3 million from £20.7 million to £19.4 million reflecting cost savings more than offsetting investment in new business development.

The fall in the share of results of associates is due to the PA reducing by £0.8 million to £0.9 million due to the impact of the disposal of MeteoGroup by the PA partially offset by Local World increasing by £0.1 million to £5.2 million.

By order of the Board

SIMON FOX
Chief Executive

2 March 2015

CHAIRMAN'S GOVERNANCE INTRODUCTION


DAVID GRIGSON, Chairman

The Board recognises the importance of ethics, integrity and strong corporate values to the success of the Company.

Dear Shareholder

The Board recognises the importance of ethics, integrity and strong corporate values to the success of the Company. During the year I led a review into the 'Tone at the Top' which examined the actions taken by senior management to set and communicate the appropriate tone within the Group. The review looked at the processes in place to ensure that expectations are being met and where appropriate the need for corrective action. I was pleased to find a strong commitment to ethical practises and high standards of governance across the Group. I believe that the values your Board believe in are filtering down through the organisation in a meaningful way and I am committed to maintaining a strong momentum in our pursuit of raising our corporate standards.

Another key task for me this year has been overseeing a number of Board changes to ensure your Board remains effective. Our new Board members have settled in extremely well, with Helen Stevenson and Lee Ginsberg who both joined us in January having taken on the Chairmanship of the Remuneration and Audit & Risk Committees respectively. Just prior to the year end David Kelly was appointed as a non-executive director in place of Gary Hoffman who had stepped down earlier in the year. David brings with him a wealth of experience in the digital market which I believe will prove invaluable in helping the Board achieve its digital growth ambitions. This year also saw executive directors Mark Hollinshead and Paul Vickers stepping down from the Board. I thank both of them for the valuable contribution they have made to the business. Due to increased business commitments, Donal Smith has decided to step down from the Board at the upcoming Annual General Meeting. He has made a valuable contribution to the business and I extend my thanks to him. I believe that the current makeup of the Board coupled with a strong senior management team, which presents regularly to the Board, provides us with the right balance to enable us to achieve strong corporate governance and provide a platform to deliver our strategy for growth.

Although the Company is not currently a constituent of the FTSE 350, we continue to observe the UK Corporate Governance Code best practice recommendation in respect of Board evaluation. During the year we undertook an externally facilitated Board evaluation which proved a valuable review of how the Board operates and we will draw upon the recommendations made by the external evaluator.

We have ensured that the Group continues to deliver solid results with strong cash flows and a reducing level of debt despite the structural challenges faced by the print industry. Our ever developing digital strategy is delivering strong revenues and we will continue to invest heavily to support and underpin our strategic goals.

Alongside delivering a strong financial performance we continue to deal with the historical issues surrounding phone hacking and payments to public officials. The Board continues to dedicate considerable time to these ongoing issues, working closely with our independent external legal advisers.

I believe we enter 2015 with a strong Board well equipped with the skills, experience, independence and knowledge needed to deliver on the Company's strategy.

Compliance with the UK Corporate Governance Code

As a premium 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').

The Board believes the Company complied with all provisions of the Code during the 52 week financial period ended 28 December 2014. In September 2014 the Code was revised and the Company intends to adopt its new provisions during 2015. The Code can be read in full at www.frc.org.uk.

We comply with the Corporate Governance Statement requirements pursuant to the FCA'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 pages 119 to 120.

DAVID GRIGSON
Chairman

2 March 2015

BOARD OF DIRECTORS

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 Chairman of Creston 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 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 was previously Chief Financial Officer of Domino's Pizza Group plc. Lee joined Domino's Pizza in 2004 and retired during April 2014. Prior to his role at Domino's Pizza, Lee held the post of Group Finance Director at Health Club Holdings Limited, formerly 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 and Chairman of the Audit & Risk Committee of Mothercare plc and non-executive Deputy Chairman, Senior Independent Director and Chairman of the Audit Committee of Patisserie Valerie Holdings plc.

4. DAVID KELLY

Non-executive director

Appointment date: December 2014

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

Experience:
David was Operations Director of Amazon.com, COO of lastminute.com, and COO and Vice President Operations of eBay Europe. He was subsequently founder and CEO of mydeco and Senior Vice-President and MD International of Rackspace Hosting.

External appointments:
Chairman of Love Home Swap, MBA & Company, Pure360 and CarLoan4U. He is a non-executive director of Holiday Extras, CDON.Com Simply Business, and Camelot UK Lotteries Limited.

BOARD OF DIRECTORS continued

5. JANE LIGHTING

Senior Independent Director
Appointment date: January 2008

Committee membership:
Member of the Remuneration, 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:
Trustee and Fellow of the Royal Television Society and Council Member of the British Screen Advisory Council. During the year she was appointed as a non-executive director of Countrywide plc.

6. DONAL SMITH

Non-executive director
Appointment date: March 2012

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

Experience:
Donal was 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:
Chairman of Credit Benchmark Limited and BI-SAM Technologies S.A., Director of Commodity Vectors Limited and Selerity Inc. Partner of Camwell Management LLC.

7. HELEN STEVENSON

Non-executive director
Appointment date: January 2014

Committee membership:
Chairman of the Remuneration Committee and member of the Audit & Risk and Nomination 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 and the Skipton Building Society. She also serves on the Strategic Advisory Board of Henley Business School and is a partner of Shirlaws Group.

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.

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 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**.

The current Board composition is six non-executive directors and two executive directors.

Board activity

Key areas of focus for the Board in 2014 included:

- Strategy
- Risk reviews
- Editorial controls and historical legal issues
- Digital publishing
- New product development
- Financing
- Pensions
- Governance and Board performance, including a review of 'Tone at the Top'.

The Board expects that the areas of focus for 2015 will remain the same as 2014 although there will be reduced focus on financing as the Group has a new four-year bank facility committed to 2018.

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 Group Finance Director and the senior management team.

Company Secretary

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.

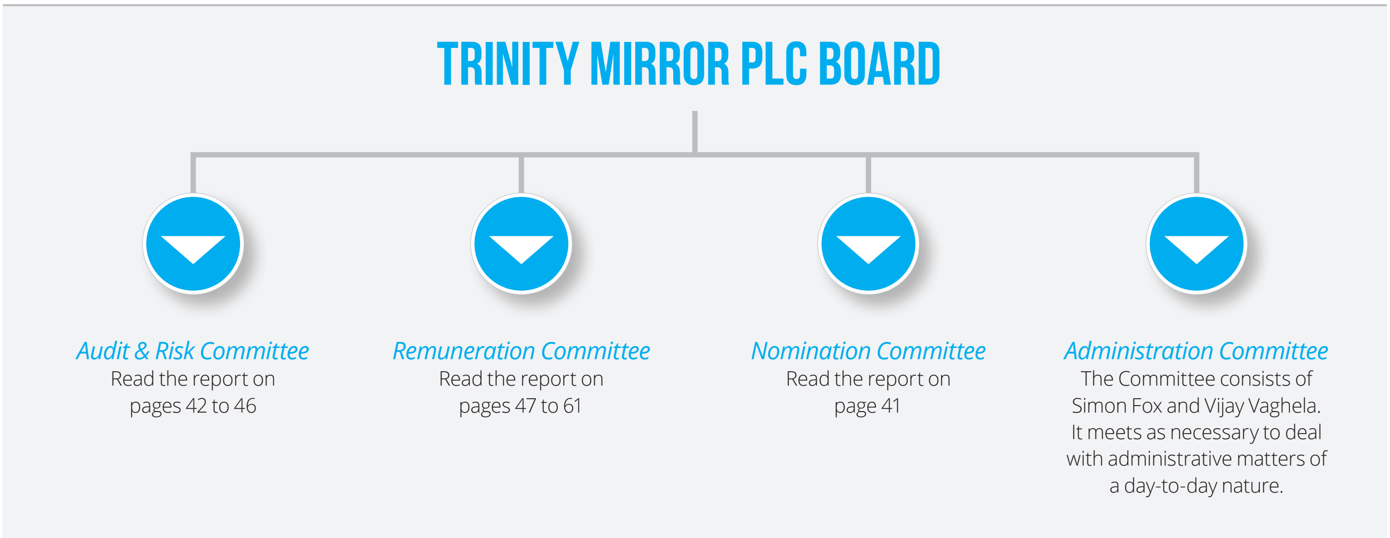
During the year Paul Vickers stepped down as Company Secretary and Group Legal Director with effect from 17 November 2014. Vijay Vaghela was appointed as Company Secretary on an interim basis until Jeremy Rhodes was appointed on 26 January 2015. In respect of the time that Mr Vickers served as Company Secretary during the year, the Board had considered the effect of Mr Vickers' role as an executive director of the Company, and believed that he was able to maintain independence where required.

Senior Independent Director

The Senior Independent Director, Jane Lighting, is available to shareholders to assist with addressing concerns they may raise. The Senior Independent Director meets with the non-executive directors at least once a year to review the performance of the Chairman. Such review is then discussed with the Chairman.

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.

On 1 January 2014 Helen Stevenson and Lee Ginsberg joined the Board as non-executive directors, and Lee Ginsberg became Chairman of the Audit & Risk Committee.

In May 2015 Helen Stevenson took over the role of Chairman of the Remuneration Committee from Jane Lighting.

Board and Committee meetings and attendance

The number of scheduled Board and Committee meetings held during the year and directors' attendance was:

Director	Scheduled	Audit	Remuneration	Nomination
David Grigson	8/8	5/5*	5/5	2/2
Simon Fox	8/8	5/5*	5/5*	2/2
Lee Ginsberg	8/8	5/5	5/5	2/2
Gary Hoffman	1/2	1/2	2/3	0/1
Mark Hollinshead	8/8	5/5*	N/A	2/2*
David Kelly	1/1	1/1	1/1	N/A
Jane Lighting	8/8	5/5	5/5	2/2
Donal Smith	8/8	5/5	5/5	2/2
Helen Stevenson	7/8**	5/5	5/5	2/2
Vijay Vaghela	8/8	5/5*	N/A	2/2*
Paul Vickers	7/7	4/4*	5/5*	2/2*

* Attended meetings at the invitation of the Committee Chairman.

** Absence due to clash with Board meeting of external appointment set before appointment to Company.

Board and Committee meetings and attendance continued

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 eight scheduled meetings in 2014. This year the Board spent a day with various business teams operating from the Company's London office. The Board received presentations and had both formal and informal meetings with senior staff.

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 regularly make presentations.

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. The Board is satisfied that his Chairmanship of Investis Limited, and his 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.

Board performance evaluation

The Board's performance and effectiveness is reviewed annually and, although not currently a constituent of the FTSE 350, the Company complies with the UK Corporate Governance Code's best practice recommendation of holding an externally facilitated board evaluation every third year.

During 2014 the Board commissioned ICSA Board Evaluation to undertake an independent review of the Board and its Committees. The process included a full evaluation of the performance of the Board and an overview of its Committees and the performance of individual directors. A series of in-depth interviews was conducted with all directors set against a framework agreed by the Chairman. The findings of the evaluation were set out in a report and in turn have been considered by the Board. The Board has agreed to put in place and implement the recommendations contained in the report.

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.

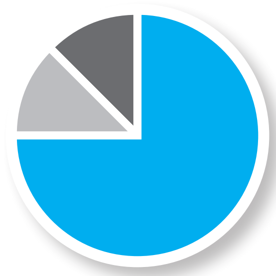
The Board has a Nomination Committee which leads the process for Board appointments and makes recommendations to the Board.

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 he or she demonstrates 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 meetings took place in January and February 2015.

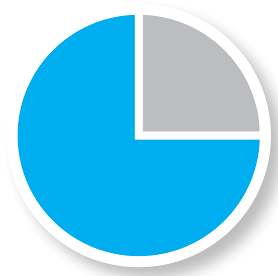
The Chairman and the non-executive directors have letters of appointment which are available for inspection at the registered office of the Company during normal business hours and at the Company's Annual General Meeting. The executive directors have service contracts which are similarly available for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

Board tenure



0–3 years	75%
3–6 years	12.5%
6+ years	12.5%

Board composition



Executive	25%
Non-executive	75%

Board diversity

Male	75%
Female	25%

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 Company Secretary facilitates any other professional development that directors consider necessary to assist them in carrying out their duties. The Board participates 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 his or her 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 2014 and the relevant procedures for authorisation of potential or actual conflicts were followed. The Board believes 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 which provides cover for any legal action brought against them.

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 Board reviews a detailed report giving details of comments 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 audit function 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 45 and 46 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 17 and 18.

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 16 to 32 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 volatile 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 £60.0 million under which drawings can be made with 24 hours' notice and which was undrawn at the year end. The bank facility is committed to July 2018. The Group also has overdraft facilities of £12.0 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 7 May 2015.

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.

DAVID GRIGSON
Chairman

2 March 2015

NOMINATION COMMITTEE REPORT

Dear Shareholder

I am pleased to present the report of the Nomination Committee for 2014.

DAVID GRIGSON, Chairman of the Nomination Committee

Committee members

David Grigson (Chairman)
Simon Fox
Lee Ginsberg
David Kelly
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, and David Kelly joined the Committee on 1 December 2014.

Biographical details of the Committee members can be found on pages 34 and 35.

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 on the Company's website **www.trinitymirror.com**.

Activities during 2014

The Committee met twice 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 The Up Group, a digital executive search agency, in its search for a suitable candidate for a non-executive appointment to the Board. The Up Group 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 David Kelly be appointed as a non-executive director with effect from 1 December 2014. The Committee were impressed with the breadth of David's knowledge and experience in the digital market place and felt his personality and skills would complement the existing Board.

Following a recommendation from the Committee, the Board resolved to appoint Helen Stevenson as Chairman of the Remuneration Committee effective from 15 May 2014.

Areas of focus 2015

- Structure, size and composition of the Board and its Committees;
- Succession planning for the Board and senior roles Group-wide;
- Identify future talent pipeline;
- Development initiatives for directors;
- Group-wide exposure for non-executive directors.

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.

There are currently two female members of the Board representing 25%. The Board hopes to retain or improve this level in the future. Our Board composition and size is kept under review in order that we retain an appropriate balance of skills, experience, diversity and knowledge of the Group on the part of our non-executive directors.

DAVID GRIGSON
Chairman of the Nomination Committee

2 March 2015

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 2014.

Committee members

Lee Ginsberg (Chairman)
David Kelly
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 and David Kelly joined on 1 December 2014.

All members of the Committee are non-executive directors and their biographical details are set out pages 34 and 35. 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**.

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 Chairman, the Head of Risk and Audit and representatives from the Company's external auditor, 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 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 the Company's policy on non-audit services from the external auditor, 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 legal or other professional 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 2014

The Committee had five scheduled meetings during the year.

Items reviewed at the Audit & Risk Committee meetings in 2014 were:

- Reports and financial statements;
- Tax and treasury;
- Contingent liabilities;
- Editorial governance;
- Review of digital revenue;
- Internal audit plan;
- Review of results of internal audits completed;
- Corporate risk assessment;
- External audit plan;
- Review of effectiveness of external auditor;
- Findings from the external auditor on the 2014 interim review;
- Findings from the external auditor on the 2013 year end audit; and
- External audit fees.

In 2015, to date, the Committee has focused on the 2014 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 a report from management confirming the requirements;
- 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 external auditor; and
- Fully discussed the above reports at the Audit & Risk Committee meeting.

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. The Committee confirmed that the financial statements can be prepared on a going concern basis.

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 auditor 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 Company 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 external auditor also undertakes a review of the detailed model supporting the review.

Both the Committee and external auditor 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 historical 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 2014 year end concluded that no impairment was required to the carrying value of assets held in the consolidated balance sheet and that no impairment was required to the carrying value of investments held in the Company balance sheet. Disclosure of the impairment reviews 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.

AUDIT & RISK COMMITTEE REPORT continued

Significant financial issues continued

Historical legal issues

The historical legal issues relate to two investigations being undertaken by the Metropolitan Police Service in relation to inappropriate payments to public officials and phone hacking. In addition to the risk of ongoing legal costs, the Group is exposed to 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 the appropriateness of any provisions in relation to these matters and other implications on the consolidated financial statements and that the Annual Report contains sufficient disclosure of such matters.

The external auditor's 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. Management action to mitigate the associated risks and also the disclosure relating to the latest position are set out in the risks and uncertainties section of the Strategic Report on pages 17 and 18.

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 external auditor performs 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 challenged by the Committee members and external auditor. 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.

The Company 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.

Digital revenue

The Committee discussed and reviewed the accounting in respect of digital revenue in the publishing businesses. Management and the external auditor prepared detailed reports which were reviewed by the Committee.

Non-recurring items

The Committee reviewed the items disclosed as non-recurring items. Following this review, the Committee concluded that restructuring charges relating to cost reduction measures should be separately disclosed on the face of the income statement and no longer reported as non-recurring items.

External auditor

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

Following the annual external audit effectiveness review, the Committee recommended the reappointment of Deloitte LLP as external auditor. 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 auditor 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 external auditor 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 reviews 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 2014. 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 external auditor, its employees or its affiliates that may reasonably be thought to impair the external auditor's objectivity and independence.

Audit tendering

In 2014 the European Union ('EU') approved regulation that requires all EU public interest entities to mandatorily rotate their external audit every 10 years. 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. This regulation will come into force in June 2016 and the current expectation is that the UK will take this extension.

The Competition and Markets Authority published their final Order in 2014, effective from 1 January 2015, requiring mandatory tendering every ten years for FTSE 350 companies. In addition, the 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 and this requirement remains in place although the FRC has acknowledged that removal of this provision will be considered as part of its 2016 review of the Code.

The Company is not currently a constituent of the FTSE 350 but intends to follow best practice. In this respect, it is the Committee's current intention to put the external audit out to tender at the expiry of the current audit partner's tenure (after the year ended 31 December 2018). Notwithstanding this intention, the Committee will continue to review the performance of the current external auditor, Deloitte LLP, each year and consider whether an earlier tender is appropriate.

Deloitte LLP currently audits the Group's subsidiaries and they have been the Company's external auditor 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 was changed for the 2014 audit.

Non-audit services

The Board has adopted a formal policy on the engagement of the external auditor to supply non-audit services. Generally, the external 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 external auditor were engaged. Such circumstances are likely to relate to either exceptional transactions or those deemed not to be of a material nature. In all cases, the engagement of the external 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 reviews the 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 2014, 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 17 and 18.

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 being prepared providing relevant, reliable and up to date financial and other information to the Board as well as profit and cash flow forecasts for the current year together with a treasury report (including comparison to our financial covenants)) were prepared and submitted to the Board four times during the year.

AUDIT & RISK COMMITTEE REPORT continued

Internal controls continued

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 or Group Finance 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 auditor 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 faced by the Company 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 2014:

Group internal audit

The Head of Risk and Audit is a Chartered Accountant with seven years of internal audit experience at the Company. He will oversee a risk based internal audit programme using the services of outsourced contract providers including Grant Thornton. 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 Chief Executive co-ordinates the risk management activities of the Risk Management Group working closely with the Head of Risk and Internal Audit.

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 for 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

2 March 2015

REMUNERATION REPORT


HELEN STEVENSON, Chairman of the Remuneration Committee

Dear Shareholder

On behalf of the Board, I am pleased to present to you the Remuneration Report for 2014.

This Report is split into three parts: this Annual Statement, a Policy Report and an Annual Report on Remuneration. As our remuneration policy for directors of the Group is unchanged from that approved by shareholders at the 2014 Annual General Meeting, we have provided an abbreviated Policy Report to give context to decisions taken by the Committee during the year. The full Policy Report, as approved by shareholders, can be found in our 2013 Annual Report available on our website.

