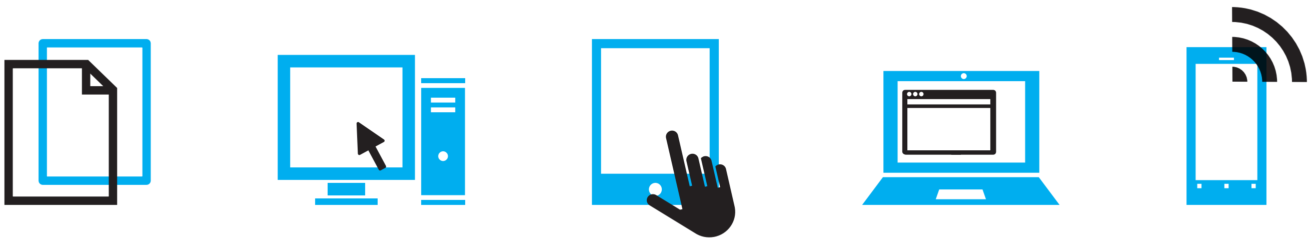
Trinity Mirror plc

Annual Report 2015



www.trinitymirror.com

WELCOME TO THE TRINITY MIRROR PLC ANNUAL REPORT FOR THE 52 WEEKS ENDED 27 DECEMBER 2015

TRINITY MIRROR IS THE LARGEST NATIONAL AND REGIONAL MULTIMEDIA CONTENT PUBLISHER IN THE UK, COMPRISING NATIONAL AND REGIONAL NEWSBRANDS ACROSS THE COUNTRY

FOR FURTHER INFORMATION OR TO READ THE ANNUAL REPORT ONLINE, GO TO WWW.TRINITYMIRROR.COM

IN SUMMARY

Although the markets we operate in are challenging, our **performance remains robust** with revenue declines in print being offset by cost mitigation to support profits and with our continued **investment in digital**.

Growing digital audience and revenue across **multiple digital channels**.

Strong cash generation provides financial flexibility to invest, to grow dividends and to meet pension obligations.

Strategy remains on track and **good progress is being made on the integration of Local World**.

Statutory results

Revenue	Operating profit	Earnings per share	Dividend per share
£592.7m	**£82.2m**	**30.2p**	**5.15p**
£636.3m	£98.6m	28.1p	3.00p

Adjusted results[1]

Revenue	Underlying revenue[2]	Operating profit	EBITDA
£592.7m	**£572.1m**	**£109.6m**	**£132.0m**
£636.3m	£620.7m	£105.5m	£130.0m

Net debt[3]	Net cash flow[4]	Operating margin	Earnings per share
£92.9m	**£63.8m**	**18.5%**	**33.9p**
£19.3m	£77.7m	16.6%	32.8p

In addition to the financial performance measures above, the Group is focused on a number of other key performance indicators to deliver the Group's strategy. These are set out in the strategy and key performance indicators section of the Strategic Report on pages 8 and 9.

1 Alongside the statutory results, the Group presents its performance on an adjusted basis. The adjusted results aim to provide a more meaningful comparison of the performance of the Group without the volatility created by non-recurring items and restructuring charges and by 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 pension administrative expenses, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments, the pension finance charge and the impact of tax legislation changes. Set out in note 37 in the notes to the consolidated financial statements is a reconciliation between the statutory results and the adjusted results.

2 Underlying revenue excludes revenue from Local World in 2015 (£20.6 million being external revenue of Local World of £21.2 million less £0.6 million now being accounted for as internal printing revenue) and in 2014 from title closures in the South (£4.5 million) and newsprint supply to the Independent and *i* (£11.1 million) which ceased at the end of 2014.

3 On a contracted basis assuming that the private placement loan notes and related cross-currency interest rate swap is not terminated prior to maturity.

4 The Group generated net cash inflows of £63.8 million before the net cash payments of £137.4 million relating to the acquisition of Local World. Including these payments, contracted net debt for the year increased by £73.6 million.

CHAIRMAN'S INTRODUCTION

Key Points

- ☑ Profits up and strong cash flows
- ☑ Acquisition of Local World
- ☑ New non-executive directors
- ☑ Board confident in strategy and management

See page 31 for Chairman's Governance introduction

"DESPITE THE STRONG HEADWINDS IN OUR INDUSTRY, WE HAVE SUCCEEDED IN ENDING THE YEAR IN BETTER SHAPE THAN WE STARTED IT."

David Grigson, Chairman

Last year I ended my Chairman's introduction by saying that we would do our best to end the year ahead in even better shape than we started it. I believe that, despite the strong headwinds in our industry, we have succeeded in achieving this goal.

As this Annual Report demonstrates, our profits were up on last year and we were able to put our strong cash flows to good use by acquiring Local World. The acquisition has a compelling strategic and financial rationale, reinforcing our position as the largest national and regional news publisher in the UK, and it better enables the Group to serve our audiences and our advertisers. On behalf of the Board, I welcome our new colleagues from Local World and look forward to working with you over the coming years.

Board composition

There have been several changes to the Board this year as we have welcomed Steve Hatch and Olivia Streatfeild as new non-executive directors. Both bring extremely relevant insight and experience, particularly from the digital space. These appointments followed the resignations of Donal Smith and Jane Lighting, both of whom have been valued directors in their time on the Board.

Historical legal issues

During the year, the Group continued 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). The Group has been informed that these investigations have now concluded and that no charges will be made against former or current journalists and that criminal proceedings will not be taken against our subsidiary MGN Limited in relation to phone hacking. Although the Group is exposed to civil claims from individuals, we continue to believe that the basis used for calculating damages is incorrect and are therefore currently seeking permission to appeal the judgement of the Court of Appeal to the Supreme Court. The Board is confident that claims arising from these historic events are manageable and do not undermine the delivery of the Group's strategy for growth.

Dividend payment

As a result of our strong financial position, I'm delighted to confirm that the Board proposes a final dividend of 3.15 pence per ordinary share, bringing the total dividend for the year to 5.15 pence per ordinary share. During 2015, the Company paid total dividends of 5.00 pence per ordinary share, being the first time in seven years we have paid a dividend.

The dividend is a reflection of the work done by the management team in delivering performance which was ahead of expectations for the year. The Board remains confident in the strategy that is in place and the excellent management team that are charged with its implementation.

On behalf of the Board, I would like to thank our shareholders for their continued support and would like to extend the same thanks to all our colleagues who did such a stellar job in delivering the Company's many successes in 2015. We will all strive to build on these successes to finish 2016 stronger than we started it.

David Grigson
Chairman

29 February 2016

CHIEF EXECUTIVE'S INTRODUCTION

Key Points

- ☑ Strong financial performance in a challenging print marketplace
- ☑ Cost control delivered savings to mitigate revenue decline
- ☑ Digital transformation and print improvements continue

"OUR FOCUS WILL REMAIN ON RAPIDLY ADAPTING OUR BUSINESS TO THE CHANGING ENVIRONMENT BY CONTINUING TO DELIVER AGAINST OUR STRATEGY."

Simon Fox, Chief Executive

I am pleased that in a competitive and challenging print marketplace, we delivered a strong financial performance with adjusted operating profit growing by 3.9% and adjusted earnings per share growing by 3.4%. This performance was despite a 6.9% decline in Group revenue which was more than fully mitigated by strong cost control.

Strategic progress

We made good progress with our strategy in 2015 and full information on the key achievements against our areas of strategic focus are set out on pages 8 and 9.

In particular, we continued to improve our print products, most significantly relaunching the Liverpool Echo and Birmingham Mail to strong customer feedback.

Our digital transformation also continued at a pace with average monthly page views increasing by 42% year on year, driving an increase in publishing digital revenue of 22%, including 33% growth in digital display advertising revenue (all excluding Local World).

At the same time as investing and growing in digital we managed the print business ever more efficiently delivering structural cost savings of £20 million.

Local World acquisition

The Local World acquisition is a transformational step. It is a great opportunity to grow a business of scale and, by bringing our respective businesses together, we can create an organisation with the best skills and audience reach in our industry. We are making good progress on this integration and will deliver synergies and other benefits in 2016 and beyond.

Looking ahead

We expect the print industry to remain challenging this year. As such, our focus will remain on rapidly adapting our business to this environment by continuing to deliver against our strategy. We aim to outperform the print market whilst building a digital business of scale and delivering further structural cost savings of £15 million, including synergy savings.

Our colleagues are our greatest asset. With their commitment and talent, they remain central to the Group's success. I would like to thank them for their hard work and dedication to Trinity Mirror. I look forward to working with them in the year ahead.

Simon Fox
Chief Executive

29 February 2016

LOCAL WORLD ACQUISITION

The acquisition of Local World, completed in November, has reaffirmed Trinity Mirror as the largest regional news publisher in the UK, almost doubling the number of regional titles held by the Group and increasing our digital audience.

Local World is home to such prominent titles as the Nottingham Post, Bristol Post, The Sentinel (Stoke), Derby Telegraph, South Wales Evening Post and Leicester Mercury and has a strong strategic fit with Trinity Mirror, creating a stronger and more resilient organisation which enables the Group to accelerate its strategic transformation. Additionally, the acquisition further enhances the digital reach of the Group and offers advertisers a greater breadth of reach across the UK.

The acquisition is anticipated to deliver annualised synergy cost savings of £12 million by 2017 and is expected to be earnings enhancing in 2016.

OUR BUSINESS
HOW WE CREATE VALUE AND WHAT MAKES US DIFFERENT

TRINITY MIRROR IS THE LARGEST NATIONAL AND REGIONAL MULTIMEDIA CONTENT PUBLISHER IN THE UK, PRODUCING AND DISTRIBUTING CONTENT THROUGH NEWSPAPERS AND ASSOCIATED DIGITAL PLATFORMS

We are the largest news publisher with national and regional newsbrands across the UK, including influential and iconic brands such as the Daily Mirror, Sunday Mirror, Sunday People, Daily Record, Sunday Mail and market leading daily titles in key metropolitan areas.

Our brands have a long heritage of being trusted sources of news and information with our editorial conviction and high standards of journalism providing audiences with timely information and opinion across multiple platforms.

The business is split into four operating segments, each of which is a division: Publishing, Printing, Specialist Digital and Central. The structure of the Group provides flexibility to drive efficiencies, through a unified organisational structure which ensures activity is driven to benefit the Group overall. This helps to support profits and cash flows while print revenue remains under pressure, meaning the Group is able to maximise revenue and drive efficiencies without impacting quality.

OPERATING SEGMENTS

PUBLISHING

Publishing includes all of our national and regional newspaper titles and associated digital publishing sites. This segment produces and distributes content to mass market audiences across the UK, through paid-for and free newspapers and related multi-platform digital sites (desktop, tablet, mobile).

Within our Publishing division, Trinity Mirror Solutions is the commercial team working with media agencies and advertising clients to help them reach the national, regional, print and digital media audiences of the Trinity Mirror newsbrands and other media publishers with tailored marketing solutions and commercial partnerships.

This division also holds events and exhibitions related to publishing activities, such as the ‘Pride of…’ series, which includes the Pride of Britain awards. Additionally within the division, Trinity Mirror Sport Media provides contract publishing for football clubs and other sport-related organisations, including the 2015 Rugby World Cup.

PRINTING

Trinity Mirror Printing provides internal print services to the Publishing division and externally to third parties, making it the largest provider of newspaper contract printing services in the UK. This is done through six print sites and 22 full colour presses, all owned by the Group.

SPECIALIST DIGITAL

Specialist Digital includes our digital recruitment classified business and our digital marketing services businesses. These businesses comprise digital marketing services agency Rippleffect, digital communications agency Communicator and Trinity Mirror Digital Recruitment, which comprises digital classifieds sites including TotallyLegal, GAAPweb and Secsinthecity.

OUR BUSINESS
HOW WE CREATE VALUE AND WHAT MAKES US DIFFERENT CONTINUED

The Group owns all of its print plants and printing presses, a number of its key offices outside London and the information technology infrastructure including data centres in Canary Wharf and the Midlands. 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.

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

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. Over time, it is anticipated that digital revenue growth will offset the decline in print and drive growth. Digital advertising revenue will more than offset the decline in print advertising, aided by our ability to provide advertisers with a unique portfolio of national and regional packages. Additionally, the further diversification of revenue streams is expected to deliver sustainable growth in other revenue and, through launching, developing, investing in or acquiring new businesses, the Group will seek to have a portfolio of growing media businesses.

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

CENTRAL

Central includes revenue and costs not allocated to the operational divisions and our share of results of associates. The Group has a 21.53% stake in news agency the PA Group Limited. The Group had a 19.98% investment in regional news publisher Local World Holdings Limited prior to acquiring the remaining shares in November 2015.

OUR KEY BRANDS

Daily Mirror, Sunday Mirror, Sunday People, The Sentinel, Daily Record, Sunday Mail, Birmingham Mail, The Chronicle, Nottingham Post, Bristol Post, South Wales Echo, Hull Daily Mail, Metro, Echo, Fish4Jobs, Manchester Evening News, Derby Telegraph, Leicester Mercury, Pride of Britain Awards 2015

REVITALISING REGIONAL PAPERS


Birmingham MAIL
NEW 16-PAGE SPORTS PULLOUT
SHERWOOD: I'M TO BLAME
OWEN: MY STORY
His brother, uncle and grandad died when a terrorist gunman opened fire in Tunisia. Today sole survivor Owen Richards speaks for the first time.

The Liverpool Echo and Birmingham Mail were relaunched in 2015 with a new design and fresh approach to content following customer feedback and research.

The feedback from readers told us that the papers needed to be more positive, give a fresh angle on news that readers will have already had from elsewhere and provide more information on what is going on in the city, for example, activities and days out as well as generally making readers feel better about where they live.

The response to both relaunches has been positive, with overwhelming positive feedback from readers and some indications of positive impacts on circulation in Birmingham and advertising revenue in Liverpool. The changes will be rolled out to other key regional titles in 2016.

OUR BUSINESS
VISION, VALUES AND STRATEGY

OUR VISION
TO BE A DYNAMIC AND GROWING MEDIA BUSINESS THAT IS AN ESSENTIAL PART OF OUR CUSTOMERS' DAILY LIVES

STRATEGIC OBJECTIVE
DELIVER SUSTAINABLE GROWTH IN REVENUE AND PROFIT

- PROTECTING AND REVITALISING OUR CORE BRANDS IN PRINT
- GROWING OUR EXISTING BRANDS ONTO DIGITAL DELIVERY CHANNELS
- CONTINUING OUR RELENTLESS FOCUS ON EFFICIENCY AND COST MANAGEMENT
- LAUNCHING, DEVELOPING, INVESTING IN OR ACQUIRING NEW BUSINESSES BUILT AROUND DISTINCTIVE CONTENT OR AUDIENCE

OUR VALUES

Collaboration
Working openly across departments, teams and individuals.

Imagination
Looking for better ways of doing everything – expecting, embracing and initiating change and constantly improving what we do.

Determination
Going the extra mile, overcoming challenges, big and small, to get things done and get to where we need to be.

OUR BUSINESS
VISION, VALUES AND STRATEGY CONTINUED

Strategic update

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'. Our strategic objective to deliver sustainable growth in revenue and profit remains consistent. A continued focus on digital investment and growth combined with minimising print declines and tight management of the cost base, we believe, will deliver value for our shareholders. At the beginning of 2016 we refreshed our values to more accurately reflect the behaviours which we believe are necessary for us to succeed and deliver this – collaboration, imagination, determination.

While the market remains challenging, the short-term focus of the Group is to support profits and cash flow to maintain financial flexibility. The strong cash flows of the business provide financial flexibility for both investment opportunities and the return of capital to shareholders, alongside appropriately funding our pension schemes.

The areas of strategic focus are unchanged but continue to evolve. Key highlights of progress on each area of strategic focus can be found on pages 8 and 9. The achievement of the Group's strategic objective and the key performance indicators are all impacted by the risks and uncertainties set out on pages 14 to 16.

Performance summary

Group revenue fell by 6.9% in 2015. Costs were reduced ahead of the revenue decline by continued tight management of the cost base. This enabled growth in adjusted operating profit of 3.9% to £109.6 million, the highest adjusted operating profit for five years.

The efforts in recent years to improve the balance sheet enabled the acquisition of 80.02% of Local World not previously owned. The acquisition was funded through existing cash, a new debt facility, the issue of new ordinary shares and an equity placing. Local World contributed £20.6 million revenue and £2.7 million operating profit to the Group in the six weeks following the acquisition.