Context for executive remuneration at Trinity Mirror

In the face of continuing pressure in the sector, Trinity Mirror has delivered solid performance over the course of the 2014 financial year. Our performance has been headlined by strong growth in digital revenue and cash flow, with a reduction in overall net debt and the reintroduction of dividend payments to shareholders.

Against this backdrop, and following my appointment in May 2014 as Remuneration Committee Chair, I took the opportunity to engage with many of our larger institutional shareholders to discuss our future remuneration policy and in particular the shape of our Long Term Incentive Plan ('LTIP'). I am pleased to report that following the substantial rearchitecting of our remuneration policy in 2012 from short-term cash reward to longer-term share-based incentives, there continues to be good support for the policy.

In line with the commitment made to shareholders in advance of the 2014 Annual General Meeting, the Committee reviewed the possibility of introducing a second performance measure into the LTIP to complement absolute Total Sharehold Return ('TSR'). Having conducted this review, the Committee proposes to introduce an element linked to Net Cash Flow, with a 40% weighting. The Committee believes that strong underlying cash generation is important as it gives us the capacity to invest for sustainable revenue and profit growth, as well as to fund our pension obligations and pay dividends to our shareholders. The balance (60% of 2015 LTIP awards) will continue to vest on absolute TSR, underpinned by relative TSR, which the Committee believes further supports management alignment with shareholders.

The LTIP will continue to have a three-year performance period plus a two-year holding period on vested shares with clawback/malus provisions.

The structure of the annual bonus scheme is unchanged for 2015 and is based 75% on Group operating profit and 25% on growth in publishing digital revenue.

The Committee increased the salaries of the Chief Executive and Group Finance Director by 2% from 1 March 2015 in light of their increased responsibilities following the reduction in executive Board membership from four to two, the streamlining of our management structure and continued good performance. The average salary increase in the 2015 annual pay reviews for all other management and staff across the Group was 2%.

In light of 2014 performance, executive directors will each receive bonuses of 34.4% of their respective base salaries (out of a maximum of 75% of salary). This outcome reflects both the solid operating profit performance and strong progress in publishing digital revenue growth during the year. A summary of actual performance against the targets set is included on page 52. 50% of earned bonuses will be paid in cash and the remaining 50% in restricted shares which will normally be released after three years, subject to malus provisions for executive directors.

The Annual Report on Remuneration gives details of LTIP awards granted in 2012 which are due to vest in June 2015 (and August 2015 for the Chief Executive, the third anniversary of his appointment), subject to achievement of the performance conditions. The Company's average share price over the final quarter of the performance period in 2014 was 153.21 pence which warranted 62.6% vesting. The Committee has considered the Company's performance over this period more broadly, including that the Company's three-year TSR outperformed that of the FTSE All-Share.

Mark Hollinshead resigned on 5 August 2014 and ceased to be a director of the Company on 12 December 2014. He remains an employee and will continue to work on a variety of projects across the Group until the end of his notice period. The treatment of his outstanding share-based incentive awards is in line with the relevant incentive plan rules. Paul Vickers stood down as a director and Company Secretary with effect from 17 November 2014 and left the Company on 16 January 2015. As Mr Vickers left by reason of redundancy, he was treated as a good leaver for the purposes of the Company's incentive plans. Further details are provided in the report. These termination arrangements are in line with the approved remuneration policy.

We continue to value any feedback from shareholders and hope to receive your support at the forthcoming Annual General Meeting.

HELEN STEVENSON
Chairman of the Remuneration Committee

2 March 2015

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 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 Code, are applied in practice. The Committee confirms that throughout the financial year the Company has complied with these governance rules and best practice provisions.

Summary of directors' remuneration policy

The remuneration policy was approved by shareholders at the Annual General Meeting on 15 May 2014, and took effect from that date. We have republished the Policy table from last year's Remuneration Report to give context to decisions taken by the Committee during the year. The full policy report, as approved by shareholders can be found in the 2013 Annual Report available on our website.

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 55.
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. For executive directors 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 not be limited to, Group operating profit. In 2014, the Committee introduced an element on growth in publishing digital revenue. This structure has been continued for the 2015 financial year. 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 retained a three-year performance period and introduced 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% 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 was used for 2014 awards. As foreshadowed in last year's policy report, the Committee intends to introduce a second performance measure for 2015 LTIP awards. Further details are provided in the Annual Report on Remuneration. It is anticipated that the weighting on absolute TSR will remain at least 50% for the term of this policy. 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, e.g. 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.

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. The minimum shareholding guidelines are 200% of base salary for the Chief Executive and 133% of base salary for the Group Finance Director. 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 59.

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 2015 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.

Annual Report on Remuneration

The following section provides details of how our remuneration policy was implemented during 2014.

Remuneration Committee membership in 2014

As of 28 December 2014, the Committee comprised six non-executive directors.

- Helen Stevenson (Chairman)
- David Grigson
- Lee Ginsberg
- David Kelly
- Jane Lighting
- Donal Smith

Gary Hoffman attended two meetings during the year prior to his departure from the Company in March 2014.

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**.

The Committee has authority to determine the appropriate remuneration, benefits and employment conditions for the executive directors. The Committee also monitors the level and structure of remuneration for senior management. The Committee sets the remuneration of the Chairman (the Chairman does not participate in any discussion of his remuneration), 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, until his departure from the Company, 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 Remuneration Committee met five times during the year and details of members' attendance at meetings are provided in the Corporate Governance section on page 37.

Advisers

Kepler Associates ('Kepler') was originally appointed by the Committee in 2010 following a competitive tender process, and was retained during 2014. 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 the Company 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 2014 were £72,000 on the basis of time and materials.

Summary of shareholder voting at the Annual General Meeting in May 2014

The following table shows the results of the vote on the remuneration policy and the advisory vote on the 2013 Remuneration Report at the Annual General Meeting in May 2014:

Resolution text	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld
Approval of Policy Report	193,525,804	93.88	12,621,484	6.12	206,147,288	1,504,693
Approval of Annual Report on Remuneration	204,293,838	99.10	1,855,945	0.90	206,149,783	1,502,198

Service contracts of executive directors who served during the year

Executive	Date of contract
Simon Fox	30 August 2012
Mark Hollinshead	15 October 2012
Vijay Vaghela	18 April 2003
Paul Vickers	28 April 2000

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 financial year ending 28 December 2014 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	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Simon Fox	**500**	500	**75**	75	**22**	22	**172**	113	**1,016**	–	**1,785**	710
Vijay Vaghela[1]	**421**	420	**111**	113	**12**	11	**148**	97	**1,269**	329	**1,961**	970
Former Executive												
Mark Hollinshead[2]	**375**	366	**82**	94	**96**	83	**130**	84	**679**	166	**1,362**	793
Paul Vickers[3]	**330**	375	**104**	119	**23**	25	**113**	84	**1,013**	287	**1,583**	890

1 Vijay Vaghela's base salary excludes amount of salary sacrificed for pension contributions.

2 Mark Hollinshead ceased to be an executive director on 12 December 2014. He remains an employee and will continue to work on a variety of projects across the Group until the end of his notice period. His base salary, benefits, and pension are shown for the period he served as an executive director. Base salary excludes the amount of salary sacrificed for pension contributions. His 2014 annual bonus is shown pro-rated for the period he served as an executive director. His 2012 LTIP award is anticipated to vest on schedule in June 2015. During 2014, Mr Hollinshead served as a non-executive director of Nova International Ltd for which he retained fees of £30,000 (2013: £30,000). From October 2014 he also served as a non-executive director of Dentsu Aegis Network Ltd for which he retained fees of £8,751. These fees are excluded from the table above.

3 Paul Vickers ceased to be an executive director on 17 November 2014 and left the Company on 16 January 2015. His base salary, benefits, and pension are shown for the period he served as an executive director. His 2014 annual bonus is shown pro-rated for the period he served as an executive director and will be paid in cash. His 2012 LTIP award will vest on schedule in June 2015.

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 paid 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 2014 was £85,514 (2013: £71,616), and is included in the table above.

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, i.e. 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. For 2014, 62.6% of the 2012 LTIP grant will vest on performance, and in 2013, 52.0% of the 2011 LTIP grant vested on performance. In line with regulations, the market value of the 2012 LTIP awards is estimated using the volume-weighted average market value of the shares over the final quarter of the 2014 financial year which is 153.21 pence per share. The value of the 2011 LTIP awards has been calculated using the spot share price of 193.00 pence on the date of vesting (31 March 2014) which is higher than the price of 156.54 pence used to estimate the value in last year's Annual Report. The value of the 2012 LTIP awards will be amended to reflect the share price on the date of vesting of 25 June 2015 (30 August 2015 for the CEO's award) in next year's Annual Report. Further details on performance criteria, achievement and resulting awards can be found on pages 53 to 54.

Annual Bonus in respect of 2014 performance

In 2014, executive directors' bonuses were based 75% on adjusted Group operating profit and 25% on publishing digital revenue. Threshold performance for adjusted Group operating profit was calibrated to deliver a bonus of 20% of maximum available for that component for each executive. For Group publishing digital revenue, it was decided that there would be no payout below the base target, at which level 50% of maximum available for this component would be paid. Bonuses of up to 75% of base salary were available for delivering Stretch performance on both metrics.

Based on adjusted Group operating profit and digital publishing revenue growth in 2014, 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 34.4% of base salary to each of the executive directors payable 50% in cash and 50% in restricted shares. Further details are provided in the table below:

		Performance scale					
Measure	**Weighting**	**Threshold (20% of maximum)**	**(50% of maximum)**	**Stretch (100% of maximum)**	**Actual performance**	**% of maximum bonus**	**% of bonus deferred in restricted shares**
Adjusted Group operating profit	75%	£104.0m	£106.3m	£110.0m	£105.5m	30.0%	50%
Publishing digital revenue	25%	No bonus payable below target of £32.0m	£32.0m	£33.5m	£32.4m	15.8%	
Total	100%					45.8%	

2012 LTIP awards

The performance period for the 2012 LTIP awards ended on 28 December 2014. Vesting of the LTIP awards was dependent on the achievement of absolute TSR targets, as follows:

Closing three-month average adjusted share price at end of performance period	% of award which can be exercised
200 pence (or above)	100%
Between 75 pence and 200 pence	Straight-line vesting between 100% and 0%
75 pence or below	0%

Satisfaction of the performance condition was determined by reference to the Company's volume-weighted average share price over the final quarter of the performance period in 2014 which was 153.21 pence and warranted 62.6% vesting.

The Committee also considered the LTIP underpins. The Company's three-year TSR of 220.7% exceeded that of the FTSE All-Share Index over the performance period. The Committee considered the underlying performance of the business more broadly taking into account factors including revenues, free cash flow and change in net debt over the period, and determined that 62.6% of 2012 awards will vest, in accordance with the rules of the plan.

Director	Interests held	Vesting %	Interests vesting	Vesting date	Assumed market value	Estimated value
Simon Fox	1,059,602	62.6	663,311	30 August 2015	153.21p	£1,016,259
Vijay Vaghela	1,323,076	62.6	828,246	25 June 2015	153.21p	£1,268,956
Former Director						
Mark Hollinshead	708,333	62.6	443,416	25 June 2015	153.21p	£679,358
Paul Vickers	1,056,416	62.6	661,316	25 June 2015	153.21p	£1,013,202

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 a price of 153.21 pence, being the volume-weighted average market value over the final quarter of the 2014 financial year. 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 28 December 2014 and the prior period:

	Base fee		Other fees		Total	
Non-Executive	**2014**	2013	**2014**	2013	**2014**	2013
David Grigson	**190**	190	**–**	–	**190**	190
Lee Ginsberg[1]	**40**	–	**15**	–	**55**	–
Gary Hoffman[2]	**8**	40	**4**	20	**12**	60
David Kelly[3]	**3**	–	**–**	–	**3**	–
Jane Lighting[4]	**40**	40	**22**	13	**62**	53
Donal Smith	**40**	40	**–**	–	**40**	40
Helen Stevenson[5]	**40**	–	**9**	–	**49**	–

1 The fees paid to Lee Ginsberg for 2014 reflect his appointment to the Board and appointment as Audit Committee Chairman from 1 January 2014.
2 The fees paid to Gary Hoffman for 2014 relate to the period 1 January 2014 to 13 March 2014 when he stepped down from the Board.
3 The fees paid to David Kelly for 2014 reflect his appointment to the Board on 1 December 2014.
4 The fees paid to Jane Lighting for 2014 reflect her Chairmanship of the Remuneration Committee until 15 May 2014 and her appointment as Senior Independent Director on 13 March 2014.
5 The fees paid to Helen Stevenson for 2014 reflect her appointment to the Board on 1 January 2014 and appointment as Remuneration Committee Chairman from 15 May 2014.

The following non-executive director fee policy was in place for the 52 weeks ended 28 December 2014:

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

LTIP interests awarded in 2014 (audited)

In March 2014, 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 the last day of the 2016 financial year. To the extent that performance conditions are met, awards will vest on 19 March 2017.

	Date of grant	Shares over which awards granted[1]	£	% of salary[2]
Simon Fox	19 March 2014	322,581	£720,000	144%
Mark Hollinshead	19 March 2014	197,133[3]	£440,000	110%
Vijay Vaghela	19 March 2014	231,183	£516,000	120%
Paul Vickers	19 March 2014	184,812[4]	£412,500	110%

1 The base price for calculating the level of awards was 223.2 pence, the average mid-market closing price on between 14 to 18 March 2014.

2 Based on 2014 base salaries.

3 Award subsequently lapsed following resignation.

4 Award subsequently pro-rated down to 64,304 following redundancy.

Consistent with awards made in 2013, vesting of LTIP awards granted in 2014 is dependent on the achievement of absolute TSR targets, as follows:

Closing three-month average adjusted share price at end of performance period	% of award which can be exercised
350 pence (or above)	100%
Between 225 pence and 350 pence	Straight-line vesting between 100% and 0%
225 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 2016. The share price for these purposes includes dividends reinvested over the performance period.

In addition, as with the vesting of the 2012 and 2013 LTIP cycles, 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.

A two-year holding period applies on vested shares (net of tax) with clawback/malus provisions. The clawback/malus provision allows the Committee to determine that some or all of the shares may not be released to a participant at the end of the two-year holding period if during the holding period: there has been a significant deterioration in the underlying financial health of the Company; there has been 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.

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:

Director	Pension accrued at 28 December 2014[1] £'000	Transfer value at 28 December 2014[2] £'000	Increase in accrued pension £'000	Increase/ (decrease) in transfer value (less director's contribution)[3] £'000	Accrued pension at 29 December 2013[1] £'000	Transfer value at 29 December 2013[2] £'000
Vijay Vaghela	37	584	1	131	36	453

Former Director	Pension accrued at date director left the Board[1,4] £'000	Transfer value at date director left the Board[2,4] £'000	Increase in accrued pension £'000	Increase/ (decrease) in transfer value (less director's contribution)[3] £'000	Accrued pension at 29 December 2013[1] £'000	Transfer value at 29 December 2013[2] £'000
Mark Hollinshead	55	1,969	3	410	52	1,559
Paul Vickers	42	1,174	1	276	41	898
Total	**134**	**3,727**	5	817	129	2,910

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 29 December 2013 to 28 December 2014 (or the date the director left the Board) 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 Mark Hollinshead and Paul Vickers left the Board on 12 December 2014 and 17 November 2014 respectively.

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 2014 or in the case of former directors at the date of resignation (and the equivalent figure for the preceding year end and the increase in accrued pension over the period). Also disclosed is the transfer value of the accrued pension at the end of 2014 or in the case of former directors at the date of resignation (and the preceding year end) and the increase/(decrease) in the transfer value during the period. 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 received 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 until 31 March 2014 when he left the Plan, 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 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).

Executive directors who are subject to the earnings cap receive an annual cash sum equivalent to 30% of salary in excess of the cap. During the year this applied to Vijay Vaghela, Paul Vickers and Mark Hollinshead.

Further details of pension arrangements continued

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 £123,600, 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 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.

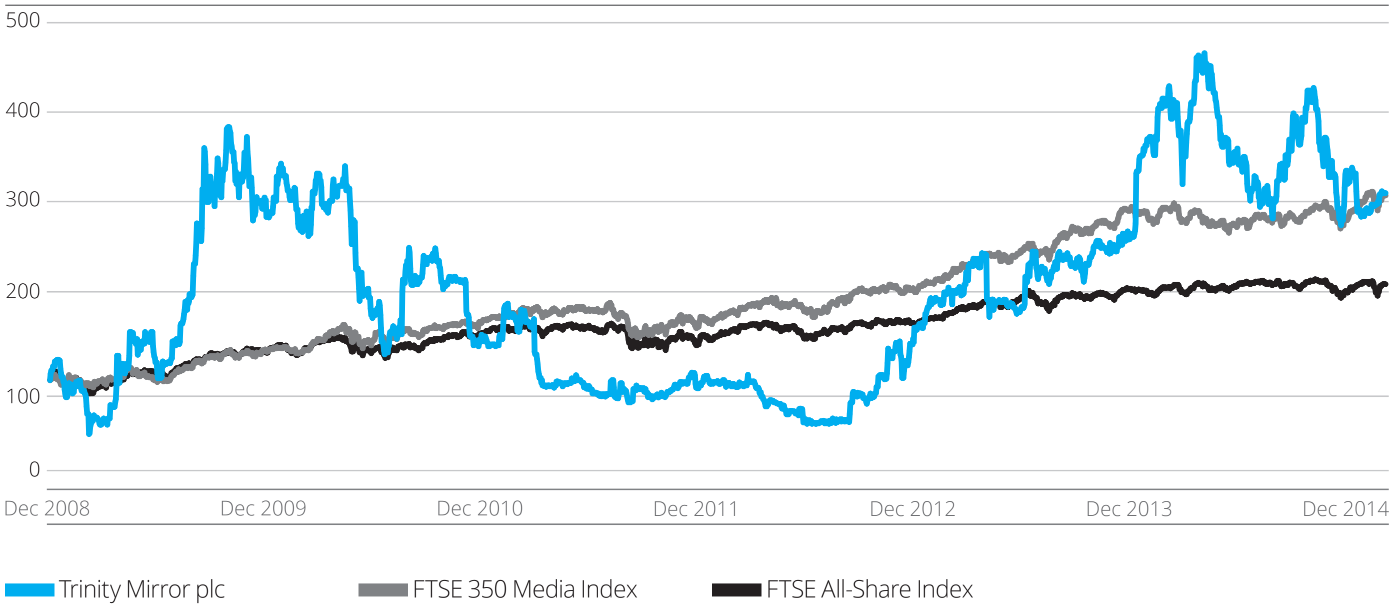
	CEO 2014 £'000	CEO 2013 £'000	CEO % change 2013–2014	All other employees % change 2013–2014
Base salary	**500**	500	0%	4%
Taxable benefits	**22**	22	0%	3%
Annual bonus	**172**	113	52%	42%
Total	**694**	635	9%	5%

The CEO's remuneration includes base salary, taxable benefits and annual bonus. The base salary and taxable benefits for all other employees is calculated using the increase in the earnings of employees taken from P60 and P11D data from tax years 2013 and 2014 and is based on a consistent set of employees, i.e. the same individuals appear in the 2013 and 2014 populations. The annual bonus is the amount payable in respect of 2014 compared to the amount paid in respect of 2013. The data for part-time employees has been pro-rated up to the full time equivalent.

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.

Six-year TSR chart



Review of past performance continued

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

	2009	2010	2011	2012	2013	2014
Simon Fox[1]						
Single figure of remuneration (£'000)				186	710	**1,785**
Annual bonus outcome (% of maximum)				0%	30%	**45.8%**
(£'000)				0	113	**172**
LTIP vesting (% of maximum)				n/a	n/a	**62.6%**
(£'000)				n/a	n/a	**1,016**
Vijay Vaghela[2]						
Single figure of remuneration (£'000)				35		
Annual bonus outcome (% of maximum)				0%		
(£'000)				0		
LTIP vesting (% of maximum)				0%		
(£'000)				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%		
(£'000)	939	1,056	396	0		
LTIP vesting (% of maximum)	0%	0%	0%	0%		
(£'000)	0	0	0	0		

1 Simon Fox joined the Company in August 2012. Due to the substantial rearchitecting of the remuneration policy in 2012 from short-term cash reward to longer-term share-based incentives, the majority (57%) of Mr Fox's single figure for 2014 comprises an estimate of the value at vesting of his initial Long Term Incentive Plan (2012 LTIP) award which was granted in August 2012 and is due to vest in August 2015.

2 Vijay Vaghela acted as CEO on an interim basis between June 2012 and August 2012.

Relative importance of spend on pay

The table below shows shareholder distributions (dividends and share buy-backs) and total employee pay expenditure for 2013 and 2014, along with the percentage change in both.

	2014 £'000	2013 £'000	% change 2013 – 2014
Shareholder distributions (dividends and share buy-backs)	**Nil**	Nil	–
Total employee expenditure	**196,500**	207,700	(5%)

Exit payments made in the year and payments to past directors (audited)

Mark Hollinshead resigned on 5 August 2014 and ceased to be a director of the Company on 12 December 2014. He remains an employee and will continue to work on a variety of projects across the Group until the end of his notice period. The treatment of his outstanding share-based incentive awards is in line with the relevant incentive plan rules. Mr Hollinshead is already the beneficial owner of 18,901 shares awarded under the RSP as part of his 2013 performance-related bonus. Those restrictions are due to fall away in March 2017. He retains an interest in his 2012 DSAP award over 111,783 nil cost options and his 2012 LTIP over 443,416 nil-cost options (which has been pro-rated for performance) which may vest on schedule in May 2015 and June 2015, respectively. Mr Hollinshead's 2013 and 2014 LTIP awards will lapse.

Paul Vickers stood down as a director and Company Secretary with effect from 17 November 2014 and continued to work for the Company until 16 January 2015. Under the terms of his settlement agreement, Mr Vickers received a cash sum of £412,527 (before tax) in lieu of unexpired notice and pension contributions. He also received the sum of £12,296 (before tax) as a statutory redundancy payment. Mr Vickers will continue to receive the benefit of life insurance and private medical insurance for the period for which premiums have already been paid.

As Mr Vickers left by reason of redundancy, he was treated as a good leaver for the purposes of the Company's incentive plans. Mr Vickers is already the beneficial owner of 18,901 shares awarded under the RSP as part of his 2013 performance-related bonus. Those restrictions are due to fall away in March 2017. His 2012 DSAP award over 128,981 nil cost options and his 2012 LTIP over 661,316 nil-cost options (which has been pro-rated for performance) will vest on schedule in May 2015 and June 2015, respectively. He retains an interest in his 2013 LTIP award over 307,806 nil-cost options and in his 2014 LTIP award over 64,304 nil-cost options (which have both been pro-rated to reflect the proportion of the period served) and these will vest at the usual time, subject to performance conditions.

Implementation of executive director remuneration policy for 2015

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, the Committee increased the salaries of the Chief Executive and Group Finance Director by 2% from 1 March 2015 in light of individual performance and the increase in their responsibilities following the re-organisation announced in November 2014. The basic salaries of the executive directors are as follows:

	Base salary at:		
Executive director	**1 March 2015**	1 January 2014	Increase
Simon Fox	**£510,000**	£500,000	2%
Vijay Vaghela	**£438,600**	£430,000	2%

Implementation of executive director remuneration policy for 2015 continued

For context, the average salary increase at the time of the 2015 annual pay reviews for all other management and staff across the Group was 2%.

Pension and benefits
No changes in pension contribution rates or benefit provision.

Annual Bonus and RSP
For 2015, there will be no changes to the framework for executive directors. Bonuses will continue to be based 75% on adjusted 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
During the year the Committee reviewed the possibility of introducing a second performance measure to complement absolute TSR for 2015 LTIP grants, in line with the commitment made to shareholders in advance of the 2014 Annual General Meeting, and has introduced an element on Net Cash Flow[1] with a 40% weighting. The Committee believes that strong underlying cash generation is important as it allows the Board to invest for sustainable revenue and profit growth, as well as to fund pension obligations and pay dividends to shareholders. The balance (60% of 2015 LTIP awards) will continue to vest on absolute TSR, underpinned by relative TSR, which the Committee believes is well-aligned with shareholder interests.

The LTIP will continue to have a three-year performance period plus a two-year holding period on vested shares with clawback/malus provisions. Vesting of LTIP awards will continue to be underpinned by Committee discretion; absolute TSR will continue to be underpinned by relative TSR.

Absolute TSR targets and Net Cash Flow targets will be reviewed in advance of grant to ensure they are appropriately stretching over the performance period and will be disclosed at the time of the grant, as well as in next year's Annual Report on Remuneration.

1 Net Cash Flow is defined as the net cash flow generated by the business before the payment of dividends and before any cash outflows in relation to items that have been treated as non recurring in the financial statements. The net cash flow targets will be adjusted for any material acquisitions or disposals.

Implementation of non-executive director remuneration policy for 2015

Chairman and non-executive director fees
The fees for the Chairman and non–executive directors will remain at 2014 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 28 December 2014 is set out below.

None of the directors has a beneficial interest in the shares of any other Group company. Since 28 December 2014, 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 trust at 28 December 2014.

The lowest price of the shares during the year was 137.00 pence as at 16 October 2014 and the highest price was 233.50 pence as at 6 March 2014. The share price as at 28 December 2014 was 155.00 pence.

Director	**Ordinary shares at 28 December 2014**	Ordinary shares at 29 December 2013
Simon Fox	**62,659**	50,000
Vijay Vaghela	**452,873**	224,079
Lee Ginsberg	**–**	n/a
David Grigson	**200,000**	200,000
David Kelly	**–**	n/a
Jane Lighting	**24,800**	24,800
Donal Smith	**61,900**	61,900
Helen Stevenson	**5,000**	n/a

Former Director	Ordinary shares as at date directors left the Board*	Ordinary shares at 29 December 2013
Mark Hollinshead	164,977	50,786
Gary Hoffman	37,000	37,000
Paul Vickers	334,525	165,227

* Mark Hollinshead, Gary Hoffman and Paul Vickers left the board on 12 December 2014, 13 March 2014 and 17 November 2014 respectively.

Directors' shareholding requirements (audited)

The minimum shareholding guideline is 200% of base salary for the Chief Executive and 133% of base salary for the Group Finance Director. 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 current director's shares for guideline purposes, and their respective shareholding requirement, as at 28 December 2014 when the mid market closing price of each Trinity Mirror share was 155.00 pence.

In respect of former directors the table shows the shares owned outright or vested as at the date the individual left the board and the value is calculated using the mid market closing price on that date (as detailed in the footnotes). The table also shows the extent to which the minimum shareholding requirement had been met on the date the individuals left the board.

	Shares held						
Director	Owned outright or vested	Unvested and subject to performance conditions	Unvested but subject to other conditions[1]	Value of shares owned outright or vested	Shareholding requirement (% salary/fee)	Current shareholding (% salary/fee)	Requirement met
Simon Fox	62,659	3,760,195	25,202	£97,501	200%	20%	Requirement not effective until Sept 17
Vijay Vaghela	452,873	2,119,429	218,870	£915,458	133%	213%	Y
Lee Ginsberg	–	n/a	n/a	–	100%	–	Requirement not effective until Jan 17
David Grigson	200,000	n/a	n/a	£310,000	100%	163%	Y
David Kelly	–	n/a	n/a	–	100%	–	Requirement not effective until Dec 17
Jane Lighting	24,800	n/a	n/a	£38,440	100%	64%	N
Donal Smith	61,900	n/a	n/a	£95,945	100%	240%	Y
Helen Stevenson	5,000	n/a	n/a	£10,687	100%	19%	Requirement not effective until Jan 17
Former Director							
Mark Hollinshead[2]	164,977	708,333	130,684	£250,028	133%	63%	Requirement not effective until Oct 17
Gary Hoffman[3]	37,000	n/a	n/a	£113,498	100%	189%	Y
Paul Vickers[4]	334,525	1,428,526	147,882	£750,394	133%	200%	Y

1 Shares awarded under the DSAP are subject to continued employment and shares awarded under the RSP are subject to a malus provision.

2 Mark Hollinshead left the Board on 12 December 2014 when the share price was 148.75 pence.

3 Gary Hoffman left the Board on 13 March 2014 when the share price was 213.75 pence.

4 Paul Vickers left the Board on 17 November 2014 when the share price was 142.75 pence.

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

Director	Date of grant	Share price at date of grant	at 29 December 2013	Granted	Exercised	Lapsed	at 28 December 2014	Performance period	Exercise period *(holding period)*
Simon Fox									
LTIP	30.08.12	£0.3850	1,059,602	–	–	–	1,059,602	02.01.12–28.12.14	30.08.15–29.02.16
	30.08.12	£0.3850	1,589,404	–	–	–	1,589,404	30.08.12–29.08.15	30.08.15–29.02.16
	17.05.13	£1.0500	788,608	–	–	–	788,608	31.12.12–03.01.16	17.05.16–17.11.16
	19.03.14	£2.1675		322,581	–	–	322,581	30.12.13–01.01.17	19.03.17–19.06.19 *(19.03.17–19.03.19)*
RSP	19.03.14	£2.1675	–	25,202	–	–	25,202	–	restricted until 19.03.17
	to be granted in 2015[1]	–	–	shares to the value of £85,875	–	–	–	–	–
Vijay Vaghela									
LTIP	31.03.11	£0.4650	327,619	–	(170,362)	(157,257)	–	03.01.11–31.12.13	31.03.14–30.09.14
	25.06.12	£0.2575	1,323,076	–	–	–	1,323,076	02.01.12–28.12.14	25.06.15–25.12.15
	17.05.13	£1.0500	565,170	–	–	–	565,170	31.12.12–03.01.16	17.05.16–17.11.16
	19.03.14	£2.1675	–	231,183	–	–	231,183	30.12.13–01.01.17	19.03.17–19.06.19 *(19.03.17–19.03.19)*
RSP	19.03.14	£2.1675	–	21,673	–	–	21,673	–	restricted until 19.03.17
	to be granted in 2015[1]	–	–	shares to the value of £73,852	–	–	–	–	–
DSAP	31.03.11	£0.4650	262,095	–	(262,095)	–	–	–	31.03.14–30.09.14
	17.05.12	£0.2625	197,197	–	–	–	197,197	–	17.05.15–17.11.15
Former Director									
Mark Hollinshead									
LTIP	31.03.11	£0.4650	165,079	–	(85,841)	(79,238)	–	03.01.11–31.12.13	31.03.14–30.09.14
	25.06.12	£0.2575	708,333	–	–	–	708,333	02.01.12–28.12.14	25.06.15–25.12.15
	17.05.13	£1.0500	451,807	–	–	(451,807[2])	–	31.12.12–03.01.16	N/A
	19.03.14	£2.1675	–	197,133	–	(197,133[2])	–	30.12.13–03.01.17	N/A
RSP	19.03.14	£2.1675	–	18,901	–	–	18,901	–	restricted until 19.03.17
	to be granted in 2015[1]	–	–	shares to the value of £68,700	–	–	–	–	–
DSAP	31.03.11	£0.4650	130,000	–	(130,000)	–	–	–	31.03.14–30.09.14
	17.05.12	£0.2625	111,783	–	–	–	111,783	–	17.05.15–17.11.15
Paul Vickers									
LTIP	31.03.11	£0.4650	285,714	–	(148,571)	(137,143)	–	03.01.11–31.12.13	31.03.14–30.09.14
	25.06.12	£0.2575	1,056,416	–	–	–	1,056,416	02.01.12–28.12.14	25.06.15–25.12.15
	17.05.13	£1.0500	451,807	–	–	(144,001[3])	307,806	31.12.12–03.01.16	17.05.16–17.11.16
	19.03.14	£2.1675	–	184,812	–	(120,508[3])	64,304	30.12.13–01.01.17	19.03.17–19.06.19 *(19.03.17–19.03.19)*
RSP	19.03.14	£2.1675	–	18,901	–	–	18,901	–	restricted until 19.03.17
DSAP	31.03.11	£0.4650	171,429	–	(171,429)	–	–	–	31.03.14–30.09.14
	17.05.12	£0.2625	128,981	–	–	–	128,981	–	17.05.15–17.11.15

1 Awards under the RSP in respect of the 2014 bonus will be made in March 2015. The number of shares awarded will depend on the share price at the date of grant and therefore only the value of the award is given in the above table. Shares will be released in accordance with the rules of the scheme as described of the following page.

2 As Mark Hollinshead resigned on 5 August 2014 his 2013 and 2014 LTIP awards lapsed.

3 As Paul Vickers left by reason of redundancy his 2013 and 2014 LTIP awards were pro-rated down.

Details of plans

Long Term Incentive Plan

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. For awards granted in 2014 onwards, there is a two-year holding period on vested LTIP shares, with clawback/malus provisions.

	Absolute TSR targets	
Plan	Threshold vesting (0%)	Full vesting (100%)
2012 LTIP	75p	150p
2013 LTIP	150p	225p
2014 LTIP	225p	350p

Deferred Share Award Plan

Following the approval by shareholders of the new long-term share-based incentive arrangements at the Annual General Meeting in 2012, the DSAP was replaced with the RSP 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 RSP.

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 Share Award will normally become exercisable on the third anniversary following its date of grant. At the point of vesting, all awards are capable of exercise at 'nil cost' to the participant.

Restricted Share Plan

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 beneficially own the restricted shares from the date of grant. Legal title is 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 will 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

SIMON FOX, Chief Executive

CHIEF EXECUTIVE'S STATEMENT

Earlier in this report the Chairman emphasised the importance of integrity and ethics to the success of the Company, and corporate responsibility is an area where the Group's commitment to such values becomes quite evident.

This year the Company was presented with the prestigious RoSPA President's Award for Occupational Health and Safety, which is given to businesses achieving a milestone of ten consecutive gold awards. The award is a testament to the hard work and commitment of the staff at our print sites.

In respect of our environmental impact, we again achieved re-certification to the Carbon Trust Standard and all our major print sites maintained their ISO 14001 Environmental Management status. We also delivered on the targets we set ourselves in 2014 in respect of improving in areas such as procurement, water consumption and waste management, and we have set ourselves challenging targets for 2015.

We continue to care for the communities in which we publish and where our businesses operate and have tried to give a flavour of the many examples of us doing this in the report that follows. A particular highlight for me this year, was the record-breaking volume of donations received for the Manchester Dogs' Home following an appeal set up by the Manchester Evening News. It was fantastic to see our digital presence in this community facilitating such a rapid and positive response from the public.

SIMON FOX
Chief Executive

2 March 2015

Environmental report

Environmental management

Trinity Mirror continued to make good progress in implementing its environmental policy objectives during 2014. A highlight of the year was achieving re-certification to the Carbon Trust Standard, recognising our efforts to manage and reduce our energy consumption over an eight-year period.

The environmental performance of our operations is underpinned by our commitment to the implementation of environmental management systems that meet the requirements of the international standard ISO 14001. All our print sites are certified to ISO 14001 (Cardonald, Cardiff, Blantyre, Oldham, Watford, Birmingham, Teesside, and Newcastle) and we also operate an integrated environmental management system covering our core publishing offices (Canary Wharf, Birmingham, Liverpool, Oldham, Newcastle and Glasgow). An important benefit of this programme is that all of our sites are periodically audited by independent certifiers. This helps us to ensure that we meet the requirements of the standard and our key legal obligations, as well as matching good practice in our sector. During 2014 successful external audits took place for publishing at Canary Wharf, Glasgow, Oldham and Birmingham and at all print sites.

The ISO 14001 standard has recently been revised and we are working to ensure that our sites manage the transition to the revised standard, as it is implemented progressively from 2015.

At Group level, the Environmental Steering Committee, chaired by the Group Finance Director, has continued to provide oversight of our environmental performance and to ensure that policies and programmes are properly focused and implemented. During 2014 the Environmental Policy was reviewed to ensure that it continues to address the most relevant issues. The policy can be found at **www.trinitymirror.com**.

The Group's Procurement Policy was also revised, so that it reflects more clearly the environmental objectives we apply to our supply chain.

A summary of our performance against the Group targets that were set for 2014 can be found on page 66, together with new targets for the coming year.

There were no breaches of environmental legislation during 2014.

Energy consumption and carbon footprint

Trinity Mirror uses significant amounts of energy for printing, running offices, operating IT systems, distributing publications, and in business travel. Reducing our energy consumption, and the associated carbon emissions, has been a continuing priority for over ten years. In March 2014 our energy reduction programme was independently audited against the requirements of the Carbon Trust Standard and we successfully achieved re-certification, which will run to December 2015. Achieving certification confirms that we have an effective energy and carbon management programme in place and that we can demonstrate meaningful efficiency improvements.

During 2014 our absolute consumption of both electricity (13% reduction) and gas (19% reduction) fell significantly. These savings are linked with reduced output from our print sites, but also reflect the range of energy saving measures we have pursued throughout the year. The greenhouse gas emissions associated with the activities under our direct management control also fell by 5.2% in 2014. On a normalised basis (per million pages of printed output) emissions increased slightly however, reflecting both the reduction in output and changes in the carbon conversion factors applied to UK grid electricity consumption.

During 2015, we will seek to achieve a further 0.5% reduction in electricity consumption compared with 2014, building on the reductions that we have achieved in the five previous years.

The statutory Carbon Reduction Commitment (CRC) Energy Efficiency Scheme is designed to improve energy efficiency and cut carbon dioxide (CO_2) emissions in organisations that are high energy users. Trinity Mirror is now registered to participate in phase 2 of the scheme, that runs from 1 April 2014 to 31 March 2019. In each compliance year of phase 2, we are required to report our energy consumption and to buy and surrender allowances equal to the associated carbon emissions. In 2013/14 the cost of allowances was £12.00 per tonne of carbon dioxide and this will increase during 2014/15 to £16.40.

In 2014 we also participated in the international Carbon Disclosure Project through which corporations voluntarily report on greenhouse gas emission data.

The Energy Savings Opportunity Scheme Regulations 2014 (ESOS) will be implemented in 2015, under which Trinity Mirror will have a new statutory requirement to measure energy consumption in key areas of the business, identify high areas of consumption and also opportunities for energy saving. This information must be verified by an approved assessor and the Environment Agency notified by December 2015. We expect that, as a result of our past and on going efforts to reduce and report energy consumption, as well as our participation in recognised schemes such as the Carbon Trust Standard, we will be able to comply with ESOS by the required deadline.