The newly enlarged Group is the largest national and regional news publisher in the UK and furthers the Group's strategic transformation with increased digital and print audience reach and cost synergies to be realised as integration progresses.

The strong cash generation of the Group ensured that the Group still maintains a strong balance sheet with leverage remaining below one times.

Digital audience and revenue growth both remain strong, with average monthly page views of 725 million across Trinity Mirror Group titles throughout the year, increasing to 883 million for the enlarged Group incorporating Local World titles.

Dividends

A final dividend of 3.15 pence per ordinary share is proposed bringing the total dividend for 2015 to 5.15 pence per ordinary share. This is in line with the dividend policy aligned to the free cash generation of the Group and the investment required to deliver sustainable growth in revenue and profit over the medium term.

The final dividend for 2015 will be paid on 10 June 2016 to shareholders on the register on 13 May 2016.

Outlook

Our strategy remains on track and the Group is making good progress with the integration of Local World. The Group continues to focus on digital investment and growth whilst protecting print revenue and supporting profits through the tight management of the cost base. We have targeted structural cost savings of £15 million, including synergy savings, in 2016.

Revenue in the first two months, including Local World, increased by 24%. On a like-for-like basis, assuming Local World was owned from the beginning of 2015, revenue fell by 9%. Whilst print markets, in particular advertising revenue trends, are expected to remain challenging, the delivery of our strategy provides the Board with confidence in the Group's performance for 2016.

The launch of our new national newspaper, The New Day, is an exciting and innovative initiative which builds on our confidence in print media. If successful, the title is expected to be profitable by the end of the year. We will provide regular updates on this investment as we progress through the year.

2016 will be a 53-week year with an additional weeks trading accounted for in the first half of the year.

RE-INVENTING ADVERTISING

Trinity Mirror Solutions' Invention team works with clients and our editorial teams to tailor-make solutions that build strong connections between our audience and brands at both national and regional levels.

Leading with an insight-based approach and adopting disruptive advertising tactics to create an immersive campaign, they have successfully pitched for and delivered activity for clients including Sky, Boots and Smart Energy.

This has seen the delivery of innovative campaigns such as takeovers throughout the Mirror paper and online site to support the launch of new Sky TV series including Fungus the Bogeyman and You, Me and the Apocalypse. The campaigns crossed into and interacted with editorial spaces and content as well as advertising space, contributing to their disruptive nature.

STRATEGY AND KPIs
PROGRESS HIGHLIGHTS

Strategic area of focus	KPI	How we measure success
1. PROTECTING AND REVITALISING OUR CORE BRANDS IN PRINT		
– Continue to ensure our print products reflect the changing needs of our readers and advertisers	– Outperform print trends	– Circulation volume and revenue ahead of the market – Print advertising volume and revenue ahead of the market
2. GROWING OUR EXISTING BRANDS ONTO DIGITAL DELIVERY CHANNELS		
– Continued focus on building audience of scale across multiple digital platforms and grow digital revenues	– Digital growth	– Digital audience growth (unique users and page views) – Digital revenue growth (advertising and commercial)
3. CONTINUING OUR RELENTLESS FOCUS ON EFFICIENCY AND COST MANAGEMENT		
– In a challenging print environment we continue to focus on cost efficiency	– Targeted cost savings	– Cost savings and ongoing mitigating cost actions
4. LAUNCHING, DEVELOPING, INVESTING IN OR ACQUIRING NEW BUSINESSES BUILT AROUND DISTINCTIVE CONTENT OR AUDIENCE		
– We will continue to consider and evaluate opportunities and will make investments as appropriate	– Portfolio of growing businesses	– Returns in excess of cost of capital within three years and earnings enhancing by the end of the second year post investment

STRATEGY AND KPIs
PROGRESS HIGHLIGHTS CONTINUED

Progress against strategy/KPI	Strategic initiatives
– Circulation volumes remain challenging versus the market, although underlying circulation revenue fell by only 5.0% – Daily Mirror circulation decline of 9.2% against 9.6% decline in the UK national daily popular tabloid market – Difficult national advertising market impacted both national and regional titles – Daily Mirror print advertising volume market share increased from 33.8% to 35.0% in the UK national daily popular tabloid market	– Relaunched Liverpool Echo and Birmingham Mail with other regional titles to follow – Launched consolidated print titles Manchester Weekly News and The Visiter (Sefton) – Delivered digital and print creative solutions for clients including Sky, NHS, Kellogg's, Boots and Smart Energy
– Average monthly unique users across the Group (excluding Local World) grew by 34% and average monthly average page views by 42% – Digital revenue (excluding Local World) grew by 22% with digital display advertising revenue growing by 33% – Video growth continues with year on year monthly video views up 104% and revenues up 194%	– Evolution of Newsroom 3.1 digital first strategy into Connected Newsroom, with a greater focus on building a local and engaged audience – Opened up reader comments on selected online Mirror content – Launched 27 new apps for national and regional newsbrands – Launched two digital only brands – Belfast Live and GetReading – Joined digital publishing services Apple News, Facebook Instant Articles and Google's Accelerated Mobile Pages
– Group delivered £20 million of structural cost savings, £10 million ahead of our target	– Rationalisation of a small number of regional print products – Closure of print plants in Scotland (Blantyre) and Newcastle – Closure of local offices in Caernarfon and Widnes – Change in operational processes across the business including editorial, advertising, pre-press, finance and IT
– Acquired remaining 80.02% of Local World not already owned by the Group which is expected to be earnings enhancing in 2016	– Trinity Mirror Sport Media was the official match day programme and magazine licensee for the Rugby World Cup 2015 – Increased focus on Pinpoint, our app-based geo-targeting mobile advertising network, to target large corporates – Pilot of Local Government statutory notice smartphone app Notiz with seven local authorities

OUR AUDIENCE

TRINITY MIRROR'S NEWSBRANDS AIM TO BE AN ESSENTIAL PART OF THE EVERYDAY LIFE FOR MILLIONS OF PEOPLE ACROSS THE UK

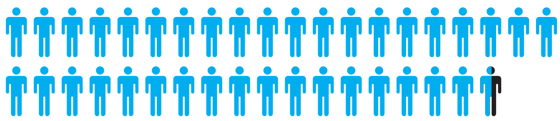
- Trinity Mirror newsbrands reach three in four UK adults each month.
- Our readership is evenly split between national and regional titles.
- The Daily Mirror is the longest-read red top at 36 minutes and has the highest proportion of female readers, main shoppers and home owners in the red-top market.
- Our audience is the new mass market mainstream which we call Modal Britain: 50% of the population, based on the household incomes that typify mass market Britain.
- Our insight reveals this audience has three key common characteristics: beliefs (inherited values), betterment (achievable aspirations), belonging (tight networks).
- These values and our ongoing research on the views, habits and preferences of our audience inform our editorial approach and help us work with commercial partners to target this audience with relevant activity.

5 national newspapers

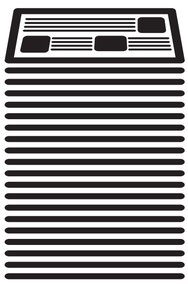
Over **150** regional newspapers

Over **100** websites

Total UK reach of our national and regional newsbrands per month[1]



38.6m

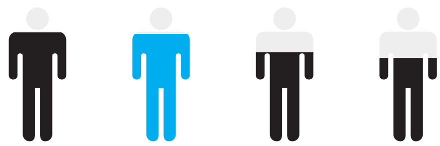


In 2015 we sold[4]

600m

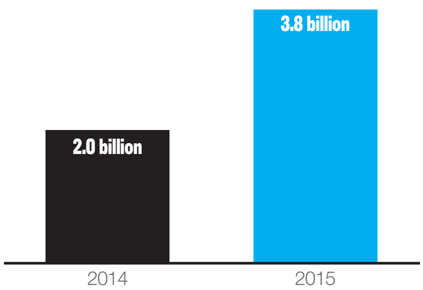
national and regional newspapers

UK monthly online audience[2]



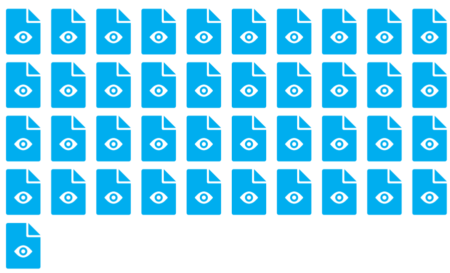
27.7m	27.4m	22.7m	21.2m
Mail Online	Trinity Mirror	Guardian	Telegraph

Mobile UK page views per year[3]



+90%

Total UK page views per year[3]



8 billion

Sources

1 JICREG 1/11/15 and ComScore Jan – June 2015 average, with applied duplication

2 ComScore December 2015 multi-platform UK only

3 Adobe Analytics 2015

4 ABC Jan – Dec 2015

TRENDS AND CHALLENGES

THE GROUP'S 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 print advertising declining. Whilst print advertising revenue will remain under pressure due to continued structural challenges, any improvement in the overall macroeconomic environment will help reduce the impact of the structural challenges.

National newsbrands advertising is estimated to have declined by 9.3% in 2015 (12.2% decline in print and 6.0% increase in digital) with a slower decline of 4.6% forecast for 2016 (source: WARC/AA).

Regional newsbrands advertising is estimated to have declined by 5.0% in 2015 (9.0% decline in print and 20.0% increase in digital) with a slower decline of 3.8% forecast for 2016 (source: WARC/AA).

The Group has experienced advertising declines ahead of these market forecasts which we believe are broadly in line with actual market trends.

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.

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 by investing in 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.

Contract printing revenue grew for a number of years with spare capacity being utilised by third parties. However, as publishers have already retired significant capacity in recent years, there now remains limited scope for growth. The Group will continue to maximise 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 in 2014 and print plants in Scotland (Blantyre) and Newcastle in 2015.

The Group's adjusted cost base in 2015 comprised: Labour (40%), Newsprint (13%), depreciation (5%) and other (42%). The most significant elements of other costs are printing (including external printing of magazines), distribution, information technology and property related costs.

With the revenue challenges the Group continues to focus on cost efficiency including the delivery of material structural cost savings.

ENGAGING ELECTION VOTERS LOCALLY


BIRMINGHAM MAIL

Puzzles Xtra

THE MAIL'S MANIFESTO

Memo: to all Midland election candidates:

DELPH CURBS THE CARDS FOR ENGLAND SPOT: BACK PAGE

Trinity Mirror's regional titles produced their most comprehensive local election coverage to date in 2015, aiming to inform and engage local voters like no other media can and emphasising the importance of local press.

Twenty-four of Trinity Mirror's regional titles launched their General Election coverage with the front page publication of local manifestos based on the views of thousands of readers.

The aim of the manifestos was to cut through political spin and find out what readers really wanted from their next government. The initiative was led by Trinity Mirror's dedicated data journalist unit and asked readers their views on a wide range of issues, from the NHS and immigration to potholes and planning. Over 18,000 readers responded in a single week and the results were developed into manifestos covering the key issues and priorities specific to each region.

A range of tools and widgets were also produced to assist readers, including 'Find My Seat' – an online tool to show users a wide range of information about their constituency as well a statistics on how it compares with the rest of the country on key areas of interest such as the economy, cost of living, immigration and unemployment.

OUR PEOPLE

THE COMMITMENT, INNOVATION AND DRIVE OF OUR STAFF ARE CENTRAL TO THE ONGOING DEVELOPMENT AND SUCCESS OF OUR BUSINESS. WE BELIEVE IN BEING AN EMPLOYER OF CHOICE FOR THOSE ENTERING AND ALREADY WORKING IN OUR INDUSTRY

This section focuses on the Group excluding Local World which was acquired on 13 November 2015. Local World will be integrated during 2016.

Highlights

Increased staff engagement scores for the second year in a row

New self-service HR system and enhanced benefits platform launched

Industry recognition for award winning employees and teams

Employee benefits

We provide a range of benefits to employees, including the opportunity to join a defined contribution pension scheme, an employee assistance programme giving access to independent advice and guidance across a whole spectrum of welfare issues, and initiatives enabling staff greater flexibility in their work-life choices including childcare vouchers, cycle to work (refreshed in 2015) and holiday purchase schemes.

In 2015, we launched the Your Benefits online platform giving employees a self-service portal to access their existing and new benefits. Additional benefits included a computer purchase scheme and discounts at many retailers and service providers and we plan to grow our benefits offering further during 2016.

In 2015, an annual pay award was made to all staff.

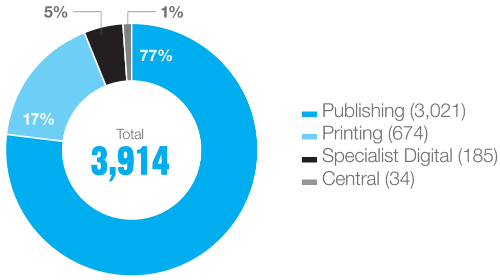
In addition to base salary, all our employees have the opportunity to participate in performance related incentive schemes. For many staff this is through inclusion in the Group's employee bonus scheme. For management and staff with a bonus based on Group adjusted operating profit and publishing digital revenue growth targets, a bonus of 34.6% of entitlement is payable in respect of the performance of the Group in 2015. For the employee bonus scheme a bonus of 46.0% of entitlement is payable.

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 scheme also receive Death in Service and Permanent Health Insurance benefits.

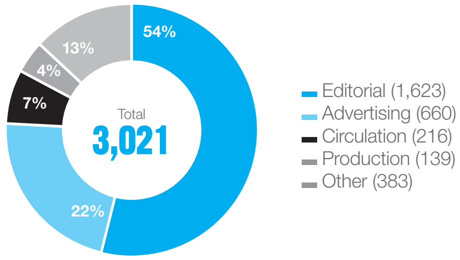
Staff numbers

At the year end, Trinity Mirror (excluding Local World) employed 3,914 permanent employees across 33 locations. The staff profile of the Group has evolved in recent years with an increasing proportion employed in the Group's digital operations.

Group by division



Publishing by function



During the year, the voluntary rate of employee turnover increased year on year to 9.9% (2014: 9.7%). During the same period, the retention rate, defined as employees in the Group's employment for the full 12 months, increased to 90.9% (2014: 87.8%).

During the year, the Group's absenteeism rate, which follows the common definition used by the Advisory, Conciliation and Arbitration Service, fell to an average of 1.8% (2014: 2.1%). This compares favourably with the national average level of employee absence of 3.7% (2014: 3.3%) reported by the CIPD.

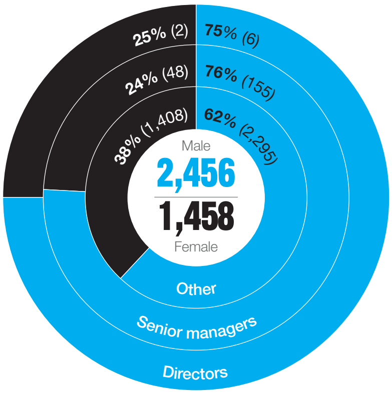
In 2015, we commenced a detailed review of our talent population and revised our recruitment process and practices to improve our time to hire and reduce recruitment costs Group-wide. Employees across the Group were moved to e-payslips and HR support services were centralised into one contact centre.

Equal opportunities

The Group is committed to equality of opportunity in all its employment practices to ensure we attract and retain the best people. In 2015, women made up 37% of staff (2014: 38%) and the number of women occupying senior managerial roles grew to 24% (2014: 22%).

OUR PEOPLE
CONTINUED

Split of employees by gender 2015



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 39 and the composition of the Board is set out in the Corporate Governance Report on page 35.

Staff engagement

The Company regularly engages with employees and keeps them updated on Group news and other areas of interest through communications cascades, the staff intranet Your Space, email updates from senior leaders and local initiatives.

The Your Say employee opinion survey was carried out for the third time in the summer. The survey had a response rate of 76% and reported an overall engagement score of 70% – up two percentage points from the previous year. Tailored reports were delivered to all department managers with more than six employees who completed the survey along with support sessions to help understand the results and next steps. The overall Group results were shared with employees and managers were tasked with participating in action planning. Additionally, the senior leadership team took on responsibility for several of the actions arising from the results.

A self-service HR system – Your View – was launched to all employees at the beginning of the year, allowing them to undertake actions including booking holiday and managing team changes. The personal development process is now available online resulting in an improvement in participation and completion rates.