A breakdown of the Group's energy consumption and associated greenhouse gas emissions during 2014 is set out in the table below, in accordance with the 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 interests in Local World and PA Group 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 (2014)[4]	2014	2013	2012[5]
SCOPE 1[1]					
Gas combustion (heating, all Trinity Mirror premises)	**18,080,441 kWh**	0.184973×10^{-3}	**3,344**	4,103	3,934
Oil combustion (electricity generation, all Trinity Mirror premises)	**98,938 litres**	2.669144×10^{-3}	**264**	163	205
Refrigerant gas loss (all Trinity Mirror premises)	**304 kg**	$1{,}526 \times 10^{-3}$	**464**	623	328
Commercial vehicles (all Trinity Mirror owned vehicles)	**1,711,508 km**	0.250923×10^{-3}	**429**	637	997
		Total SCOPE 1	**4,501**	5,526	5,464
		Total SCOPE 1 per million pages printed	**0.04**	0.05	0.04
SCOPE 2[2]					
Generation of Grid electricity used (all Trinity Mirror premises)	**74,151,279 kWh**	0.49426×10^{-3}	**36,650**	37,866	40,368
		Total SCOPE 2	**36,650**	37,866	40,368
		Total SCOPE 2 per million pages printed	**0.33**	0.31	0.31
SCOPE 3[3]					
Transmission and distribution of Grid electricity used (all Trinity Mirror premises)	**74,151,279 kWh**	0.04322×10^{-3}	**3,205**	3,238	3,189
Business travel (road, not involving company vehicles)	**9,463,045 km**	0.20088×10^{-3}	**1,901**	1,772	1,523
Business travel (rail)	**2,173,868 km**	0.04738×10^{-3}	**103**	264	201
Business travel (air)	**5,004,971 km**	0.29316×10^{-3}	**1,467**	870	675
Electricity for contracted printing (generation, transmission and distribution)	***4,469,595 kWh***	0.53748×10^{-3}	***2,402***	*1,907*	*1,460*
Gas for contracted printing	***5,051,690 kWh***	0.184973×10^{-3}	***934***	*1,252*	*1,242*
Vehicle fuel for contracted distribution – long haul	***2,007,356 litres***	2.6024×10^{-3}	***5,224***	*4,431*	*4,631*
		Overall Total SCOPE 1, 2 and 3	**56,387**	57,126	58,753
		Overall Total SCOPE 1, 2 and 3 per million pages printed	**0.46**	0.43	0.42

1 Scope 1 covers the annual quantity of emissions in tonnes of carbon dioxide equivalent from activities for which Trinity Mirror is directly 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. In line 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, i.e. 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.

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

Water consumption

We use significant quantities of water at our print sites for use in the printing process, for example for making up chemical solutions and for cooling equipment. At both our print and office locations we also use water for domestic purposes, notably for WC flushing and hand washing. During 2013 and 2014 we surveyed the total water consumption of all of our print and core publishing sites and found significant differences in water usage across different sites, suggesting that there are opportunities for reducing water consumption at some locations. To take this forward, in 2014 we commenced in-depth water efficiency reviews at print sites that have been identified as having a high water consumption, to identify specific opportunities for improvement.

Water consumption continued

We have completed the first of these reviews at our Liverpool publishing and administrative site, with the assistance of an independent water industry specialist. This study has identified potential reductions in water use of over 2 million litres per year. We will now consider how to implement these improvements at Liverpool, and during 2015 we will roll-out a programme to undertake similar reviews, beginning with our largest print sites.

The water consumption of the Group's 'core' sites during 2014 was 71,847 m^3.

Supply chain

Trinity Mirror is committed to use every reasonable opportunity to promote environmental sustainability in its supply chain. The Group's Procurement Policy has been revised during 2014 to emphasise this commitment. There are a number of supply chain areas that are particularly relevant in achieving our environmental policy objectives. These are:

Paper sourcing and sustainable forestry

Trinity Mirror has a long standing commitment to ensure that the wood fibre used to produce its paper comes from sustainable sources. This means that we will seek to use either recycled fibre, or 'virgin' fibre that comes from well-managed forests. Wherever possible we aim to purchase paper where the virgin fibre content has been independently certified as coming from sustainable sources, for example by the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC).

In 2014 we sourced 91% of all of our graphic paper from recycled or certified fibre, against our target of 80%.

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

Contracted printing and product distribution services

Trinity Mirror contracts out certain operations that may have significant environmental impacts, most notably the printing of magazine supplements, and the distribution by road of printed products. For over 10 years we have worked with our key contractors in these areas to measure and report the energy consumption and carbon emissions associated with the operations they undertake on our behalf.

We have now set the new target that all of our print contractors should be independently certified to the international environmental management system standard ISO 14001, or EMAS, by the end of 2017.

Waste management and recycling

Trinity Mirror generates significant amounts of waste that require treatment or disposal. Major sources of waste from our press operations are: paper waste (reel ends, cores and printed waste), aluminium lithographic plates, inks, other used printing chemicals and oil. We also generate office waste and periodically need to dispose of end-of-life electronic equipment such as computers and printers.

We are committed to maximising the amount of waste that we reuse or recycle and strive to progressively reduce the waste that is sent to landfill. During 2014, our core print and publishing sites have targeted waste management through their ISO 14001 environmental management systems and are pursuing a range of local waste reduction and recycling initiatives. We also audited the principal hazardous waste site where our press wastes are treated.

Our print sites met the target of recycling 100% of all non-hazardous print site paper waste.

During 2015 we will work with our hazardous waste contractor to maximise opportunities to reuse or recycle the more difficult wastes we generate from press operations, and will seek to ensure that a maximum of only 3% are sent to landfill.

We will also ensure, during 2015, that all of the redundant IT equipment and other waste electrical and electronic equipment (WEEE) from our publishing sites is either refurbished and reused, or processed for materials recycling.

Refrigerant gases

Trinity Mirror's programme to replace ozone-depleting HCFC refrigerant gases, across all press and office locations, was completed in advance of the statutory EU deadline (31 December 2014).

Volatile Organic Compound (VOC) emissions

The emission to the atmosphere of solvent vapours – known as 'Volatile Organic Compounds' (VOCs) – has historically been an important environmental issue for the printing industry. This is an issue that we have targeted over the past decade, principally by moving to water-based formulations for key raw materials, notably inks, blanket washes and fountain solutions. This has allowed us to minimise the use of VOCs and during 2014 we consumed only 0.343 kgs of VOCs for every million pages printed.

Summary of 2014 and 2015 environmental targets

2014 target	Action	2015 target
Environmental management		
Maintain ISO 14001 certification covering core publishing sites.	Certification has been maintained.	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.
		Manage the transition to the revised ISO 14001 standard as it is progressively implemented, at all our certified sites.
Review the Group Procurement policy and incorporate sustainability criteria by the end of Q2 2014.	The Procurement Policy has been revised, so that it reflects more clearly the environmental objectives we apply to our supply chain.	
Energy consumption and carbon footprint		
Maintain current level of energy consumption.	Achieved significant reductions in electricity (13%) and gas (19%) consumption.	Reduce kWh of electricity consumed at all sites in 2015 by 0.5% compared with 2014.
		Investigate the upward trend in energy consumption associated with business travel.
		Meet the requirements of the Energy Savings Opportunity Scheme Regulations 2014 (ESOS) by the end of 2015.
Water consumption		
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.	Completed an in-depth review of water consumption at Liverpool site and identified potential for significant savings.	Implement the water efficiency improvements identified at the Liverpool site.
		Roll-out a programme to undertake further in-depth reviews of water consumption, starting with the largest print sites.
Supply chain		
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.	We have continued to work with our suppliers on this issue. In 2014 we sourced 91% of our graphic paper from recycled or certified fibre.	Continue to 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.
		All contract printers to be certified to ISO 14001 or EMAS by the end of 2017.
Waste management and recycling		
Continue to recycle 100% of all non-hazardous print site paper waste.	Achieved 100% recycling during 2014.	Continue to recycle 100% of all non-hazardous print site paper waste.
		Maximum of 3% of hazardous wastes generated at print sites to go to landfill.
		100% of redundant IT equipment and other waste electrical and electronic equipment (WEEE) from publishing sites to be either refurbished and re-used, or processed for materials recycling.
Refrigerant gases		
Remove all remaining R22 (HCFC) gas by legislative deadline (31 December 2014).	Programme to replace ozone-depleting HCFC refrigerant gases, across all print and office locations, has now been completed in advance of the statutory EU deadline.	

Health and safety report

In 2014 the Company enjoyed success in the 2014 RoSPA (Royal Society for the Prevention of Accidents) health and safety awards scheme where it was presented with the RoSPA President's Award for Occupational Health and Safety, which is given to businesses achieving ten consecutive gold awards. The award was given in recognition of the substantial improvements made by Trinity Mirror Printing over the last decade.

2014 health and safety initiatives

The following initiatives were taken this year in pursuit of our goal of continual improvement:

- Training in health and safety management has taken place for some of our senior executives and managers. Further training is planned for delivery in 2015
- The promotion of staff health and wellbeing has continued via training, organisational risk assessment and through implementing plans for improvement
- Occupational health assessments and education have continued, particularly at our print sites with follow-up action as necessary
- Internal health and safety inspections, compliance audits and reviews have taken place with follow up action to ensure safety
- The health and safety performance of contractors involved in engineering, construction and staff relocation projects has been carefully monitored to promote and maintain standards
- Behavioural safety initiatives have continued to be applied at our print sites, where appropriate, to help identify further opportunities for risk reduction and improvement
- Conformity with OHSAS 18001, the health and safety management systems specification, has been maintained at every print site with health and safety improvement plans to promote sustained improvement
- Policies and procedures relating to Asbestos, Fire Safety and work with Display Screen Equipment have been updated to reflect changes in work equipment and official guidance
- A new policy and supporting guidance covering work-related road safety has been introduced. This includes driver licence/insurance checks and road safety risk assessment
- The use of health and safety e-learning training modules has been extended to staff working in offices and other environments
- The Printing Industries Action Group and the Newspaper Publishers Association (recently renamed the News Media Association) Health and Safety Committee have been supported through direct involvement of the Group Health and Safety Manager

Group health and safety statistics

The tables below provide statistics for health and safety in 2014, with a comparison to the previous year. It is pleasing to report that there was a small decrease in the total number of accidents recorded. The total number of RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable events was also equal to 2013, the lowest annual total since detailed records were established for the Group in 2001.

Unfortunately the total reduction in accidents recorded did not translate into a reduction in the total number of working days lost, which more than doubled. The total number of working days lost was also increased by a motorcycle accident involving a member of staff that has so far resulted in 113 lost working days.

A more detailed breakdown is given in the following tables.

Health and safety performance indicator	2014	2013
Fatalities	0	0
RIDDOR specified injuries[1]	0	2
RIDDOR over seven day injuries	10	8
RIDDOR occupational ill health/diseases/conditions	0	0
RIDDOR dangerous occurrences	0	0
Total number of accidents	113	126
RIDDOR events frequency rate[2]	0.11	0.11
All accidents frequency rate[2]	1.28	1.43
Total days lost due to accidents[3]	**516 (0.046)**	157 (0.013)

1 RIDDOR – the Regulations include a list of 'specified injuries' to workers that require immediate notification to HSE.

2 Frequency Rate = number of accidents per 100,000 hours worked.

3 Figure in brackets represents the percentage of total days worked by all employees.

Group health and safety statistics continued

Breakdown of accidents by type of event	All accidents 2014 (%)	All accidents 2013 (%)	RIDDOR accidents 2014 (%)	RIDDOR accidents 2013 (%)
Slips and falls (same level)	**23**	26	**30**	20
Lifting and handling of materials	**9**	10	**30**	30
Contact with machinery	**3**	2.5	**0**	0
Falls from a height	**1**	0	**0**	10
Stepping on or striking fixed object	**17**	14.5	**0**	10
Struck by moving vehicle	**0**	0	**0**	0
Contact with sharp/abrasive material	**13**	16	**0**	0
Struck by flying or falling object	**3**	6.5	**0**	20
Contact with hazardous substance	**8**	3	**0**	0
Contact with hot material/substance	**1**	3	**0**	0
Object collapsing or overturning	**0**	2.5	**0**	0
Use of hand tools	**5**	2.5	**0**	0
Contact with electricity	**1**	1	**10**	0
Others	**16**	12.5	**30**	10
Total	**100**	100	**100**	100

(All percentages rounded to the nearest half decimal point).

The total number of accidents involving slips, trips and falls, which again was the most common accident type, was reduced slightly, although three of the accidents resulted in an absence that was reportable under RIDDOR. Slips, trips and falls along with the lifting and handling of materials contributed to more than half of the events reported under RIDDOR.

Health and safety enforcement activity

There was only one visit to the Company's premises by health and safety enforcing authorities in 2014, compared to five in the previous year. This was from a Fire Officer who inspected the arrangements for fire safety in a large office building following a false alarm triggered by smoke detectors. The arrangements were found to be satisfactory and no enforcement action of any kind was required.

Future health and safety initiatives

To promote and maintain further improvement in 2015 the Group intends to:

- Continue the provision of health and safety awareness training for senior executives, managers and operational staff via tutored courses and e-learning modules
- Update policies and procedures relating to the selection and control of contractors, to comply with the new Construction (Design and Management) Regulations 2015
- Establish a new database for the vetting of contractors appointed to carry out work on Company premises
- Closely monitor the health and safety performance of contractors involved in engineering, construction and staff relocation projects
- Carry out internal health and safety inspections, audits and reviews, taking follow up action to maintain standards
- Periodically review and where necessary update risk assessments and safe systems of work
- Deliver 'toolbox talks' to production and maintenance staff covering health and safety issues that are relevant to their work
- Encourage staff to report all accidents, incidents and near misses in an effort to identify and effectively control potential hazards
- Maintain conformity with OHSAS 18001 at our print sites, implementing annual health and safety improvement plans
- Apply behavioural safety initiatives at our print sites in an effort to help identify further opportunities for accident prevention and further improvement
- Maintain the provision of occupational health services throughout the Group with follow-up action and in appropriate cases support
- Continue the promotion staff health and wellbeing through training, organisational risk assessment and implementing plans for improvement, as necessary
- Support the Printing Industries Action Group and News Media Association Health and Safety Committee through the involvement of the Group Health and Safety Manager

Social and community matters

Charities

Trinity Mirror believes that it can best support charities through its publications. 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 Company Secretary. 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 2014, 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.

Their Royal Highnesses Prince Charles and Prince Harry, along with Prime Minister David Cameron and Labour leader Ed Milliband were among many personalities who took part in the Daily Mirror's 16th 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, a peak audience of 5.4 million viewers tuned in to ITV to watch the winners incredible stories.

We continued to expand our 'Pride of...' series of awards, with inaugural ceremonies organised and hosted by the Irish Daily Mirror and Birmingham Mail this year.

In Wales, the Daily Post hosted its annual 'Achievement Wales Business Awards'. Celebrating business success in North Wales, categories include Best Community-Focused Business and Best Start-Up. Two new events, the quest to find the Daily Post Mum of the Year, and the Daily Post Schools Awards, were implemented during the year, and proved very popular in communities across North Wales.

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.

2014 saw a number of successful issue-based campaigns across both our national and regional titles, with campaigns against 'greedy energy companies', austerity cuts, and the illegal slaughter of endangered animals.

One big campaign success story was the Manchester Evening News (MEN) raising more than £1.5 million for Manchester Dogs' Home in less than a week. As the news broke of a tragic fire at the Dogs' Home, which claimed the lives of more than 50 dogs, the MEN launched a charity appeal through Just Giving. Three hours later it had raised nearly £100,000 and 12 hours on that figure had already surpassed £392,000.

The appeal smashed all records for volume of donations and Just Giving had to increase their server capacity to cope. Between 8.00 am and 9.00 am on Friday, the website processed 8,600 donations – twice the amount of its previous hourly record.

During the first half of this year, the Ellesmere Port Pioneer teamed up with the Ellesmere Port Hospital to run a campaign to raise money for 'Memory Pods' to aid the treatment of dementia patients by providing rooms packed with familiar items that would evoke memories and aid their recovery. Each pod costs around £2,000 and the appeal managed to raise enough to provide the hospital with eight pods.

In September, the Liverpool Echo reported the plight of Amber Travers, a six-year old who needed a sophisticated pair of prosthetic limbs to enable her to walk. The Echo's front-page appeal raised £3,000 in less than 24 hours for the youngster, who lost her limbs from meningitis aged two. The high-impact campaign surpassed its target of £6,000 in less than 48 hours and Amber soon received a state-of-the-art pair of prosthetic legs.

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: **www.trinitymirror.com**.

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.

Trinity Mirror launched a Group-wide editorial partnership with Anthony Nolan earlier this year to mark the blood cancer charity's 40th anniversary. Since then, content has run in the Daily Mirror and across a number of regional titles. To date, it is estimated have been around 1,200 articles published across the Group.

The partnership was inspired by the work of former Huddersfield Examiner reporter Adrian Sudbury, who died from leukaemia in 2008. Before his death Adrian spearheaded the charity's 'Register and Be A Lifesaver' education programme, which has reached more than 100,000 students and resulted in more than 4,300 of those young people signing up as potential bone marrow donors.

The Sunday Mail has now donated more than £300,000 to 17 Scottish charities through its Centenary Fund, a special fundraising drive to mark the title's 100th anniversary in 2014. Many of the charities have also utilised the paper's editorial resources to showcase their work. This ranges from funding crucial medical research to supporting the homeless, and from protecting vulnerable children to caring for our war veterans.

The Chester Chronicle continues to support Miles of Smiles, a charity set up by staff in 1991 which sends children with a terminal illness, sickness or disability on holidays of a lifetime to Disneyland Paris. The Chronicle regularly features picture stories and articles about the charity's fundraising activities. Miles for Smiles has raised more than £1 million and sent more than 300 children on trips abroad.

Further examples of the charity fundraising activities across the Trinity Mirror portfolio can be found on the Trinity Mirror website: **www.trinitymirror.com**.

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 to 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

The profit for the period attributable to equity holders of the parent company was £47.7 million (2013: £712.5 million loss). No dividend was paid during the year (2013: nil). Retained profit for the period was £47.7 million (2013: £712.5 million loss).

Dividends

The Board proposes a final dividend for 2014 of 3 pence per share (2013: no dividend) which, subject to shareholder approval, will be payable on 4 June 2015 to shareholders on the register on 8 May 2015. The Board's intention is to pay annual dividends of some 5 pence per share from 2015.

The proposed final dividend for 2014 will be the first dividend payment since dividends were suspended in 2008.

The Board expects to adopt a progressive dividend policy aligned to the free cash generation of the Group, and the investment required to deliver sustainable growth in revenues and profits.

Disclosure of information under Listing Rule 9.8.4

There is a waiver in place in respect of all or any future right to dividend payments on shares held in the Trinity Mirror Employees' Benefit Trust. This is the only disclosure required under Listing Rule 9.8.4.

Political donations

At the Company's Annual General Meeting held in May 2014, 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. No political donations were made during the period ended 28 December 2014 (2013: nil).

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 six greenhouse gases are set out in the Corporate Responsibility Report on page 64.

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.

From January 2009 until May 2014 Paul Vickers, Company Secretary and Group Legal Director, was identified as the executive director with Human Resource responsibility. In May 2014 Simon Fox took over this responsibility.

Further information about our employees is set out in the Strategic Report on page 19.

Share capital

As at 28 December 2014, the Company's issued share capital comprised 257,690,520 ordinary shares with a nominal value of 10 pence each. Each share carries the right to one vote at general meetings of the Company. There were no movements in the Company's issued share capital during the period. During the period the share premium account of the Company was reduced by way of capital reduction by court order, following members' approval at a general meeting held on 28 March 2014.

Details of the authorised and issued share capital, together with movements in the share premium account during the year can be found in notes 30 and 31 in the notes to the consolidated financial statements.

Substantial shareholdings

As at 28 December 2014, the Company had been notified of the following beneficial interests in its ordinary shares:

As at 28 December 2014	Number of shares	Percentage of issued share capital*
Schroders plc	40,781,504	15.826%
Aviva plc (Morley Fund Management)	27,363,869	10.619%
Standard Life Investments Limited	13,582,073	5.271%**
Aberforth Partners LLP	13,062,511	5.069%
JPMorgan Asset Management (UK) Limited	12,949,847	5.025%
Premier Fund Managers Ltd	12,938,089	5.021%
Blackrock Inc	12,817,868	4.974%
Appleby Trust (Jersey) Limited as trustee of Trinity Mirror Employees' Benefit Trust	10,069,183	3.907%
Royal London Asset Management (UK) Limited	7,765,163	3.013%

* Percentage of ordinary shares in issue, excluding Treasury Shares, as at 28 December 2014.

** Following the year end, a notification was received from Standard Life Investments Limited that their interest had increased to 6.071%.