Local World

The acquisition of Local World was completed on 13 November 2015. At the end of 2015, Local World had 2,377 permanent employees across some 46 locations. All of Local World's staff are engaged in publishing with 986 editorial, 927 advertising, 158 circulation and 306 other. The 2016 Annual Report will give an update on the integration of the business with the Group.

AWARDS

Our people were recognised in a number of industry awards through 2015 recognising editorial, commercial and corporate achievements.

Some of the main awards won were:

- Six awards at the Press Awards
- Eight awards at the Regional Press Awards
- Three awards at the newsawards
- Daily Mirror – Daily Newspaper of the Year, London Press Club Awards
- Jeanette Oldham, Birmingham Mail – Local Hero, British Journalism Awards
- Trinity Mirror Printing (Watford) – Newspaper Printer of the Year, Print Week Awards
- Trinity Mirror – Gold Award, Royal Society for the Prevention of Accidents (RoSPA) Occupational Health and Safety Awards

RISKS AND UNCERTAINTIES

THERE IS AN ONGOING PROCESS FOR THE IDENTIFICATION, EVALUATION AND MANAGEMENT OF THE PRINCIPAL RISKS FACED BY THE GROUP

There have been no changes in the principal risks and uncertainties from those reported last year. These principal risks, the risk appetite in relation to these risks, together with progress made during the year are set out on these pages. How the Group manages risks is set out in the Corporate Governance Report on page 37.

Risk description	Risk factors
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.
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.
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.
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.

RISKS AND UNCERTAINTIES
CONTINUED

During the year the Board undertook a review of the Group's appetite for risk and how this manifests itself in the way the Group conducts business.

Risk appetite	Risk action and update
Trinity Mirror has the appetite for taking well balanced risks deemed necessary to develop the business where they are in line with our strategy and do not knowingly compromise our existing brands, reputation or the financial stability of the Group. We recognise the industry-wide trends around print revenue declines and are committed to addressing them through delivery of our strategy. We seek to ensure the successful delivery of the strategy through robust ongoing monitoring systems and processes. We will only implement changes or invest in areas which are key to the delivery of our strategy and that do not compromise our existing brands, reputation or the financial stability of the Group. We recognise that investment decisions taken may not always have the desired outcome and aim to create a high performing environment based on openness and integrity where potential issues are identified and remedied quickly to ensure we continue to move in the right direction.	**Actions:** Monthly review of specific strategic initiatives at Board meetings and, at least annually, review of overall strategy. **Update:** The strategy remains unchanged with focus on investment, in particular digital, to drive growth combined with minimising the decline in print revenues and tight management of the cost base. 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.
As above.	**Actions:** The rate of print revenue decline deteriorated as we progressed through the first half and remained volatile during the second half. To counter this we increased our cost management actions and delivered additional structural cost savings and other cost mitigation initiatives. We did not reduce our investment in digital: people, product and infrastructure; and delivered continued growth in digital revenue. **Update:** Whilst the crossover of digital growth and print decline has been pushed out we remain confident that this will be achieved while at the same time delivering a solid profit and strong cash flows.
Trinity Mirror has no appetite for past behaviours that constitute a breach of the criminal law. We take historical legal allegations very seriously and are committed to cooperating with relevant authorities as necessary and dealing with civil claims in the appropriate manner. The Board and management continue to give significant management attention to the historical legal actions.	**Actions:** Standing item on Board agenda. Cooperate with police on their inquiries as required. Independent consultant working with external lawyers on police enquiries, civil claims and related investigations. **Update:** We continue to deal with the historical legal issues in a professional and efficient manner, although the final outcome of the civil claims remains uncertain.
Trinity Mirror has no appetite for taking risks which inhibit financial flexibility in achieving our strategic aims alongside meeting our statutory pension obligations. We are fully aware of the challenges faced in meeting our pension funding obligations and our focus is on working with Trustees to deliver these in a manner which also enables us to respond to strategic challenges for the benefit of all our stakeholders. We continue to seek opportunities to de-risk our schemes without a material increase in funding obligations.	**Actions:** Regular reporting to the Board. Good relationship and regular meetings with trustees. Review of options to de-risk pension liabilities. **Update:** We remain committed to addressing our historical pension deficits and continue to make payments in accordance with deficit funding schedules agreed at the last valuation. The next triennial valuation date is 31 December 2016.

RISKS AND UNCERTAINTIES
CONTINUED

Significant risks

Strategy and revenue loss

The strategic update on page 7 gives a review of the progress to date and the future expectations of the strategy.

Historical legal issues

During the year, the Group continued 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).

On 11 December 2015, the Metropolitan Police Service confirmed to the Company that no further action would be taken in respect of the criminal investigation into its subsidiary, MGN Limited, and that no further charges would be brought against journalists in relation to phone hacking.

On 21 May 2015, following the judgement released by Mr Justice Mann following the conclusion of the civil trial for the assessment of damages for eight representative claimants arising from phone hacking, the Group increased its provision to deal with matters arising for phone hacking by £16 million.

On 4 June 2015 the Group sought permission to appeal the judgement to the Court of Appeal and after being granted leave to appeal the Court of Appeal was held during October 2015.

On 17 December 2015, the Court of Appeal announced that the judgement of Mr Justice Mann had been upheld. We continue to believe that the basis used for calculating damages is incorrect and are therefore seeking permission to appeal the judgement of the Court of Appeal to the Supreme Court. As there remains ongoing uncertainty as to how matters will progress and their possible financial impact, our provision for dealing with these claims was increased by a further £13 million in December 2015. In 2014 and 2015 provisions of £41 million have been made, with £36 million remaining unutilised at 27 December 2015.

As there remains uncertainty in relation to how matters will develop, a contingent liability has been highlighted in note 38 in the notes to the consolidated financial statements. The Board remains confident that the exposures arising from these historic events are manageable and do not undermine the delivery of the Group's strategy.

The intrusion into peoples' lives through the unlawful practice of phone hacking is unacceptable. We apologised 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 on page 24 and in note 33 in the notes to the consolidated financial statements.

Other

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.

Environmental and health and safety risks are set out in the corporate responsibility section opposite.

Going concern and viability

In accordance with the Corporate Governance Code 2014 (and Listing Rules), the Board has prepared statements on the Company's going concern and viability. Details can be found on pages 37 and 38.

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. As part of the acquisition of Local World, a process is under way to standardise policies across Local World and 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 60 to 66, 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 (excluding Local World) paid corporation tax of £9.7 million (2014: £17.3 million) and paid indirect employment taxes (employer and employee NI and employee PAYE) of £63.7 million (2014: £62.3 million) during the year.

The Group's main opportunity in the corporate responsibility area is also reputational. We believe that there are advantages to being seen as the employer of choice for those entering our industry, that decision having been made on an assessment, amongst many other things, of our corporate social responsibility programmes.
Those programmes will also be key in the retention of staff.
We believe that there are obvious commercial advantages from being seen as a socially responsible organisation.

GROUP FINANCIAL REVIEW

Income statement (page 74)

	Statutory results		Adjusted results	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Revenue				
Publishing	**528.8**	554.0	**528.8**	554.0
Print	***485.9***	*521.6*	***485.9***	*521.6*
Digital	***42.9***	32.4	***42.9***	*32.4*
Printing	**44.9**	64.5	**44.9**	64.5
Specialist Digital	**15.4**	14.5	**15.4**	14.5
Central	**3.6**	3.3	**3.6**	3.3
Revenue	**592.7**	636.3	**592.7**	636.3
Costs	**(512.7)**	(568.3)	**(489.1)**	(536.9)
Associates	**2.2**	30.6	**6.0**	6.1
Operating profit	**82.2**	98.6	**109.6**	105.5
Financing	**(15.0)**	(17.0)	**(2.1)**	(3.2)
Profit before tax	**67.2**	81.6	**107.5**	102.3
Tax	**9.8**	(11.8)	**(21.1)**	(21.0)
Profit after tax	**77.0**	69.8	**86.4**	81.3
Earnings per share	**30.2p**	28.1p	**33.9p**	32.8p

The results are presented on a statutory and adjusted basis to provide a more meaningful comparison of the Group's performance.

Group revenue is the same on both a statutory and adjusted basis. Statutory costs include non-recurring items, restructuring charges in respect of cost reduction measures, the amortisation of intangible assets and the pension administrative expenses which are excluded from adjusted costs. The adjusted results also exclude the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments, the pension finance charge and the impact of tax legislation changes.

Set out in note 37 in the notes to the consolidated financial statements is the reconciliation between the statutory results and the adjusted results.

Revenue (note 5)

	2015 £m	2014 £m	**Variance £m**	Variance %
Circulation	**271.7**	279.8	**(8.1)**	(2.9%)
Advertising	**224.3**	242.5	**(18.2)**	(7.5%)
Publishing Print	***182.0***	*209.2*	***(27.2)***	*(13.0%)*
Publishing Digital	***37.3***	*28.5*	***8.8***	*30.9%*
Specialist Digital	***5.0***	*4.8*	***0.2***	*4.2%*
Printing	**44.9**	64.5	**(19.6)**	(30.4%)
Other	**51.8**	49.5	**2.3**	4.6%
Publishing Print	***32.2***	*32.6*	***(0.4)***	*(1.2%)*
Publishing Digital	***5.6***	*3.9*	***1.7***	*43.6%*
Specialist Digital	***10.4***	*9.7*	***0.7***	*7.2%*
Central	**3.6**	3.3	**0.3**	9.1%
Revenue	**592.7**	636.3	**(43.6)**	(6.9%)

Group revenue fell by £43.6 million or 6.9% compared to a decline of 4.1% for 2014. Revenue trends were challenging throughout the year. Increased volatility and challenges in print advertising markets were driven by a slowdown in retail spend, in particular from supermarkets, but we also saw reduced spend in the telecoms, motors and entertainment categories. Strong digital audience growth drove increased revenue in digital advertising and digital other revenue.

GROUP FINANCIAL REVIEW
CONTINUED

Revenue by operating segment was as follows:

	2015 £m	2014 £m	Variance £m	Variance %
Publishing	**528.8**	554.0	**(25.2)**	(4.5%)
Printing	**44.9**	64.5	**(19.6)**	(30.4%)
Specialist Digital	**15.4**	14.5	**0.9**	6.2%
Central	**3.6**	3.3	**0.3**	9.1%
Revenue	**592.7**	636.3	**(43.6)**	(6.9%)

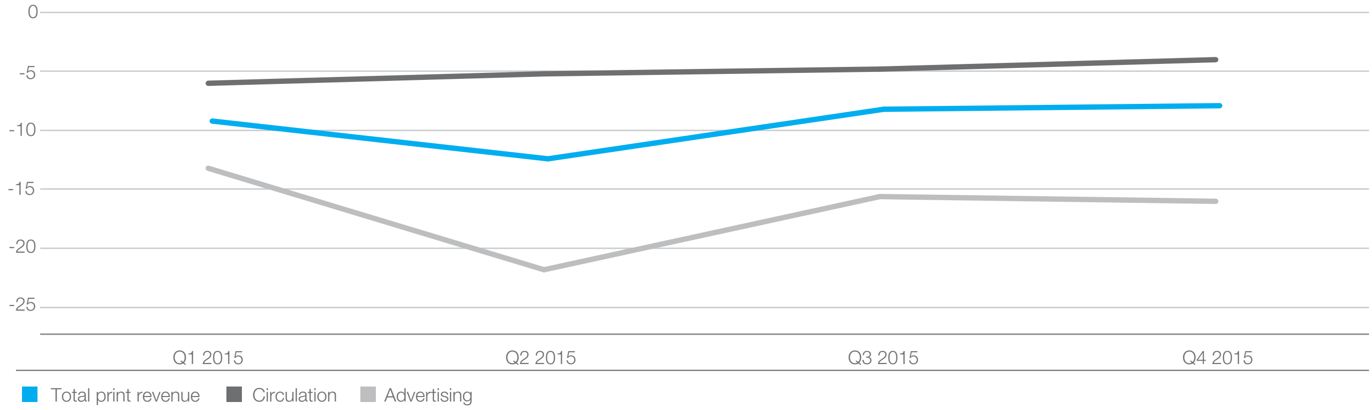
The year on year revenue trends are distorted by the closure of a number of regional titles in the South and the cessation of the newsprint supply agreement for the Independent and *i* print contract at the end of 2014 and by the acquisition of Local World on 13 November 2015. The titles closed in the South and the newsprint supply to the Independent and *i* contributed revenue of £4.5 million and £11.1 million respectively in 2014. Local World since acquisition contributed revenue of £20.6 million (external revenue of Local World of £21.2 million less £0.6 million now being accounted for as internal printing revenue). Excluding these items, revenue on an underlying basis is:

	2015 £m	2014 £m	Variance £m	Variance %
Publishing	**507.6**	549.5	**(41.9)**	(7.6%)
Printing	**45.5**	53.4	**(7.9)**	(14.8%)
Specialist Digital	**15.4**	14.5	**0.9**	6.2%
Central	**3.6**	3.3	**0.3**	9.1%
Revenue	**572.1**	620.7	**(48.6)**	(7.8%)

Underlying revenue fell by £48.6 million or 7.8% to £572.1 million. On an underlying basis, revenue for the Publishing division declined by 7.6% and for the Printing division declined by 14.8%. Further details on the revenue trends for each division are shown in the Divisional Review.

The graphs that follow show the quarterly year on year underlying 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.

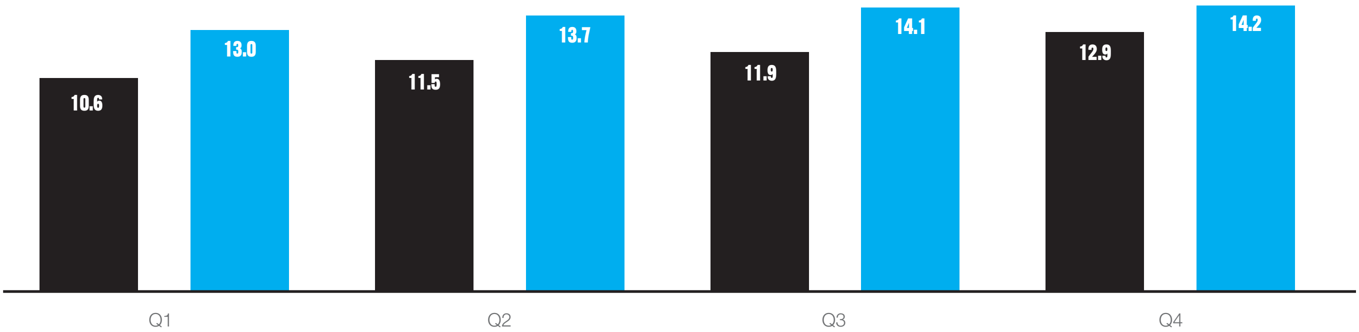
Print revenue underlying year on year (%)



Print markets remained challenging during the 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. The increased rate of decline in circulation revenues in the first half reflects the delayed cover price increase of the Daily Mirror Monday to Friday edition which took effect in May in 2015 whereas this was implemented in January in 2014. Advertising revenue in the second quarter was impacted in particular by supermarket spending which improved in the second half primarily due to weaker comparatives.

GROUP FINANCIAL REVIEW
CONTINUED

Digital revenue underlying quarter by quarter (£m)



Total digital revenues showed good growth during the year. Publishing digital revenues grew all year driven by the strong growth in digital display advertising as our strategy of building audience continued to deliver. The slowdown in the percentage rate of growth reflects the momentum seen in the prior year and declines in classified advertising revenues.

Costs (notes 6 to 8)

	Statutory results		Adjusted results	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Labour	**(195.8)**	(196.1)	**(195.8)**	(196.1)
Newsprint	**(63.8)**	(97.5)	**(63.8)**	(97.5)
Depreciation	**(22.4)**	(24.5)	**(22.4)**	(24.5)
Other	**(230.7)**	(250.2)	**(207.1)**	(218.8)
Non-recurring items	***(4.4)***	*(12.0)*	**–**	–
Restructuring charges in respect of cost reduction measures	***(15.3)***	*(14.0)*	**–**	–
Amortisation of intangible assets	***(1.8)***	*(2.2)*	**–**	–
Pension administrative expenses	***(2.1)***	*(3.2)*	**–**	–
Other	**(207.1)**	(218.8)	**(207.1)**	(218.8)
Costs	**(512.7)**	(568.3)	**(489.1)**	(536.9)

Statutory costs fell by £55.6 million or 9.8% to £512.7 million.