Directors

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

Executive

Simon Fox
Mark Hollinshead (resigned 12 December 2014)
Vijay Vaghela
Paul Vickers (resigned 17 November 2014)

Non-executive

Lee Ginsberg (appointed 1 January 2014)
David Grigson
Gary Hoffman (resigned 13 March 2014)
David Kelly (appointed 1 December 2014)
Jane Lighting
Donal Smith
Helen Stevenson (appointed 1 January 2014)

Details of directors' remuneration, including details of the beneficial and non-beneficial interests in shares, can be found in the Annual Report on Remuneration on pages 51 to 61.

Biographical details of each of the directors seeking re-election at the Annual General Meeting can be found on pages 34 and 35.

Articles of Association

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

Purchase of own shares

At the Annual General Meeting in May 2014, 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.

Auditor

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 auditor is 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 auditor is 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 auditor 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

JEREMY RHODES
Company Secretary

2 March 2015

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 28 December 2014 and of the Group's profit 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 37 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 40 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 other intangible assets (£680.9 million) in the consolidated balance sheet and fixed asset investments (£811.8 million) in the parent company balance sheet The assessment of the carrying value of goodwill and intangible assets such as the Group's publishing rights and titles, as described in notes 14 and 15 to the Consolidated financial statements, involves considerable judgement due to the challenges in accurately forecasting future cash flows given the uncertain market environment for publishers. Key assumptions in management's analysis include short and long-term growth rates and the discount rate applied to the future cash flows. Management disclose this as a key source of estimation uncertainty in note 3 to the financial statements. Similar judgement is required in assessing the carrying value of investments in Trinity Mirror plc (note 4 to the parent company financial statements).	We tested management's assumptions used in their impairment assessment of the Group's goodwill and other intangible assets in the Consolidated Balance Sheet and the carrying value of investments in Trinity Mirror plc. Our procedures included: • considering the identification of appropriate cash-generating units; • assessing the short-term cash flow projections against recent performance, historical forecasting accuracy and comparing the forecasts to external industry sources of data; • comparing the long-term forecasts against long-term economic growth rates from external data; • comparing the discount rate applied against a broad comparator group as well as involving our internal valuation specialists to assess the key components of the discount rate calculation; • considering the reasonableness of, and recalculating, the sensitivity assessment applied by management; and • performing further sensitivity analysis of our own on the impairment model.
The assessment of the potential liability arising from historical legal issues The Group faces a number of civil claims in relation to suspected phone hacking arising in the past. Several of these have been settled, there is also forthcoming court action in relation to certain 'representative claims' and the remainder are in the process of being resolved. Consequently, due to the uncertainty about resolving these claims, assessing the potential liability for legal costs and damages in relation to these matters requires considerable judgement and estimation about the likely outcome. During the year, £12 million has been charged to the income statement for dealing with and resolving these civil claims and the outstanding provision held at 28 December 2014 is disclosed within note 22 to the financial statements. This is recognised as a key source of estimation uncertainty in note 3 to the financial statements.	The audit procedures we performed in respect of this risk included; • meetings with management, internal legal counsel and those charged with governance to enquire whether they have knowledge of any actual or possible non-compliance with laws and regulations that could have a material effect on the financial statements; • assessing the responses received from management, internal legal counsel and those charged with governance through the process of reviewing relevant supporting documentation; • understanding and observing in practice the actions that management has taken in response to this risk; • examining relevant correspondence received from parties outside of the Group; and • evaluating the provision recognised in the balance sheet and the appropriateness of the related disclosures included in notes 22 and 37 to the financial statements at 28 December 2014 by reference to the audit procedures outlined above.

Risk continued	**How the scope of our audit responded to the risk**
Revenue recognition – allocation of revenue between print and digital The Group primarily generates revenue from advertising and circulation sales. In respect of advertising revenue, there is greater judgement in assessing the allocation of revenue between print and digital when sold together in one transaction. The presentation of print and digital revenue is important when assessing the performance of the Group and is therefore a significant risk, although it does not impact the total revenue number in the income statement. Digital advertising revenue can be sold 'solus' (i.e. digital only) and in these cases there is limited judgement. This is the case for the majority of digital advertising revenue, however, where digital and print advertising is bundled together in a single client contract, judgement is required to determine the appropriate split.	To test the risk of a material misstatement in respect to the allocation of digital revenue our procedures included: • using our IT specialists to assess the key access controls in the underlying ad-booking and financial systems; • gaining an understanding of the allocation processes and controls in place across sales teams and then selecting a sample of advertising bookings to test the allocation process; and • using analytical techniques to assess the allocation of digital revenue by reference to historical trends and key audience indicators.
Accounting for retirement benefit obligations The net pension deficit on the consolidated balance sheet is £301.2 million. There is significant judgement involved in the valuation of the retirement benefit obligations, particularly in relation to determining the assumptions, including discount rate, inflation rates and mortality assumptions (disclosed in note 33) underlying the valuation of the liabilities of the schemes. Management include this as a key source of estimation uncertainty in note 3 to the financial statements.	The audit procedures we performed in respect of this risk included; • meeting with the Group's actuary and management to discuss the valuation approach and the assumptions used in the valuation; • using internal specialists to consider and assess the actuarial assumptions adopted by the Group for the valuation of its retirement benefit obligations. This includes benchmarking the assumptions against a relevant comparator group; • comparing member data to the most recent agreed triennial funding valuation; and • analysing third-party fund manager reports to support the carrying value of the plan assets at 28 December 2014.

The description of risks above should be read in conjunction with the significant issues considered by the Audit & Risk Committee, discussed on pages 43 and 44.

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 £4 million (2013: £5 million), which equates to 4.8% (2013: 5.2%) of profit before tax, adjusted for the gain from the disposal of MeteoGroup, the expense relating to the increased provision for historical legal issues, IAS 39 interest charges and IAS 19 pension expenses. It is also below 1% (2013: 1%) of both revenue and equity and equates to 4.9% (2013: 7.8%) of statutory profit before tax (before impairment in 2013).

We agreed with the Audit & Risk Committee that we would report to the Committee all audit differences in excess of £80,000 (2013: £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 profit before tax and all of the Group's total assets. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at all audit locations was executed at a statutory materiality level determined by reference to the scale of the business concerned, with all entities using materiality lower than Group materiality.

At the parent company level we also tested the consolidation process.

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 principal 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.

The Senior Statutory Auditor visited all of these locations as part of the audit process.

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

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.

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 ten 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 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.

Mark Lee-Amies (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

2 March 2015

CONSOLIDATED INCOME STATEMENT

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

	notes	2014 £m	2013 £m
Revenue	4,5	**636.3**	663.8
Cost of sales		**(329.9)**	(344.9)
Gross profit		**306.4**	318.9
Distribution costs		**(67.5)**	(74.9)
Administrative expenses:			
Non-recurring items:	8		
Impairment of goodwill and other intangible assets		**–**	(225.0)
Other		**(12.0)**	0.6
Amortisation of other intangible assets	15	**(2.2)**	(2.2)
Pension administrative expenses	33	**(3.2)**	(2.8)
Restructuring charges in respect of cost reduction measures		**(14.0)**	(9.9)
Other administrative expenses		**(139.5)**	(142.8)
Share of results of associates:	17		
Results before non-recurring items and amortisation		**6.1**	6.8
Non-recurring items		**27.2**	(0.5)
Amortisation of other intangible assets		**(2.7)**	(3.0)
Operating profit/(loss)		**98.6**	(134.8)
Investment revenues	9	**0.3**	0.3
Pension finance charge	33	**(11.2)**	(13.2)
Finance costs	10	**(6.1)**	(13.1)
Profit/(loss) before tax		**81.6**	(160.8)
Tax (charge)/credit	11	**(11.8)**	64.4
Profit/(loss) for the period attributable to equity holders of the parent		**69.8**	(96.4)

Statutory earnings/(loss) per share		2014 Pence	2013 Pence
Earnings/(loss) per share – basic	13	**28.1**	(39.0)
Earnings/(loss/ per share – diluted	13	**27.4**	(39.0)

Adjusted* earnings per share		2014 Pence	2013 Pence
Earnings per share – basic	13	**32.8**	32.0
Earnings per share – diluted	13	**32.0**	30.7

* Adjusted items relate to the exclusion of non-recurring items (share of non-recurring credit from associate undertakings of £27.2 million and provision for historical legal issues of £12.0 million), restructuring charges in respect of cost reduction measures, 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 36 is the reconciliation between the statutory results and the adjusted results.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

	notes	2014 £m	2013 £m
Profit/(loss) for the period		**69.8**	(96.4)
Items that will not be reclassified to profit and loss:			
Actuarial (losses)/gains on defined benefit pension schemes	33	**(52.8)**	42.5
Tax on actuarial (losses)/gains on defined benefit pension schemes	11	**10.6**	(8.5)
Deferred tax charge resulting from the future change in tax rate	21	**–**	(8.9)
Share of items recognised by associates	17	**–**	(1.0)
Other comprehensive (costs)/income for the period		**(42.2)**	24.1
Total comprehensive income/(costs) for the period		**27.6**	(72.3)

CONSOLIDATED CASH FLOW STATEMENT

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

	notes	2014 £m	2013 £m
Cash flows from operating activities			
Cash generated from operations	24	**90.1**	92.9
Income tax paid		**(17.3)**	(22.0)
Net cash inflow from operating activities		**72.8**	70.9
Investing activities			
Interest received		**0.3**	0.3
Dividends received from associates	17	**16.0**	2.3
Proceeds on disposal of subsidiary undertaking		**0.9**	2.5
Proceeds on disposal of property, plant and equipment		**0.2**	0.7
Purchases of property, plant and equipment		**(6.4)**	(8.0)
Acquisition of associate undertaking	17	**–**	(14.2)
Net cash received from/(used in) investing activities		**11.0**	(16.4)
Financing activities			
Interest paid on borrowings		**(3.9)**	(5.7)
Repayment of borrowings		**(44.2)**	(54.5)
Purchase of shares for LTIP		**(2.2)**	(3.0)
Net cash used in financing activities		**(50.3)**	(63.2)
Net increase/(decrease) in cash and cash equivalents		**33.5**	(8.7)
Cash and cash equivalents at the beginning of the period	19	**15.5**	24.2
Cash and cash equivalents at the end of the period	19	**49.0**	15.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 52 weeks ended 28 December 2014 (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 shares for LTIP	–	–	–	3.0	3.0
At 29 December 2013	(25.8)	(1,121.6)	(4.3)	580.0	(571.7)
Profit for the period	–	–	–	(69.8)	(69.8)
Other comprehensive costs for the period	–	–	–	42.2	42.2
Total comprehensive income for the period	–	–	–	(27.6)	(27.6)
Capital reduction	–	514.8	–	(514.8)	–
Charge to equity for equity-settled share-based payments	–	–	–	2.2	2.2
Purchase of shares for LTIP	–	–	–	2.2	2.2
Reclassification	–	0.1	(0.1)	–	–
At 28 December 2014	**(25.8)**	**(606.7)**	**(4.4)**	**42.0**	**(594.9)**

CONSOLIDATED BALANCE SHEET

at 28 December 2014 (at 29 December 2013)

	notes	2014 £m	2013 £m
Non-current assets			
Goodwill	14	**12.0**	12.0
Other intangible assets	15	**668.9**	671.1
Property, plant and equipment	16	**317.7**	337.6
Investment in associates	17	**41.4**	26.8
Retirement benefit assets	33	**17.8**	15.7
Deferred tax assets	21	**62.1**	57.0
Derivative financial instruments	26	**3.2**	1.9
		1,123.1	1,122.1
Current assets			
Inventories	18	**7.0**	8.9
Trade and other receivables	19	**103.3**	110.5
Cash and cash equivalents	19	**49.0**	15.5
		159.3	134.9
Total assets		**1,282.4**	1,257.0
Non-current liabilities			
Borrowings	25	**(65.3)**	(62.0)
Retirement benefit obligations	33	**(319.0)**	(267.9)
Deferred tax liabilities	21	**(178.0)**	(180.7)
Provisions	22	**(6.9)**	(13.8)
		(569.2)	(524.4)
Current liabilities			
Borrowings	25	**–**	(40.4)
Trade and other payables	20	**(83.0)**	(90.3)
Current tax liabilities	11	**(12.0)**	(16.7)
Provisions	22	**(23.3)**	(10.3)
Derivative financial instruments	26	**–**	(3.2)
		(118.3)	(160.9)
Total liabilities		**(687.5)**	(685.3)
Net assets		**594.9**	571.7
Equity			
Share capital	29,30	**(25.8)**	(25.8)
Share premium account	29,31	**(606.7)**	(1,121.6)
Capital redemption reserve	29	**(4.4)**	(4.3)
Retained earnings and other reserves	29	**42.0**	580.0
Total equity attributable to equity holders of the parent		**(594.9)**	(571.7)

These consolidated financial statements were approved by the Board of directors and authorised for issue on 2 March 2015. They were signed on its behalf by:

SIMON FOX
Chief Executive

VIJAY VAGHELA
Group Finance Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

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 2 to 32.

These consolidated financial statements were approved for issue by the Board of directors on 2 March 2015. The 2014 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 2 March 2015 and will be sent to shareholders who have elected to receive a hard copy by the end of March 2015.

2 Adoption of new and revised standards

Changes in accounting policy

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

- 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
- IAS 36 (Amended) 'Impairment of Assets' – effective for periods beginning on or after 1 January 2014
- IAS 39 (Amended) 'Financial Instruments' – effective for periods beginning on or after 1 January 2014

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:

- IAS 19 (Amended) 'Employee Benefits' – effective for periods beginning on or after 1 February 2015
- IFRIC 21 (Issued) 'Levies' - effective for periods starting on or after 17 June 2014
- Annual Improvements 2010-2012, effective for periods starting on or after 1 February 2015
- Annual Improvements 2011-2013, effective for periods starting on or after 1 January 2015

At the date of approval of these consolidated financial statements, IFRS 9 (Issued) 'Financial Instruments' and IFRS 15 (Issued) 'Revenue from contracts with Customers', which have not been applied and when adopted will have no material impact on the Group, were not yet endorsed by the EU and have no effective date.

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 28 December 2014, prepared in accordance with applicable law and United Kingdom Accounting Standards, are presented on pages 112 to 118.

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 40.

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 28 December 2014 and the comparative period has been prepared for the 52 weeks ended 29 December 2013.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

3 Accounting policies continued

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 28 December 2014. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

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

Business combinations

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

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

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

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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

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 a 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 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.

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.

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.

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

3 Accounting policies continued

Property, plant and equipment 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

3 Accounting policies continued

Share capital

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

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

Dividend distributions

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

Non-recurring items

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

Key sources of estimation uncertainty

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

Impairment of goodwill and other intangible assets

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

Retirement benefits

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

Provisions

There is uncertainty as to liabilities arising from the outcome or resolution of the ongoing historical legal issues.

Critical judgements in applying the Group's accounting policies

No critical judgements in applying the Group's accounting policies have been identified in the current or preceding year.

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 recruitment classified business 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 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 primarily in the UK and the Group is not subject to significant seasonality during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

4 Operating segments continued

Segment revenue and results

52 weeks ended 28 December 2014	Publishing 2014 £m	Printing 2014 £m	Specialist Digital 2014 £m	Central 2014 £m	Total 2014 £m
Revenue					
Segment sales	554.0	188.9	15.8	3.3	762.0
Inter-segment sales	–	(124.4)	(1.3)	–	(125.7)
Total revenue	554.0	64.5	14.5	3.3	636.3
Segment result	113.5	–	2.0	(10.0)	105.5
Amortisation of other intangible assets					(4.9)
Pension administrative expenses					(3.2)
Restructuring charges in respect of cost reduction measures					(14.0)
Non-recurring items					15.2
Operating profit					98.6
Investment revenues					0.3
Pension finance charge					(11.2)
Finance costs					(6.1)
Profit before tax					81.6
Tax charge					(11.8)
Profit for the period					69.8

Following a change in management structure, the Group has moved the revenue and results of fish4 from the Specialist Digital operating segment to the Publishing operating segment. The revision to the operating segments has had no impact on the revenue or operating profit of the Group. The 2013 comparatives have been restated as a result of this change.

The effect of the changes in reporting on the comparatives is shown below:

	As reported 2013 £m	fish4 2013 £m	As restated 2013 £m
Publishing	576.4	2.0	578.4
Specialist Digital	18.7	(2.0)	16.7
Revenue	595.1	–	595.1
Publishing	118.5	–	118.5
Specialist Digital	0.4	–	0.4
Operating profit	118.9	–	118.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

4 Operating segments continued

52 weeks ended 29 December 2013 (restated)	Publishing 2013 £m	Printing 2013 £m	Specialist Digital 2013 £m	Central 2013 £m	Total 2013 £m
Revenue					
Segment sales	578.4	198.4	18.0	3.0	797.8
Inter-segment sales	–	(132.7)	(1.3)	–	(134.0)
Total revenue	578.4	65.7	16.7	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)
Restructuring charges in respect of cost reduction measures					(9.9)
Non-recurring items					(224.9)
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)

5 Revenue

	2014 £m	2013 £m
Circulation	**279.8**	285.8
Advertising	**242.5**	262.7
Printing	**64.5**	65.7
Other	**49.5**	49.6
Total revenue	**636.3**	663.8

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

	2014 £m	2013 £m
UK and Republic of Ireland	**632.7**	659.9
Continental Europe	**3.5**	3.7
Rest of World	**0.1**	0.2
Total revenue	**636.3**	663.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

6 Result for the period

	2014 £m	2013 £m
Operating profit/(loss) for the period is arrived at after (charging)/crediting:		
Staff costs	**(196.1)**	(210.0)
Cost of inventories recognised as cost of sales	**(112.5)**	(107.6)
Depreciation of property, plant and equipment	**(24.5)**	(26.4)
Profit on disposal of fixed assets	**–**	0.2
Write-off of fixed assets	**(0.9)**	(1.2)
Amortisation of other intangible assets		
– excluding associates	**(2.2)**	(2.2)
– share of associates	**(2.7)**	(3.0)
Operating lease rentals payable:		
– property	**(5.4)**	(6.0)
– vehicles, plant and equipment	**(2.3)**	(2.7)
Trade receivables impairment	**(1.6)**	1.4
Net foreign exchange gain	**–**	0.1
Pension administrative expenses	**(3.2)**	(2.8)
Restructuring charges in respect of cost reduction measures	**(14.0)**	(9.9)
Non-recurring items		
– excluding associates	**(12.0)**	(224.4)
– share of associates	**27.2**	(0.5)
Auditor's 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 the 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 auditor contracted at the reporting date (2013: £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 42 to 46 and includes an explanation of how the objectivity and independence of the auditor is safeguarded when non-audit services are provided by the auditor.

Total administrative expenses included in operating profit/(loss) amounted to £170.9 million (2013: £382.1 million) including non-recurring items amounting to a charge of £12.0 million (2013: £224.4 million), pension administrative expenses of £3.2 million (2013: £2.8 million), restructuring charges in respect of cost reduction measures of £14.0 million (2013: £9.9 million) and amortisation of other intangible assets of £2.2 million (2013: £2.2 million).

Total share of results of associates amounted to a profit of £30.6 million (2013: £3.3 million) comprising share of profit before non-recurring items and amortisation of other intangible assets of £6.1 million (2013: £6.8 million), a non-recurring credit of £27.2 million (2013: charge of £0.5 million) and amortisation of other intangible assets of £2.7 million (2013: £3.0 million).