Adjusted operating costs, fell by £47.8 million or 8.9% to £489.1 million. This reflects the benefit of structural cost savings of £20 million, the cessation of newsprint supply to the Independent and *i* of £11.1 million together with ongoing cost mitigating actions and the benefit from reduced newsprint prices which have more than offset the inclusion of Local World costs post acquisition, increased investment in digital and inflationary cost increases in labour and other overheads.

Non-recurring items (note 8)

	Statutory results	
	2015 £m	2014 £m
Provision for historical legal issues	**(29.0)**	(12.0)
Closure of print sites	**(3.4)**	–
Local World acquisition transaction costs	**(5.6)**	–
Gain on deemed disposal of Local World associate interest	**33.6**	–
Non-recurring items excluding associates	**(4.4)**	(12.0)
Non-recurring items included in associates	**(1.3)**	27.2
Non-recurring items including associates	**(5.7)**	15.2

Non-recurring items comprise a £29.0 million increase in the provision for dealing with and resolving civil claims arising from phone hacking (2014: £12.0 million), a £3.4 million charge related to the closure of two print plants, costs of £5.6 million relating to the acquisition of Local World substantially offset by a £33.6 million gain on the accounting deemed disposal of the 19.98% interest in Local World on 13 November 2015.

GROUP FINANCIAL REVIEW
CONTINUED

Associates (note 17)

	Statutory results 2015 £m	Statutory results 2014 £m	Adjusted results 2015 £m	Adjusted results 2014 £m
Result before amortisation and non-recurring items	**6.0**	6.1	**6.0**	6.1
Amortisation of intangible assets	**(2.5)**	(2.7)	**–**	–
Non-recurring items	**(1.3)**	27.2	**–**	–
Share of results of associates	**2.2**	30.6	**6.0**	6.1

The Group has a 21.53% investment in PA Group and up to 13 November 2015, prior to acquiring the entire business, held a 19.98% investment in Local World, accounted for as associated undertakings. The adjusted results exclude amortisation of 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 fell by £28.4 million to £2.2 million. Non-recurring items in 2014 included our £27.5 million share of the gain on the disposal by PA Group of its weather forecasting business, MeteoGroup. Adjusted share of the post-tax profit from associates fell by £0.1 million to £6.0 million with Local World falling by £0.1 million to £5.1 million and PA Group in line with the prior year at £0.9 million. Our adjusted share of results of Local World would have been £5.5 million if our 19.98% interest had been equity accounted for the full year. During the first half of 2015, dividends of £16.3 million were received from associated undertakings with £12.0 million from Local World and £4.3 million from PA Group.

Operating profit (note 6)

	Statutory results 2015 £m	Statutory results 2014 £m	Adjusted results 2015 £m	Adjusted results 2014 £m
Operating profit pre associates	**80.0**	68.0	**103.6**	99.4
Associates	**2.2**	30.6	**6.0**	6.1
Operating profit	**82.2**	98.6	**109.6**	105.5
Operating margin (pre associates)	**13.5%**	10.7%	**17.5%**	15.6%

Statutory operating profit fell by £16.4 million to £82.2 million whilst adjusted operating profit increased by £4.1 million or 3.9% to £109.6 million with adjusted operating margin excluding associates improving by 1.9 percentage points from 15.6% to 17.5%. Adjusted EBITDA (adjusted operating profit plus depreciation) increased by £2.0 million to £132.0 million.

Included in operating profit is £2.7 million of Local World post acquisition.

Financing (notes 9, 10 and 33)

	Statutory results 2015 £m	Statutory results 2014 £m	Adjusted results 2015 £m	Adjusted results 2014 £m
Investment revenues	**0.6**	0.3	**0.6**	0.3
Pension finance charge	**(10.9)**	(11.2)	**–**	–
Finance costs	**(4.7)**	(6.1)	**(2.7)**	(3.5)
Interest on bank overdrafts and borrowings	***(2.7)***	*(3.5)*	***(2.7)***	*(3.5)*
Fair value gain/(loss) on derivative financial instruments	***0.3***	*(0.3)*	**–**	–
Foreign exchange loss on retranslation of borrowings	***(2.3)***	*(2.3)*	**–**	–
Financing	**(15.0)**	(17.0)	**(2.1)**	(3.2)

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 £2.0 million to £15.0 million. Adjusted financing costs fell by £1.1 million to £2.1 million reflecting the benefit of the material fall in long-term debt during 2014 and the continued benefit of the low interest rate environment partially offset by interest costs on the new £80.0 million term loan procured to partially finance the acquisition of Local World.

GROUP FINANCIAL REVIEW
CONTINUED

Profit before tax

	Statutory results		Adjusted results	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Profit before tax	**67.2**	81.6	**107.5**	102.3

Statutory profit before tax fell by £14.4 million to £67.2 million whilst adjusted profit before tax increased by £5.2 million or 5.1% to £107.5 million.

Tax (note 11)

	Statutory results		Adjusted results	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Tax credit/(charge)	**9.8**	(11.8)	**(21.1)**	(21.0)
Effective tax rate	**14.6%**	(14.5%)	**(19.6%)**	(20.5%)

The statutory tax credit of £9.8 million (2014: £11.8 million charge) comprises a current tax charge of £8.9 million (2014: £13.8 million) and a deferred tax credit of £18.7 million (2014: £2.0 million). The statutory effective tax rate is lower than the standard rate of corporation tax for the reasons set out in the reconciliation:

Reconciliation of tax charge	**2015 %**	2014 %
Standard rate of corporation tax	**(20.3)**	(21.5)
Items not deductible in determining taxable profit (non-qualifying depreciation/transaction costs)	**(2.6)**	(1.1)
Items not taxable in determining taxable profit (utilised tax losses/gain on deemed disposal)	**10.9**	–
Prior period adjustment (current and deferred tax)	**0.4**	0.1
Deferred tax rate change (from future reduction in corporation tax rate)	**25.6**	–
Tax effect of share of results of associates (brought in post-tax)	**0.6**	8.0
Tax credit/(charge) rate	**14.6**	(14.5)

The adjusted tax charge of £21.1 million (2014: £21.0 million) represents 19.6% (2014: 20.5%) of adjusted profit before tax and reflects the benefit of the reduction in the rate of corporation tax from 21.0% to 20.0% on 1 April 2015.

Dividends (note 12)

The Board proposes a final dividend of 3.15 pence per share. An interim dividend of 2.00 pence per share was paid on 30 November 2015 bringing the total dividend for the year to 5.15 pence per share. The 2015 final dividend payment is expected to amount to £8.8 million. The 2015 interim dividend payment amounted to £5.0 million.

On 7 May 2015 the final dividend proposed for 2014 of 3 pence per share was approved by shareholders at the Annual General Meeting and was paid on 4 June 2015. The 2014 final dividend payment amounted to £7.5 million.

Earnings per share (note 13)

	Statutory results		Adjusted results	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Profit after tax	**77.0**	69.8	**86.4**	81.3
Weighted average number of shares (000s)	**254,936**	248,108	**254,936**	248,108
Earnings per share	**30.2p**	28.1p	**33.9p**	32.8p

Statutory earnings per share increased by 2.1 pence or 7.5% to 30.2 pence. Adjusted earnings per share increased by 1.1 pence or 3.4% to 33.9 pence with the impact of the higher adjusted operating profit, lower interest costs and the benefit of a fall in the rate of corporation tax being partially offset by the higher weighted average number of shares. The increase in the weighted average number of shares year on year primarily reflects the impact of the 8.7% equity placing on 28 October 2015 and the issue of shares representing 1.3% of equity on 13 November 2015 relating to the acquisition of Local World.