Total foreign exchange losses were £2.3 million (2013: £2.8 million gain) comprising a net foreign exchange gain of £nil (2013: £0.1 million) included in operating profit/(loss) and a loss on the retranslation of borrowings of £2.3 million (2013: £2.7 million gain) included in finance costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

7 Staff costs

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

	2014 Number	2013 Number
Production and editorial	2,569	2,710
Sales and distribution	1,063	1,216
Administration	888	1,107
Total	**4,520**	5,033

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:

	2014 £m	2013 £m
Wages and salaries	(165.2)	(174.9)
Social security costs	(17.4)	(18.0)
Share-based payments credit/(charge) in the period (note 32)	0.4	(2.3)
Pension costs defined contribution pension schemes (note 33)	(13.9)	(14.8)
Total	**(196.1)**	(210.0)

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 and form part of these consolidated financial statements.

8 Non-recurring items

	2014 £m	2013 £m
Provision for historical legal issues (a)	(12.0)	–
Impairment of goodwill and other intangible assets (b)	–	(225.0)
Profit on disposal of subsidiary undertaking (c)	–	0.6
Non-recurring items included in administrative expenses	**(12.0)**	(224.4)
Non-recurring items included in share of results of associates (d)	27.2	(0.5)
Total non-recurring items	**15.2**	(224.9)

(a) The Group is aware of a number of civil claims from individuals in relation to phone hacking. In the period we have provided £12.0 million to cover the cost of dealing with and resolving claims. It remains uncertain as to how these matters will progress, whether further allegations or claims will be made, and their financial impact. Due to this uncertainty a contingent liability has been highlighted in note 37.

(b) At the 2013 reporting date, 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 (notes 14 and 15).

(c) During the second half of 2013, the Group disposed of Trinity Mirror Digital Property Limited realising a profit on disposal of £0.6 million.

(d) Share of the after tax non-recurring items comprising our £27.5 million share of the gain on the disposal by PA Group of its weather forecasting business, MeteoGroup, our £0.4 million share of the profit of MeteoGroup recorded by PA Group up to the date of completion less our £0.7 million share of restructuring costs incurred by PA Group and Local World (note 17).

9 Investment revenues

	2014 £m	2013 £m
Interest income on bank deposits and other interest receipts	0.3	0.3

10 Finance costs

	2014 £m	2013 £m
Interest on bank overdrafts and borrowings	(3.5)	(7.0)
Total interest expense	**(3.5)**	(7.0)
Fair value loss on derivative financial instruments	(0.3)	(8.8)
Foreign exchange (loss)/gain on retranslation of borrowings	(2.3)	2.7
Finance costs	**(6.1)**	(13.1)

11 Tax

	2014 £m	2013 £m
Current tax		
UK corporation tax charge for the period	(14.0)	(19.1)
Prior period adjustment	0.2	1.0
Current tax charge	**(13.8)**	(18.1)
Deferred tax		
Deferred tax credit for the period	2.1	48.3
Prior period adjustment	(0.1)	(0.1)
Deferred tax rate change	–	34.3
Deferred tax credit	**2.0**	82.5
Tax (charge)/credit	**(11.8)**	64.4

	%	%
Reconciliation of tax (charge)/credit		
Standard rate of corporation tax	(21.5)	23.3
Tax effect of items that are not deductible in determining taxable profit/(loss)	(1.1)	(1.0)
Prior period adjustment	0.1	0.6
Deferred tax rate change	–	16.6
Tax effect of share of results of associates	8.0	0.5
Tax (charge)/credit rate	**(14.5)**	40.0

The standard rate of UK corporation tax reduced from 23% to 21% on 1 April 2014. The blended rate for the accounting year is 21.5% being a mix of 23% up to 31 March 2014 and 21% from 1 April 2014 (2013: 23.25% being a mix of 24% up to 31 March 2013 and 23% from 1 April 2013). The current tax liabilities amounted to £12.0 million (2013: £16.7 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% was accounted for in the prior year resulting in a £34.3 million credit in the consolidated income statement and a £8.9 million charge in the consolidated statement of comprehensive income.

The tax on actuarial (losses)/gains on defined benefit pension schemes taken to the consolidated statement of comprehensive income is a credit of £10.6 million comprising a deferred tax credit of £9.8 million and a current tax credit of £0.8 million (2013: a charge of £8.5 million comprising a deferred tax charge of £9.2 million and a current tax credit of £0.7 million).

The tax on share-based payments taken to equity is a charge of £3.3 million comprising a deferred tax charge of £3.7 million and a current tax credit of £0.4 million (2013: deferred tax credit of £5.9 million).

12 Dividends

	2014 Pence	2013 Pence
Dividend proposed	3.0	–
Dividend paid	–	–

No dividends were declared for 2013. In 2014, no interim dividend was declared but it is proposed that a final dividend of 3 pence per ordinary share is paid for 2014 on 4 June 2015 to shareholders on the register on 8 May 2015. The proposed dividend is subject to shareholder approval at the Annual General Meeting on 7 May 2015. If approved, it is estimated that the total cost of the dividend will be some £7.7 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

13 Earnings per share

	2014 £m	2013 £m
Profit after tax before adjusted* items	**81.3**	79.1
Adjusted* items:		
Non-recurring items (after tax)	**17.6**	(180.6)
Amortisation of other intangibles (after tax)	**(4.5)**	(4.8)
Finance costs (after tax)	**(2.1)**	(4.9)
Restructuring charges (after tax)	**(11.0)**	(7.6)
Pension charges (after tax)	**(11.5)**	(12.8)
Tax legislation changes	**–**	35.2
Profit/(loss) for the period	**69.8**	(96.4)

Weighted average number of ordinary shares	2014 Thousand	2013 Thousand
Weighted average number of ordinary shares for basic earnings per share	**248,108**	247,328
Effect of potential dilutive ordinary shares in respect of share options	**6,574**	10,063
Weighted average number of ordinary shares for diluted earnings per share	**254,682**	257,391

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 4,679,307 (2013: 5,215,571).

Statutory earnings/(loss) per share	2014 Pence	2013 Pence
Earnings/(loss) per share – basic	**28.1**	(39.0)
Earnings/(loss)/ per share – diluted	**27.4**	(39.0)

In the prior year potentially dilutive ordinary shares in respect of share options have not been included in the statutory diluted loss per share calculation as they are antidilutive in this instance.

Adjusted* earnings per share	2014 Pence	2013 Pence
Earnings per share – basic	**32.8**	32.0
Earnings per share – diluted	**32.0**	30.7

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

	2014 Pence	2013 Pence
Provision for historical legal issues	**(4.1)**	–
Impairment of goodwill and other intangible assets	**–**	(73.1)
Profit on disposal of subsidiary undertaking	**–**	0.3
Loss per share – non-recurring items included in administrative expenses	**(4.1)**	(72.8)
Profit/(loss) per share – non-recurring items included in share of results of associates	**11.0**	(0.2)
Profit/(loss) per share – total non-recurring items	**6.9**	(73.0)

* Adjusted items relate to the exclusion of non-recurring items (share of non-recurring credit from associate undertakings of £27.2 million and provision for historical legal issues of £12.0 million), restructuring charges in respect of cost reduction measures, 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 36 is the reconciliation between the statutory results and the adjusted results.

14 Goodwill

	2014 £m	2013 £m
Opening balance	**12.0**	17.8
Impairment	**–**	(3.4)
Disposal	**–**	(2.4)
Closing balance	**12.0**	12.0

14 Goodwill continued

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:

	2014 £m	2013 £m
Specialist Digital	**12.0**	12.0
	12.0	12.0

Note 15 sets out the results of the impairment review performed at the reporting date which resulted in no impairment. In the prior year the impairment review 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. In the prior year the Group disposed of Trinity Mirror Digital Property Limited which was a cash-generating unit in the Specialist Digital division.

15 Other intangible assets

	Publishing rights and titles £m	Customer relationships and domain names £m	Total £m
Cost			
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
At 28 December 2014	**1,852.8**	**37.1**	**1,889.9**
Accumulated amortisation			
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)
Amortisation	–	(2.2)	(2.2)
At 28 December 2014	**(1,186.6)**	**(34.4)**	**(1,221.0)**
Carrying amount			
At 29 December 2013	666.2	4.9	671.1
At 28 December 2014	**666.2**	**2.7**	**668.9**

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:

	2014 Publishing rights and titles £m	2014 Customer relationships and domain names £m	Total 2014 £m	2013 Publishing rights and titles £m	2013 Customer relationships and domain names £m	Total 2013 £m
Publishing	**666.2**	**–**	**666.2**	666.2	–	666.2
Specialist Digital	**–**	**2.7**	**2.7**	–	4.9	4.9
	666.2	**2.7**	**668.9**	666.2	4.9	671.1

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.

15 Other intangible assets continued

The Group prepares cash flow projections for a cash-generating unit using the approved budget for 2015 and the projections for 2016 and 2017. 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 2017 are extrapolated based on estimated growth rates which do not exceed the average long-term growth rates for the relevant markets. The growth rates for Publishing are 0% and for Specialist Digital range between 0% and 2.5% and are based on 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% (2013: 11.0%) reflecting a long-term equity and debt mix based on the period end enterprise value assuming a long-term debt to EBITDA ratio of 2.5 times. The equivalent pre-tax discount rate is 14.1% (2013: 14.2%).

The impairment review of the carrying value of assets performed at the reporting date resulted in no impairment. 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 2017 would not change the conclusion of the impairment review.

In 2013, an impairment of £225.0 million was charged in respect of assets relating to the cash-generating units in the Publishing division. The impairment was allocated £3.4 million 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 was 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.

16 Property, plant and equipment

	Land and buildings				
	Freehold £m	Leasehold £m	Plant and equipment £m	Asset under construction £m	Total £m
Cost					
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
Additions	–	–	1.6	4.1	5.7
Disposals	(0.2)	–	–	–	(0.2)
Reclassification	–	–	10.1	(10.1)	–
Write-off of assets	–	–	(1.3)	–	(1.3)
At 28 December 2014	**215.4**	**15.7**	**320.1**	**6.4**	**557.6**
Accumulated depreciation and impairment					
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)
Charge for the period	(4.7)	(0.3)	(19.5)	–	(24.5)
Write-off of assets	–	–	0.4	–	0.4
At 28 December 2014	**(50.5)**	**(3.5)**	**(185.9)**	**–**	**(239.9)**
Carrying amount					
At 29 December 2013	169.8	12.5	142.9	12.4	337.6
At 28 December 2014	**164.9**	**12.2**	**134.2**	**6.4**	**317.7**

	2014 £m	2013 £m
Capital commitments		
Expenditure contracted for but not provided in the consolidated financial statements	**1.0**	1.5

17 Investment in associates

Details of each of the Group's associates at the end of the period are as follows:

Name of associate	Principal activity	Place of incorporation	Interest 2014	Interest 2013
PA Group Limited	News agency	England and Wales	**21.53%**	21.53%
Local World Holdings Limited	Regional publishing company	England and Wales	**19.98%**	19.98%

The Company owns 2.26% of PA Group Limited and 19.98% of Local World Holdings Limited.

	PA Group Limited £m	Local World Holdings Limited £m	Total £m
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
Share of results:			
Results before amortisation and non-recurring items	**0.9**	**5.2**	**6.1**
Non-recurring items	**27.6**	**(0.4)**	**27.2**
Amortisation of other intangible assets	**(0.3)**	**(2.4)**	**(2.7)**
Dividends received	**(12.9)**	**(3.1)**	**(16.0)**
Share of other comprehensive income/(costs)	**0.1**	**(0.1)**	**–**
At 28 December 2014	**26.1**	**15.3**	**41.4**

PA Group Limited	2014 £m	2013 £m
Non-current assets	**43.0**	63.0
Current assets	**95.2**	30.0
Total assets	**138.2**	93.0
Non-current liabilities	**–**	(13.2)
Current liabilities	**(17.0)**	(30.1)
Total liabilities	**(17.0)**	(43.3)
Net assets	**121.2**	49.7
Group's share of net assets	**26.1**	10.7
Revenue	**60.1**	92.9
Profit for the period	**131.0**	6.5
Group's share of results for the period	**28.2**	1.4

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 2013 together with the management accounts up to the end of December 2014 have been used with appropriate year end adjustments made. Included in the share of results of associates was a £27.6 million gain (2013: £nil) on our share of the after tax non-recurring items (comprising our £27.5 million share of the gain on the disposal of its weather forecasting business, MeteoGroup, our £0.4 million share of the profit of MeteoGroup recorded by PA Group up to the date of disposal less £0.3 million after tax non-recurring charge in respect of restructuring charges) and a £0.3 million after tax amortisation of other intangible assets charge (2013: £0.3 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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17 Investment in associates continued

Local World Holdings Limited	**2014 £m**	2013 £m
Non-current assets	**61.0**	78.3
Current assets	**56.3**	49.1
Total assets	**117.3**	127.4
Non-current liabilities	**–**	(9.4)
Current liabilities	**(43.8)**	(40.5)
Total liabilities	**(43.8)**	(49.9)
Net assets	**73.5**	77.5
Group's share of net assets	**14.7**	15.5
Goodwill	**0.6**	0.6
Group's share of interest in associate	**15.3**	16.1
Revenue	**221.2**	230.6
Profit for the period	**12.0**	9.5
Group's share of results for the period	**2.4**	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 audited financial statements of Local World Holdings Limited for the year ended 31 December 2013 together with the management accounts up to the end of December 2014 have been used with appropriate year end adjustments made. Included in the share of results of associates is a £0.4 million after tax non-recurring charge in respect of restructuring charges (2013: £0.5 million) and a £2.4 million after tax amortisation charge (2013: £2.7 million).

18 Inventories

	2014 £m	2013 £m
Raw materials and consumables	**7.0**	8.9

19 Other financial assets

Trade and other receivables	**2014 £m**	2013 £m
Gross trade receivables	**84.1**	96.3
Allowances for doubtful receivables	**(2.8)**	(2.7)
Net trade receivables	**81.3**	93.6
Prepayments and accrued income	**20.6**	15.1
Other receivables	**1.4**	1.8
	103.3	110.5

Net trade receivables

Trade receivables net of allowances for doubtful receivables at the reporting date amounted to £81.3 million (2013: £93.6 million).

The average credit period taken on sales of goods is 48 days (2013: 53 days). No interest is charged on the receivables. The Group has substantially provided fully for all receivables over 120 days because historical experience is such that these receivables are generally not recoverable. Trade receivables less than 120 days are provided for based on specific circumstances and by reference to past default experience.

Before accepting any new customers, the Group, where appropriate, uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed during the period where appropriate. There are two (2013: nil) customers who individually represent more than 10% of net trade receivables.

Included in net trade receivables balance are debtors with a carrying amount of £5.2 million (2013: £4.4 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 85 days (2013: 83 days).

19 Other financial assets continued

Ageing of past due but not impaired receivables	2014 £m	2013 £m
60–90 days	**3.8**	3.7
90–120 days	**1.3**	0.7
120+ days	**0.1**	–
	5.2	4.4

Movement in allowance for doubtful debts	2014 £m	2013 £m
Opening balance	**2.7**	5.6
Impairment losses recognised	**1.6**	(1.4)
Utilisation of provision	**(1.5)**	(1.3)
Disposed of subsidiary undertaking	**–**	(0.2)
Closing balance	**2.8**	2.7

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	2014 £m	2013 £m
90–120 days	**–**	0.5
120+ days	**2.8**	2.2
	2.8	2.7

The carrying amount of trade and other receivables approximates their fair value.

	2014 £m	2013 £m
Cash and cash equivalents	**49.0**	15.5

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of one week or less. The carrying amount of these assets approximates their fair value.

20 Other financial liabilities

Trade and other payables	2014 £m	2013 £m
Trade payables	**(17.4)**	(17.9)
Social security and other taxes	**(5.7)**	(7.8)
Accruals and deferred income	**(52.4)**	(60.4)
Other payables	**(7.5)**	(4.2)
	(83.0)	(90.3)

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 35 days (2013: 35 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

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 £m	Rolled-over and held-over gains £m	Intangibles £m	Retirement benefit obligations £m	Share-based payments £m	Total £m
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	(44.9)	(0.7)	(0.9)	(134.2)	50.4	6.6	(123.7)
Credit/(charge) to consolidated income statement	2.4	0.2	–	0.4	–	(1.0)	2.0
Credit/(charge) to equity	–	–	–	–	9.8	(3.7)	6.1
Reclassification	(0.3)	–	–	–	–	–	(0.3)
At 28 December 2014	**(42.8)**	**(0.5)**	**(0.9)**	**(133.8)**	**60.2**	**1.9**	**(115.9)**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances in the consolidated balance sheet:

	2014 £m	2013 £m
Deferred tax liabilities	(178.0)	(180.7)
Deferred tax assets	62.1	57.0
	(115.9)	**(123.7)**

At the reporting date, the Group has unused tax losses of £3.8 million (2013: £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 (2013: £34.6 million) at the reporting date.

22 Provisions

	Share-based payments £m	Property £m	Restructuring £m	Other £m	Total £m
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)
Released/(charged) to income statement	1.5	(1.1)	(14.0)	(12.7)	(26.3)
Utilisation of provision	0.8	3.1	13.8	2.5	20.2
At 28 December 2014	**(1.4)**	**(9.0)**	**(3.6)**	**(16.2)**	**(30.2)**

The provisions have been analysed between current and non-current as follows:

	2014 £m	2013 £m
Current	(23.3)	(10.3)
Non-current	(6.9)	(13.8)
	(30.2)	**(24.1)**

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

22 Provisions continued

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 restructuring charges incurred in the delivery of cost reduction measures. This provision is expected to be utilised within the next year.

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

	2014 £m	2013 £m
Operating profit/(loss)	**98.6**	(134.8)
Depreciation of property, plant and equipment	**24.5**	26.4
Impairment of goodwill and other intangible assets	**–**	225.0
Amortisation of other intangible assets	**2.2**	2.2
Share of results of associates	**(30.6)**	(3.3)
(Credit)/charge for share-based payments	**(0.4)**	2.3
Profit on disposal of subsidiary undertaking	**–**	(0.6)
Profit on disposal of fixed assets	**–**	(0.2)
Write-off of fixed assets	**0.9**	1.2
Pension administrative expenses	**3.2**	2.8
Pension deficit funding payments	**(18.2)**	(19.0)
Operating cash flows before movements in working capital	**80.2**	102.0
Decrease/(increase) in inventories	**1.9**	(1.9)
Decrease/(increase) in receivables	**6.4**	(4.4)
Increase/(decrease) in payables	**1.6**	(2.8)
Cash flows from operating activities	**90.1**	92.9

25 Borrowings

	2014 £m	2013 £m
Loan notes	**(65.3)**	(102.4)
Derivative financial instruments (note 26)	**–**	(3.2)
	(65.3)	(105.6)
The borrowings are repayable as follows:		
On demand or within one year	**–**	(43.6)
In the third year	**(65.3)**	–
In the fourth year	**–**	(62.0)
	(65.3)	(105.6)
The borrowings are included in the consolidated balance sheet as follows:		
Amount included in non-current liabilities	**(65.3)**	(62.0)
Amount included in current liabilities	**–**	(43.6)
	(65.3)	(105.6)

The amount included in non-current liabilities represents borrowings of £65.3 million (2013: £62.0 million) and in current liabilities represents borrowings of £nil (2013: £40.4 million) and derivative financial instruments of £nil million (2013: £3.2 million). Non-current assets include £3.2 million (2013: £1.9 million) relating to derivative financial instruments which are included in net debt in note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

25 Borrowings continued

	2014 £m	2013 £m
Loan notes movement in the period:		
Opening balance	**(102.4)**	(154.6)
Foreign exchange (loss)/gain on retranslation	**(2.3)**	2.7
Repayments	**39.4**	49.5
Closing balance	**(65.3)**	(102.4)

Composition of loan notes:		
US$252 million loan notes	**(65.3)**	(92.4)
£10 million loan notes	**–**	(10.0)
	(65.3)	(102.4)

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$100 million outstanding in respect of the US$252 million loan notes and £10 million loan notes that were issued in 2002 following repayments made in 2012 and 2014.

At 28 December 2014 the Group had available £60.0 million (2013: £110.0 million) of undrawn committed borrowing facilities of which all conditions precedent had been met. On 25 July 2014, the £110 million bank facility was cancelled and replaced with a £60 million bank facility which is committed until 31 July 2018. The reduced facility reflects the benefit of continued strong cash flows generated by the business and the much reduced leverage of the Group. The Group had no drawings during the year on its bank facilities.

All borrowings are denominated in sterling unless otherwise indicated. The bank facility and the private placement loan notes are unsecured.

The effective interest rates at the reporting date are as follows:

	2014 %	2013 %
US$ denominated loan notes	**7.42**	7.39
£ denominated loan notes	**–**	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:

	2014 £m	2013 £m
US$ denominated loan notes	**(65.3)**	(92.4)
£ denominated loan notes	**–**	(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

26 Derivative financial instruments continued

The movement in the derivative financial instruments is as follows:

	2014 £m	2013 £m
Opening (liability)/asset	**(1.3)**	2.5
Repayments	**4.8**	5.0
Movement in fair value	**(0.3)**	(8.8)
Closing asset/(liability)	**3.2**	(1.3)

The derivative financial instruments are included in the consolidated balance sheet as follows:

	2014 £m	2013 £m
Current liabilities	**–**	(3.2)
Non-current assets	**3.2**	1.9
Closing asset/(liability)	**3.2**	(1.3)

27 Net debt

The statutory net debt for the Group is as follows:

	29 December 2013 £m	Cash flow £m	Derivative financial instruments* £m	Foreign exchange* £m	Loans repaid £m	28 December 2014 £m
Non-current liabilities						
Loan notes	(62.0)	–	–	(3.3)	–	(65.3)
	(62.0)	**–**	**–**	**(3.3)**	**–**	**(65.3)**
Current liabilities						
Loan notes	(40.4)	–	–	1.0	39.4	–
Derivative financial instruments	(3.2)	–	(1.6)	–	4.8	–
	(43.6)	**–**	**(1.6)**	**1.0**	**44.2**	**–**
Non-current assets						
Derivative financial instruments	1.9	–	1.3	–	–	3.2
	1.9	**–**	**1.3**	**–**	**–**	**3.2**
Current assets						
Cash and cash equivalents	15.5	77.7	–	–	(44.2)	49.0
	15.5	**77.7**	**–**	**–**	**(44.2)**	**49.0**
Net debt	**(88.2)**	**77.7**	**(0.3)**	**(2.3)**	**–**	**(13.1)**

* 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:

	29 December 2013 £m	Cash flow £m	Loans repaid £m	28 December 2014 £m
Non-current liabilities				
Loan notes	(68.3)	–	–	(68.3)
	(68.3)	**–**	**–**	**(68.3)**
Current liabilities				
Loan notes	(44.2)	–	44.2	–
	(44.2)	**–**	**44.2**	**–**
Current assets				
Cash and cash equivalents	15.5	77.7	(44.2)	49.0
	15.5	**77.7**	**(44.2)**	**49.0**
Net debt	**(97.0)**	**77.7**	**–**	**(19.3)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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27 Net debt continued

The statutory net debt reconciles to the contracted net debt as follows:

	2014 £m	2013 £m
Statutory net debt	**(13.1)**	(88.2)
Loan notes at period end exchange rate	**65.3**	102.4
Loan notes at swapped exchange rate	**(68.3)**	(112.5)
Cross-currency interest rate swaps	**(3.2)**	1.3
Contracted net debt	**(19.3)**	(97.0)

28 Operating lease commitments

Total commitments under non-cancellable operating leases:

	Vehicles, plant and equipment 2014 £m	Property 2014 £m	Vehicles, plant and equipment 2013 £m	Property 2013 £m
Within one year	**(1.6)**	**(8.1)**	(1.7)	(8.5)
Greater than one and less than five years	**(2.0)**	**(18.8)**	(1.9)	(27.0)
	(3.6)	**(26.9)**	(3.6)	(35.5)

Total future minimum lease payments with tenants under non-cancellable property operating leases:

	2014 £m	2013 £m
Within one year	**2.3**	1.9
Greater than one and less than five years	**5.5**	6.2
	7.8	8.1

29 Share capital and reserves

	Share capital	Share premium account	Capital redemption reserve	Retained earnings and other reserves	Total £m
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 shares for LTIP	–	–	–	3.0	3.0
At 29 December 2013	(25.8)	(1,121.6)	(4.3)	580.0	(571.7)
Total comprehensive income for the period	–	–	–	(27.6)	(27.6)
Capital reduction	–	514.8	–	(514.8)	–
Charge to equity for equity-settled share-based payments	–	–	–	2.2	2.2
Purchase of shares for LTIP	–	–	–	2.2	2.2
Reclassification	–	0.1	(0.1)	–	–
At 28 December 2014	**(25.8)**	**(606.7)**	**(4.4)**	**42.0**	**(594.9)**

The capital redemption reserve represents the nominal value of the shares purchased and subsequently cancelled under share buy-back programmes. The share premium account reflects the premium on issued ordinary shares. The Group obtained court approval at the end of April 2014 for a reduction in the share premium account of £514.8 million to eliminate the deficit on the Company's profit and loss account reserve. Profit generated by the Company after 30 April 2014 is available for distribution to shareholders.

Shares purchased by the Trinity Mirror Employee Benefit Trust (the 'Trust') are included in retained earnings and other reserves at £11.4 million (2013: £13.4 million). During the period the Trust purchased 1,391,620 shares (2013: 2,600,000) for a cash consideration of £2.2 million (2013: £3.0 million). The Trust received a payment of £2.2 million (2013: £3.0 million) from the Company to purchase these shares. During the period, 3,408,484 shares were released to senior managers relating to grants made in prior years (2013: 1,652,091).

Cumulative goodwill written off to reserves in respect of continuing businesses acquired prior to 1998 is £25.9 million (2013: £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.

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30 Called-up share capital

	2014 Number	2014 £m	2013 Number	2013 £m
Authorised				
Ordinary shares of 10 pence each	**450,000,000**	**(45.0)**	450,000,000	(45.0)

	2014 Number	2014 £m	2013 Number	2013 £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 137.0 pence (2013: 85.5 pence) and the highest closing price was 233.5 pence (2013: 208.0 pence). The closing share price as at the reporting date was 155.0 pence (2013: 208.0 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 8,775,706 shares (2013: 10,792,570 shares) with a carrying value of £11,392,208 (2013: £13,435,155) and a market value of £13,602,344 (2013: £22,448,546). In addition, the Trust holds cash to purchase future shares of £6,526 (2013: £6,575). 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 28 December 2014 the trust held 90,855 shares (2013: 90,855 shares) with a carrying value of £445,523 (2013: £445,523) and a market value of £140,825 (2013: £188,978), none of which (2013: none) had options granted over them under the restricted share plan. Dividends on the shares are payable at an amount of 0.01 pence (2013: 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

	2014 £m	2013 £m
Opening balance	**(1,121.6)**	(1,121.6)
Capital reduction (note 29)	**514.8**	–
Reclassification	**0.1**	–
Closing balance	**(606.7)**	(1,121.6)

32 Share-based payments

The credit related to share-based payments during the period was £0.4 million (2013: £2.3 million charge).

Long Term Incentive Plans, Deferred Share Award Plan and Restricted Share Plan

Under these schemes, the Remuneration Committee can recommend the grant of awards of shares to an eligible employee. 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 2013 and 2014 vest if targets measuring the Company's share price are met. The Deferred Shares have no performance conditions.

	2014 Deferred Shares	2014 Performance Shares	2013 Deferred Shares	2013 Performance Shares
Awards outstanding at start of period	**4,782,236**	**10,496,548**	6,474,381	9,532,792
Granted during the period	**–**	**935,709**	–	2,458,487
Forfeited during the period	**–**	**–**	(40,054)	–
Lapsed during the period	**(187,261)**	**(1,805,461)**	–	(1,494,731)
Exercised during the period	**(2,618,797)**	**(789,687)**	(1,652,091)	–
Awards outstanding at end of period	**1,976,178**	**8,837,109**	4,782,236	10,496,548

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32 Share-based payments continued

Long Term Incentive Plans, Deferred Share Award Plan and Restricted Share Plan continued

The share price at the date of grant for the Performance Shares was 216.7 pence (2013: Performance Shares was 105.0 pence).

The weighted average share price at the date of lapse for awards lapsed during the period was 170.8 pence (2013: 112.2 pence).

The weighted average share price at the date of exercise for awards exercised during the period was 183.1 pence (2013: 108.2 pence).

The estimated fair values at the date of grant of the shares awarded are as follows:

	Awarded in 2014 £	Awarded in 2013 £	Awarded in 2012 £
Deferred Shares	–	–	705,000
Performance Shares	1,080,744	1,148,113	343,939

The fair values for the Performance Shares were calculated using a stochastic (Monte-Carlo binomial) model and for the Deferred Shares a modified Black-Scholes calculation at the date of grant. The inputs to the model for awards from 2012 were as follows:

	Performance award 2014	Performance award 2013	Performance award 2012	Deferred award 2012
Expected volatility (%)	50.0	60.0	60.0	–
Expected life (years)	3.0	3.0	3.0	3.0
Risk-free (%)	0.9	0.4	0.4	–

Expected volatility has been determined by calculating the historical volatility of the Company's share price over the three-year period prior to the grant date. The exercise price used in the model is £nil as the exercise price of the granted awards is £1 for each block of awards granted.

In 2014, 96,245 Restricted Shares were awarded based on the 2013 bonus award for certain executives. The award was based on the average share price over the five days prior to the date of the award of 223.2 pence.

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 from 1 July 2013 who are auto enrolled.

The current service cost charged to the consolidated income statement of £13.9 million (2013: £14.8 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 defined benefit pension schemes have all secured their members benefits by way of a buy-in or buy-out with insurance companies. It is expected that these schemes will be wound up during 2015 without further contributions from the Group. On completion of the winding up of these schemes, any surplus assets will be transferred to one of the principal schemes.

33 Retirement benefit schemes continued

Defined benefit pension schemes continued

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 reporting date are expected to be sufficient to pay the uninsured benefits due up to 2044, based on the reporting date assumptions. The remaining uninsured benefit payments, payable from 2045, are due to be funded by a combination of asset outperformance and the deficit contributions currently scheduled to be paid by 2025. The liabilities relate 50% to current pensioners and their spouses or dependants and 50% relate to deferred pensioners. Uninsured benefit payments in 2014 were £46 million, projected to rise to an annual peak in 2039 of £83 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.

The valuations of the principal schemes as at 31 December 2013 were completed on 9 December 2014. The valuations showed deficits of £216.0 million for the Old Scheme/Past Service Scheme, £120.7 million for the MGN Scheme, £31.9 million for the Trinity Scheme and £26.7 million for the MIN Scheme. The next valuation date of the principal schemes is due as at 31 December 2016.

Deficit funding contributions have been agreed totalling £36.2 million for 2015, 2016 and 2017. Contributions remain at around £36 million from 2018 to 2023 and then reduce to around £21 million for 2024 and 2025 after which contributions are due to cease. The combined deficit is expected to be eradicated by 2027 by a combination of the contributions and asset returns over assumed investment returns.

In addition, the Group has agreed that in respect of dividend payments in 2015, 2016 and 2017 that additional contributions would be paid at 50% of the excess if dividends in 2015 were above 5 pence per share. For 2016 and 2017 the threshold increases in line with the increase in dividends capped at 10%.

During 2014, contributions paid to the defined benefit pension schemes were £18.2 million. In December 2014, the Group pre paid deficit funding contributions of £16.5 million in respect of 2015 and £0.5 million in respect of 2016 and other contributions of £1.2 million. Payments were £9.2 million (2013: £11.6 million) to the Past Service Scheme, £3.7 million (2013: £4.0 million) to the MGN Scheme, £2.7 million (2013: £1.0 million) to the Trinity Scheme, £2.6 million (2013: £1.6 million) to the MIN Scheme and £nil (2013: £0.8 million) to the smaller schemes. During 2013, contributions paid to the defined benefit pension schemes amounted to £19.0 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.

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 20% 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 32% 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 55% 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 in 2013 which resulted in a pension cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

33 Retirement benefit schemes continued

Defined benefit pension schemes continued

Risks (continued)

Actuarial projections at the reporting date showed removal of the accounting deficit by 2023 due to scheduled contributions and asset outperformance over assumed investment returns.

Results

For the purposes of the Group's 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 2014, 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	(606.7)	(487.8)	(304.0)	(93.9)
Present value of insured scheme liabilities	(186.4)	–	(79.3)	(105.1)
Total present value of scheme liabilities	**(793.1)**	**(487.8)**	**(383.3)**	**(199.0)**
Invested and cash assets at fair value	405.3	397.2	320.1	66.9
Value of liability matching insurance contracts	186.4	–	79.3	105.1
Total value of scheme assets	**591.7**	**397.2**	**399.4**	**172.0**
Net scheme (deficit)/surplus	**(201.4)**	**(90.6)**	**16.1**	**(27.0)**

Based on actuarial advice, the assumptions used in calculating the scheme liabilities and the actuarial value of those liabilities are:

	2014	2013
Financial assumptions (nominal % pa)		
Discount rate	**3.70**	4.40
Retail price inflation rate	**3.05**	3.35
Consumer price inflation rate	**1.85**	2.35
Rate of pension increase in deferment	**1.85**	2.35
Rate of pension increases in payment	**3.85**	3.95
Mortality assumptions – future life expectancies from age 65 (years)		
Male currently aged 65	**22.0**	22.3
Female currently aged 65	**23.9**	24.4
Male currently aged 55	**22.8**	23.1
Female currently aged 55	**24.8**	25.4

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	-135/+148	-121/+133
Retail price inflation rate +/- 0.5% pa	+25/-25	+18/-18
Consumer price inflation rate +/- 0.5% pa	+43/-41	+43/-41
Life expectancy at age 65 +/- 1 year	+71/-69	+64/-62

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.

33 Retirement benefit schemes continued

Defined benefit pension schemes continued

Results (continued)

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	2014 £m	2013 £m
Pension scheme administrative expenses	(3.2)	(2.8)
Pension scheme finance charge	(11.2)	(13.2)
Defined benefit cost recognised in income statement	**(14.4)**	(16.0)

Consolidated statement of comprehensive income	2014 £m	2013 £m
Actuarial loss due to liability experience	(7.9)	(11.8)
Actuarial loss due to liability assumption changes	(90.6)	(15.4)
Total liability actuarial loss	(98.5)	(27.2)
Returns on scheme assets greater than discount rate	45.7	69.7
Total (loss)/gain recognised in statement of comprehensive income	**(52.8)**	42.5

Consolidated balance sheet	2014 £m	2013 £m
Present value of uninsured scheme liabilities	(1,492.4)	(1,392.0)
Present value of insured scheme liabilities	(370.8)	(424.1)
Total present value of scheme liabilities	**(1,863.2)**	(1,816.1)
Invested and cash assets at fair value	1,191.2	1,139.8
Value of liability matching insurance contracts	370.8	424.1
Total value of scheme assets	**1,562.0**	1,563.9
Net scheme deficit	**(301.2)**	(252.2)

Non-current assets – retirement benefit assets	17.8	15.7
Non-current liabilities – retirement benefit obligations	(319.0)	(267.9)
Net scheme deficit	**(301.2)**	(252.2)

Net scheme deficit included in consolidated balance sheet	(301.2)	(252.2)
Deferred tax included in consolidated balance sheet	60.2	50.4
Net scheme deficit after deferred tax	**(241.0)**	(201.8)

Movement in net scheme deficit	2014 £m	2013 £m
Opening net scheme deficit	(252.2)	(297.7)
Contributions	18.2	19.0
Consolidated income statement	(14.4)	(16.0)
Consolidated statement of comprehensive income	(52.8)	42.5
Closing net scheme deficit	**(301.2)**	(252.2)

Changes in the present value of scheme liabilities	2014 £m	2013 £m
Opening present value of scheme liabilities	(1,816.1)	(1,803.6)
Interest cost	(76.5)	(79.4)
Actuarial loss – experience	(7.9)	(11.8)
Actuarial gain – change to demographic assumptions	41.6	59.0
Actuarial loss – change to financial assumptions	(132.2)	(74.4)
Benefits paid	79.7	82.7
Buy-out	48.2	11.4
Closing present value of scheme liabilities	**(1,863.2)**	(1,816.1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

33 Retirement benefit schemes continued

Defined benefit pension schemes continued

Results (continued)

Changes in the fair value of scheme assets	2014 £m	2013 £m
Opening fair value of scheme assets	1,563.9	1,505.9
Interest income	65.3	66.2
Actual return on assets greater than discount rate	45.7	69.7
Contributions by employer	18.2	19.0
Benefits paid	(79.7)	(82.7)
Administrative expenses	(3.2)	(2.8)
Buy-out	(48.2)	(11.4)
Closing fair value of scheme assets	**1,562.0**	1,563.9

Fair value of scheme assets	2014 £m	2013 £m
UK equities	219.6	223.7
US equities	189.3	159.0
Other overseas equities	251.2	230.3
Property	26.8	28.2
Corporate bonds	248.7	264.7
Fixed interest gilts	56.3	63.9
Index linked gilts	79.0	67.4
Cash and other	120.3	102.6
Invested and cash assets at fair value	1,191.2	1,139.8
Value of liability matching insurance contracts	370.8	424.1
Fair value of scheme assets	**1,562.0**	1,563.9

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:

	2014 £m	2013 £m
Contracted net debt (note 27)	(19.3)	(97.0)
EBITDA	130.0	134.4
Net debt to EBITDA	**0.1**	0.7
Operating profit (note 36)	105.5	108.0
Total interest expense (note 10)	(3.5)	(7.0)
Interest cover	**30.1**	15.4

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, restructuring costs and amortisation. Total interest expense is interest on bank overdrafts and borrowing.

34 Financial instruments continued

Gearing ratio continued

For the period from 1 January 2014 to 30 June 2014, the financial covenants attached to the £110 million bank facility were a minimum interest cover of 4.5 times and a maximum net debt to EBITDA ratio of 2.5 times.

In July 2014 the Group cancelled the £110 million bank facility and entered into a new £60 million bank facility that expires on 31 July 2018. For the period 1 July 2014 to 31 December 2014 the financial covenants attached to this new facility are a minimum interest cover of 5.0 times and a maximum net debt to EBITDA ratio of 2.5 times.

For 2014, the financial covenants in respect of the private placement loan notes were for interest cover a minimum cover of 2.0 times and a maximum net debt to EBITDA ratio of 4.0 times.

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.

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 in to or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group's Treasury function provides a regular updates 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	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Euro	–	–	**1.3**	2.0
US$	**(62.1)**	(93.7)	**0.2**	0.4

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% (2013: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

34 Financial instruments continued

Foreign currency sensitivity analysis continued

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.

	Euro currency impact		US$ currency impact	
10% strengthening of sterling	**2014 £m**	2013 £m	**2014 £m**	2013 £m
Decrease in profit	**(0.1)**	(0.2)	**–**	–
Decrease in equity	**–**	–	**–**	–

	Euro currency impact		US$ currency impact	
10% weakening of sterling	**2014 £m**	2013 £m	**2014 £m**	2013 £m
Increase in profit	**0.1**	0.2	**–**	–
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 £0.7 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 2014 an interest rate swap entered into in June 2012 which converted the floating rate interest payments on £100.0 million of principal into fixed rate payments expired. No further interest rate swaps have been entered into by the Group.

Other price risks

The Group has no significant listed equity investments and is not directly exposed to equity price risk. The Group has indirect exposure through its defined benefit pension schemes.

34 Financial instruments continued

Credit risk management

Credit risk refers to the risk that a counter-party 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 Group Finance Director 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.

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	2014 Credit limit £m	2014 Balance £m	2013 Credit limit £m	2013 Balance £m
Santander UK	London	A	5.0	5.0	5.0	–
Lloyds TSB Bank plc	London	A	5.0	22.7	5.0	11.6
National Westminster Bank	London	A -	5.0	8.9	5.0	3.2
Royal Bank of Scotland plc	London	A -	5.0	12.1	5.0	0.5
Ulster Bank plc	Dublin	BBB+	–	0.3	–	0.1

The Board has agreed that due to the risk profile of and the substantial Government shareholding in Lloyds TSB Bank plc and Royal Bank of Scotland plc/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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

34 Financial instruments continued

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
2014				
Non-derivative financial instruments:				
Sterling fixed interest rate	**–**	**–**	**–**	**–**
Non-sterling fixed interest rate	**(4.7)**	**(4.7)**	**(66.2)**	**–**
Derivative financial instruments:				
Financial assets	**4.7**	**4.7**	**66.2**	**–**
Financial liabilities	**(1.4)**	**(1.4)**	**(69.0)**	**–**
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)

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 £60 million (2013: £110 million). The facility expires on 31 July 2018. 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 26.

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 (2013: £nil) and the Group incurred charges for services received of £2.6 million (2013: £4.2 million). The amount outstanding at the reporting date amounted to £nil (2013: £nil) owed to PA Group Limited.

Local World Holdings Limited

The Group earned revenue of £7.6 million (2013: £7.2 million) and the Group incurred charges for services received of £nil (2013: £nil). The amount outstanding at the reporting date amounted to £0.5 million (2013: £0.5 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.

35 Related party transactions continued

Compensation of key management personnel

Key management includes the non-executive directors, the executive directors and the direct reports of the Chief Executive.

	2014 £m	2013 £m
Short-term employee benefits	**(3.9)**	(3.7)
Retirement benefits	**(0.5)**	(0.5)
Share-based payments in the period	**(1.0)**	(1.4)
Compensation for loss of office	**(0.8)**	–
	(6.2)	(5.6)

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.

36 Reconciliation of statutory results to adjusted results

For the 52 weeks ended 28 December 2014

	Statutory results £m	**Non-recurring items[(a)] £m**	**Amortisation[(b)] £m**	**Pension charges[(c)] £m**	**Restructuring charges[(d)] £m**	**Finance costs[(e)] £m**	**Tax items[(f)] £m**	**Adjusted results £m**
Revenue	**636.3**	**–**	**–**	**–**	**–**	**–**	**–**	**636.3**
Operating profit	**98.6**	**(15.2)**	**4.9**	**3.2**	**14.0**	**–**	**–**	**105.5**
Profit before tax	**81.6**	**(15.2)**	**4.9**	**14.4**	**14.0**	**2.6**	**–**	**102.3**
Profit after tax	**69.8**	**(17.6)**	**4.5**	**11.5**	**11.0**	**2.1**	**–**	**81.3**
Basic EPS (p)	**28.1**	**(6.9)**	**1.8**	**4.6**	**4.4**	**0.8**	**–**	**32.8**

For the 52 weeks ended 29 December 2013

	Statutory results £m	Non-recurring items[(a)] £m	Amortisation[(b)] £m	Pension charges[(c)] £m	Restructuring charges[(d)] £m	Finance costs[(e)] £m	Tax items[(f)] £m	Adjusted results £m
Revenue	663.8	–	–	–	–	–	–	663.8
Operating (loss)/profit	(134.8)	224.9	5.2	2.8	9.9	–	–	108.0
(Loss)/profit before tax	(160.8)	224.9	5.2	16.0	9.9	6.1	–	101.3
(Loss)/profit after tax	(96.4)	180.6	4.8	12.8	7.6	4.9	(35.2)	79.1
Basic (LPS)/EPS (p)	(39.0)	73.0	1.9	5.2	3.1	2.0	(14.2)	32.0

(a) Non-recurring items relate to the items charged or credited to operating profit as set out in note 8.

(b) Amortisation of the Group's other intangible assets and amortisation included in share of results of associates as set out in note 17.

(c) Pension finance charge and pension administrative expenses relating to the defined benefit pension schemes as set out in note 33.

(d) Restructuring charges in respect of cost reduction measures as set out in note 22.

(e) Impact of the translation of foreign currency borrowings and fair value changes on derivative financial instruments as set out in note 10.

(f) Tax items relate to the impact of tax legislation changes due to the change in the corporation tax rate on the opening deferred tax position and prior year tax adjustments included in the taxation charge or credit as set out in note 11.

37 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 28 December 2014 (at 29 December 2013) Company registration number 82548

	notes	2014 £m	2013 £m
Fixed assets			
Investments in subsidiary undertakings	4	**811.8**	811.8
Investments in associated undertakings	5	**14.2**	14.2
		826.0	826.0
Current assets			
Debtors			
– due within one year	6	**4.3**	2.5
– due after more than one year	6	**3.2**	1.9
Cash at bank and in hand		**19.4**	5.9
		26.9	10.3
Creditors: amounts falling due within one year			
Borrowings	8	**–**	(47.5)
Other creditors	9	**(103.1)**	(88.8)
		(103.1)	(136.3)
Net current liabilities		**(76.2)**	(126.0)
Total assets less current liabilities		**749.8**	700.0
Creditors: amounts falling due after more than one year			
Borrowings	8	**(65.3)**	(62.0)
Deferred tax liabilities	7	**(1.1)**	(1.2)
		(66.4)	(63.2)
Net assets before pension scheme assets		**683.4**	636.8
Pension scheme assets	10	**–**	0.1
Net assets		**683.4**	636.9
Equity capital and reserves			
Called-up share capital	11	**25.8**	25.8
Share premium account	12	**606.7**	1,121.6
Capital redemption reserve	13	**4.4**	4.3
Profit and loss account	13	**46.5**	(514.8)
Equity shareholders' funds		**683.4**	636.9

These parent company financial statements were approved by the Board of directors and authorised for issue on 2 March 2015.

They were signed on its behalf by:

SIMON FOX
Chief Executive

VIJAY VAGHELA
Group Finance Director

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

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.

During the current year new UK GAAP standards FRS 100, FRS 101, FRS 102 and FRS 103 were issued by the UK Accounting Standards Board. Existing UK GAAP will remain effective for periods commencing on or before 31 December 2014. For periods beginning on or after 1 January 2015, all previously effective FRSs, SSAPs, UITF Abstracts will be withdrawn and the requirements of New UK GAAP will become applicable. When and if adopted they will have a material impact on the parent company financial statements.

Basis of preparation and accounting

These parent company financial statements have been prepared on a going concern basis as set out in the Corporate Governance Report. 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 rate 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.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

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 profit for the period of £47.7 million (2013: £712.5 million loss). 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:

	2014 Number	2013 Number
Administration	**9**	8

A number of employees (not directors) who have contracts of employment with the Company are charged to other Group companies and their staff costs are disclosed in those companies' statutory accounts.

All employees are employed in the United Kingdom.

	2014 £m	2013 £m
Staff costs, including directors' emoluments, incurred during the period were:		
Wages and salaries	**2.3**	2.2
Social security costs	**0.4**	0.6
Share-based payments	**(0.4)**	2.1
Pension benefit	**0.4**	0.4
Compensation for loss of office	**0.5**	–
	3.2	5.3

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 47 to 61 and form part of these parent company financial statements. Further details of share-based payments are contained in note 32 in the notes to the consolidated financial statements.

4 Investments in subsidiary undertakings

	Shares in subsidiary undertakings £m
Cost at beginning and end of period	1,511.8
Provisions for impairment at beginning and end of period	(700.0)
Net book value at beginning and end of period	**811.8**

At the period end reporting date an impairment review was undertaken which indicated that no impairment in the investments held by the Company was required (2013: £700.0 million 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 8 and 15 in the notes to the consolidated financial statements

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 2017 would reduce the surplus in respect of the investment in Trinity Mirror Group Limited by some £70 million but would not change the conclusion of the impairment review. These sensitivities have no impact on the other investments held by the Company.

5 Investments in associated undertakings

	Shares in associated undertakings £m
Cost at beginning and end of period	**14.2**

Investment in associates includes the carrying value of our 19.98% investment in Local World Holdings Limited. Further details relating to the associate are disclosed in note 17 in the notes to the consolidated financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

6 Debtors

	2014 £m	2013 £m
Amounts falling due within one year:		
Other debtors	**4.3**	2.5
Amounts falling due after more than one year:		
Derivative financial instruments	**3.2**	1.9

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

	2014 £m	2013 £m
Opening liability	**(1.2)**	(3.2)
Change of tax rate applying to deferred tax	**–**	0.4
Revised opening balance	**(1.2)**	(2.8)
Tax credit	**0.1**	1.6
Closing liability	**(1.1)**	(1.2)

8 Borrowings

	Due after more than one year 2014 £m	Due within one year 2013 £m	Due after more than one year 2013 £m
Bank overdrafts	**–**	(3.9)	–
Loan notes	**(65.3)**	(40.4)	(62.0)
Derivative financial instruments	**–**	(3.2)	–
	(65.3)	(47.5)	(62.0)

	2014 £m	2013 £m
Loan notes comprise:		
US$252 million unsecured loan notes	**(65.3)**	(92.4)
£10 million unsecured loan notes	**–**	(10.0)
	(65.3)	(102.4)

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$100 million 7.42% Series C notes due 20 June 2017.

All the loan notes are repayable in full on maturity. Both the capital repayment and interest payments under the US$ denominated loan notes have been swapped into floating rate sterling through the use of cross-currency interest rate swaps. At 28 December 2014, £65.3 million (2013: £102.4 million) (net of costs) remains outstanding under these loan notes. The costs of the issue are being written off over the term of the notes.

Syndicated unsecured bank loan

On 25 July 2014, the £110 million bank facility was cancelled and replaced with a £60 million facility which is committed until 31 July 2018. There are no drawings on the £60 million bank facility at the reporting date. There was no drawing at 29 December 2013 on the bank facility of £110 million. The facility was in place until August 2015 and reduced to £101.8 million in March 2014.

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.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

9 Other creditors

	2014 £m	2013 £m
Amounts owed to subsidiary undertakings	**(101.2)**	(85.1)
Share-based payments	**(0.9)**	(2.9)
Restructuring	**(0.5)**	–
Accruals and deferred income	**(0.5)**	(0.8)
	(103.1)	(88.8)

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

The restructuring provision relates to restructuring charges incurred in the delivery of cost reduction measures.

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 £13,000 (2013: £21,000) 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.

On 13 January 2014, the annuity policy was fully converted into individual member annuity policies outside of the scheme, with no further premiums due. There is no interest or any gains or losses on the liabilities or assets due to movements in the value of the policy. No assets or liabilities remain in the scheme. Contributions in 2014 were £nil (2013 £0.1 million). Contributions of £nil are expected in 2015.

The amount included in the balance sheet in respect of the Scheme is as follows:

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Fair value of the Scheme's assets	**–**	23.9	23.3	23.2	24.3
Actuarial value of the Scheme's liabilities	**–**	(23.8)	(23.1)	(22.6)	(20.3)
Net surplus	**–**	0.1	0.2	0.6	4.0
Deferred tax	**–**	–	–	(0.1)	(1.1)
Net surplus	**–**	0.1	0.2	0.5	2.9

The movement in the surplus during the period is analysed below:

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Opening surplus in the Scheme	**0.1**	0.2	0.6	4.0	4.4
Contributions	**–**	0.1	0.3	1.1	0.5
Pension finance credit	**–**	–	–	0.1	0.3
Actuarial losses	**(0.1)**	(0.2)	(0.7)	(4.6)	(1.2)
Net surplus in the Scheme	**–**	0.1	0.2	0.6	4.0

The movement in the fair value of Scheme's assets during the period is analysed below:

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Opening fair value of Scheme's assets	**23.9**	23.3	23.2	24.3	17.1
Expected return on Scheme's assets	**–**	1.0	1.1	1.2	0.9
Actuarial (loss)/gain on Scheme's assets	**(0.1)**	0.4	(0.1)	(1.8)	1.2
Contributions	**–**	0.1	0.3	1.1	0.5
Benefits paid	**–**	(0.9)	(1.2)	(1.6)	(1.4)
Bulk transfer out due to buy out	**(23.8)**	–	–	–	–
Annuity contract	**–**	–	–	–	6.0
Closing fair value of Scheme's assets	**–**	23.9	23.3	23.2	24.3

10 Pension scheme assets and liabilities continued

The movement in the actuarial value of the Scheme's liabilities during the period is analysed below:

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Opening actuarial value of Scheme's liabilities	(23.8)	(23.1)	(22.6)	(20.3)	(12.7)
Interest on Scheme's liabilities	–	(1.0)	(1.1)	(1.1)	(0.6)
Loss on change of assumptions	–	(0.6)	(0.7)	(1.1)	(0.1)
Experience gain/(loss) on liabilities	–	–	0.1	(1.7)	(2.3)
Benefits paid	–	0.9	1.2	1.6	1.4
Bulk transfer out due to buy out	23.8	–	–	–	–
Annuity contract	–	–	–	–	(6.0)
Closing actuarial value of Scheme's liabilities	–	(23.8)	(23.1)	(22.6)	(20.3)

11 Called-up share capital

The details of the Company's called-up share capital and dividends are disclosed in notes 30 and 12 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	(514.8)
Reduction in share premium account	–	514.8
Transfer of retained profit for the period	–	47.7
Other net recognised gains and losses in the period	–	(0.1)
Purchase of shares for LTIP	–	(2.2)
Share-based payments credit	–	1.1
Reclassification	0.1	–
Closing balance	4.4	46.5

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:

	2014 £m	2013 £m
Profit and loss account excluding pension scheme	46.5	(514.9)
Pension scheme	-	0.1
Profit and loss account	46.5	(514.8)

The Company obtained court approval at the end of April 2014 for a reduction in the share premium account of £514.8 million to eliminate the deficit on the Company's profit and loss account reserve. As such, the Company will rebuild distributable reserves from the end of April 2014. This is further explained on note 29 in the notes to the consolidated financial statements.

14 Operating lease commitments

The Company has annual commitments under non-cancellable operating leases in respect of land and buildings as follows:

	2014 £m	2013 £m
On operating leases which expire in second to fifth years	6.9	6.9

The Company had contracted with tenants for the following future minimum lease payments:

	2014 £m	2013 £m
On operating leases which expire in second to fifth years	2.2	1.7

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS continued

for the 52 weeks ended 28 December 2014 (52 weeks ended 29 December 2013)

15 Principal subsidiaries

Details of the Company's principal subsidiaries, all of which are incorporated in the United Kingdom, at 28 December 2014 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	Newspaper publishing	100.00
Scottish Daily Record and Sunday Mail Limited	Newspaper publishing	100.00
Gazette Media Company Limited	Newspaper publishing	100.00
NCJ Media Limited	Newspaper publishing	100.00
Trinity Mirror Southern Limited	Newspaper publishing	100.00
Media Wales Limited	Newspaper publishing	100.00
Trinity Mirror North West & North Wales Limited	Newspaper publishing	100.00
Trinity Mirror Cheshire Limited	Newspaper publishing	100.00
Trinity Mirror Merseyside Limited	Newspaper publishing	100.00
Trinity Mirror North Wales Limited	Newspaper publishing	100.00
Trinity Mirror Huddersfield Limited	Newspaper publishing	100.00
Trinity Mirror Midlands Limited	Newspaper publishing	100.00
Scottish and Universal Newspapers Limited	Newspaper publishing	100.00
MEN Media Limited	Newspaper publishing	100.00
AMRA Limited	National advertising sales house	100.00
Trinity Mirror Printing Limited	Contract printers	100.00
Trinity Mirror Printing (Blantyre) Limited	Contract printers	100.00
Trinity Mirror Printing (Cardiff) Limited	Contract printers	100.00
Trinity Mirror Printing (Midlands) Limited	Contract printers	100.00
Trinity Mirror Printing (Newcastle) Limited	Contract printers	100.00
Trinity Mirror Printing (Oldham) Limited	Contract printers	100.00
Trinity Mirror Printing (Saltire) Limited	Contract printers	100.00
Trinity Mirror Printing (Teesside) Limited	Contract printers	100.00
Trinity Mirror Printing (Watford) Limited	Contract printers	100.00
Trinity Mirror Digital Recruitment Limited	Online recruitment	100.00
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 2014 annual return and submitted to Companies House. A full list of subsidiaries will be submitted to Companies House during 2015.

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, 7 May 2015 at the Hilton London Canary Wharf Hotel, 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 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

In recent years, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. 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'. These 'brokers' can be very persistent and extremely persuasive. A 2006 survey by the Financial Services Authority reported that the average amount lost by investors is around £20,000.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free reports of the Company.

How to avoid share fraud

1. Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
2. Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
3. Check the Financial Services Register from www.fca.org.uk to see if the person and firm contacting you is authorised by the FCA.
4. Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
5. Use the firm's contact details listed on the Register if you want to call it back.
6. Call the FCA on 0800 111 6768 if the firm does not have contact details on the Register or you are told they are out of date.
7. Search the list of unauthorised firms to avoid at www.fca.org.uk/scams.
8. Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
9. Think about getting independent financial and professional advice before you hand over any money.
10. Remember: if it sounds too good to be true, it probably is!

Report a scam

If you are approached about an investment scam you should tell the FCA using the share fraud reporting form at www.fca.org.uk/scams, where you can find out more about investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768.

If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040.

Details of any share dealing facilities that the Company endorses will be included in Company mailings.

Analysis of share register at 28 December 2014

As at 28 December 2014, there were 14,153 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	417	2.95%	12,374	0.01%
51–100	5,261	37.17%	390,826	0.15%
101–500	6,207	43.86%	1,312,657	0.51%
501–1,000	902	6.37%	652,511	0.25%
1,001–10,000	1,077	7.61%	3,010,650	1.17%
10,001–50,000	131	0.92%	3,036,898	1.18%
50,001–100,000	24	0.17%	1,783,542	0.69%
100,001–500,000	69	0.49%	15,899,341	6.17%
500,001–1,000,000	27	0.19%	19,615,766	7.61%
1,000,001+	38	0.27%	211,975,955	82.26%
Totals	**14,153**	**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.

Adjusted	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Income statement					
Revenue	**636**	664	707	761	770
Operating profit	**106**	108	107	105	123
Finance costs net of investment revenues	**(4)**	(7)	(8)	(13)	(14)
Profit before tax	**102**	101	99	92	109
Tax charge	**(21)**	(22)	(25)	(25)	(31)
Profit for the period	**81**	79	74	67	78
Basic earnings per share	**32.8p**	32.0p	29.9p	27.0p	30.6p

Statutory	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Income statement					
Revenue	**636**	664	707	761	770
Operating profit/(loss)	**99**	(135)	35	92	138
Pension finance (charge)/credit	**(11)**	(13)	(11)	3	(7)
Finance costs net of investment revenues	**(6)**	(13)	(14)	(21)	(7)
Profit/(loss) before tax	**82**	(161)	10	74	124
Tax (charge)/credit	**(12)**	64	7	4	(11)
Profit/(loss) for the period	**70**	(96)	17	78	113
Basic earnings/(loss) per share	**28.1p**	(39.0)p	6.8p	31.4p	44.6p

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Balance sheet					
Intangible assets	**681**	683	913	976	970
Property, plant and equipment	**318**	338	358	382	410
Other assets and liabilities	**(391)**	(361)	(490)	(482)	(463)
	608	660	781	876	917
Net debt	**(13)**	(88)	(142)	(201)	(237)
Net assets	**595**	572	639	675	680
Total equity	**(595)**	(572)	(639)	(675)	(680)

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