GROUP FINANCIAL REVIEW
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Cash flow (page 75)

	2015 £m	2014 £m
Statutory operating profit	**82.2**	98.6
Non-cash items	**(6.1)**	(3.4)
Operating cash flow	**76.1**	95.2
Pension funding	**(17.9)**	(15.0)
Working capital	**4.4**	9.9
Cash flows from operating activities	**62.6**	90.1
Income tax paid	**(9.7)**	(17.3)
Net interest paid	**(1.1)**	(3.6)
Net capital expenditure	**(3.6)**	(6.2)
Acquisition of subsidiary undertaking	**(148.2)**	–
Net debt acquired on acquisition of subsidiary undertaking	**(11.9)**	–
Disposal of subsidiary	**–**	0.9
Issue of shares	**34.5**	–
Purchase of shares for LTIP	**–**	(2.2)
Dividends received	**16.3**	16.0
Dividends paid	**(12.5)**	–
Net cash flow	**(73.6)**	77.7
Borrowings increased/(repaid)	**80.0**	(44.2)
Net increase in cash	**6.4**	33.5
Cash at start of period	**49.0**	15.5
Cash at end of period	**55.4**	49.0

Non cash items in operating profit represent: depreciation of fixed assets, amortisation of intangible assets, the share of results of associates, the share-based payments charge, the gain on the deemed disposal of our Local World associate interest and the write-off of fixed assets.

Pension funding represents the amounts paid to the pension schemes to fund the pension schemes deficits of £20.0 million (2014: £18.2 million) less the pension administrative costs of £2.1 million (2014: £3.2 million) charged in the consolidated income statement.

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

Income tax paid fell due to a fall in taxable income due to increased provisions for dealing with and resolving historical legal issues and a fall in the standard rate of corporation tax.

Net interest paid comprised £1.7 million (2014: £3.9 million) interest paid on borrowings less £0.6 million (2014: £0.3 million) interest received. The fall in interest payments is partially due to the fall in debt in the current and prior year and the timing of the year end interest payment relating to the private placement loan notes. The £80.0 million term loan was taken out in November 2015 and the first interest payment is in 2016.

Net capital expenditure was £3.6 million (2014: £6.2 million) against depreciation of £22.4 million (2014: £24.5 million). Gross capital expenditure was £3.6 million during the year (2014: £6.4 million). Proceeds of nil (2014: £0.2 million) were received from the disposal of fixed assets.

The Group completed the acquisition of the 80.02% of Local World not previously owned on 13 November 2015. Cash outflow amounted to £148.2 million and net debt at the date of acquisition was £11.9 million.

Connected with the acquisition a share placing of 22.4 million shares raised £34.5 million net of expenses and a new £80.0 million five year term loan was entered into.

Dividends received comprise a dividend from PA Group of £4.3 million (2014: £12.9 million) and a dividend from Local World of £12.0 million (2014: £3.1 million).

Dividend payments totalling £12.5 million were paid out to shareholders. The 2015 interim dividend payment amounted to £5.0 million and the 2014 final dividend payment amounted to £7.5 million.

Cash balances increased by £6.4 million during the year to £55.4 million.

GROUP FINANCIAL REVIEW
CONTINUED

Balance sheet (page 76)

	2015 £m	2014 £m
Intangible assets	904.3	680.9
Property, plant and equipment	300.1	317.7
Investment in associates	19.2	41.4
Retirement benefit assets	29.4	17.8
Deferred tax assets	55.2	62.1
Derivative financial instruments	3.5	3.2
Non-current assets	**1,311.7**	1,123.1
Cash and cash equivalents	55.4	49.0
Short-term debt	(15.0)	–
Medium-term debt	(132.6)	(65.3)
Retirement benefit obligation	(334.6)	(319.0)
Deferred tax liabilities	(175.9)	(178.0)
Provisions	(50.7)	(30.2)
Net current other assets	25.3	15.3
Non-current liabilities and net current liabilities	**(628.1)**	(528.2)
Net assets	**683.6**	594.9
Share capital	(28.3)	(25.8)
Share premium account	(606.7)	(606.7)
Merger reserve	(37.9)	–
Capital redemption reserve	(4.4)	(4.4)
Retained earnings and other reserves	(6.3)	42.0
Equity	**(683.6)**	(594.9)

Intangible assets (notes 14 and 15)

	2015 £m	2014 £m
Goodwill	104.5	12.0
Publishing rights and titles	798.9	666.2
Customer relationships and domain names	0.9	2.7
Intangible assets	**904.3**	680.9

Goodwill has increased by £92.5 million to £104.5 million representing the goodwill associated with the purchase of Local World.

The movement in publishing rights and titles reflects the intangible recognised on the acquisition of Local World of £132.7 million.

Customer relationships and domain names have fallen by £1.8 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.

GROUP FINANCIAL REVIEW
CONTINUED

Property, plant and equipment (note 16)

	2015 £m	2014 £m
Land and buildings	**171.6**	177.1
Plant and equipment	**123.6**	134.2
Assets under construction	**4.9**	6.4
Property, plant and equipment	**300.1**	317.7

The net book value of property, plant and equipment fell by £17.6 million to £300.1 million during the year. This relates to the depreciation charge of £22.4 million and asset write-offs of £4.0 million partially offset by additions of £3.7 million and £5.1 million acquired on the acquisition of Local World.

Investment in associates (note 17)
Investment in associates represents our 21.53% investment in PA Group Limited. The carrying value of our share in PA Group Limited has fallen by £6.9 million being the statutory share of results of the associates included in the consolidated income statement and the consolidated statement of comprehensive income less dividends received of £4.3 million. The investment in Local World was deemed to be disposed of on 13 November 2015.

Deferred tax (note 21)
Deferred tax assets fell by £6.9 million from £62.1 million to £55.2 million primarily due the restatement of the opening asset following the future reduction in the corporation tax rate from 20% to 18%.

Deferred tax liabilities fell by £2.1 million from £178.0 million to £175.9 million with the increase in liability primarily due to the recognition of the intangible asset on acquisition of Local World being offset by the restatement of the opening liability following the future reduction in the corporation tax rate from 20% to 18%.

Derivative financial instruments (note 26)
Derivative financial assets of £3.5 million represent the valuation of the cross-currency interest rate swap calculated in accordance with IAS 39. This swap relates to the loan notes maturing after more than one year. The use of financial instruments is disclosed in note 34 in the notes to the consolidated financial statements.

Pensions (note 33)
The Group operates defined contribution pension schemes 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 Group now has five defined benefit pension schemes following the buyouts of the five smaller schemes in 2014.

The last actuarial funding valuations of the five remaining defined benefit pension schemes were as at 31 December 2013. The valuations were completed in December 2014 with deficit funding contributions agreed of circa £36 million per annum from 2015. In addition, the Group agreed additional contributions would be paid at 50% of the excess if dividends paid in 2015 were above 5 pence per share and if a greater than 10% annual increase thereafter. The next valuation date of the schemes is 31 December 2016 and valuations are expected to be finalised before March 2018.

In December 2014, the Group prepaid contributions for 2015 and 2016 of £16.5 million and £0.5 million respectively. Payments in 2015 were £20.0 million. Payments in 2016 are expected to be £35.7 million.

The accounting pension deficit increased during the year by £4.0 million from £301.2 million (£241.0 million net of deferred tax) to £305.2 million (£250.2 million net of deferred tax). The increase in the deficit primarily reflects changes in the discount rate, inflation and other assumptions more than offsetting asset returns and the contributions paid during the year. The increase in the accounting pension deficit has no immediate funding commitments and these will only be amended after completion of the 2016 funding valuations.

Net debt (note 27)
Cash balances of £55.4 million were held at the reporting date and the Group has no drawings on its £60.0 million revolving credit facility which is committed until July 2018. Contracted debt comprised the outstanding private placement loan notes totalling £68.3 million which are not due for repayment until June 2017 and the £80.0 million amortising term loan entered into to partially fund the acquisition of Local World. The first instalment of the term loan of £15.0 million is due in October 2016.

Contracted net debt, assuming that the US$ denominated private placement loan notes and related cross-currency interest rate swap is not terminated prior to maturity, was £92.9 million, an increase of £73.6 million from £19.3 million at the prior year end. The £73.6 million increase was after net cash payments of £137.4 million in relation to the acquisition of Local World. Excluding these net cash payments, net cash inflows were £63.8 million.

Statutory net debt, which includes the US$ denominated private placement loan notes at the reporting date exchange rate and the related cross-currency interest rate swaps at fair value, increased by £75.6 million from £13.1 million to £88.7 million. The fair value of the Group's cross-currency interest rate swap was an asset of £3.5 million and the sterling equivalent of the US$ denominated private placement loan notes was £67.6 million.

GROUP FINANCIAL REVIEW
CONTINUED

Provisions (note 22)
Provisions increased by £20.5 million from £30.2 million to £50.7 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 NIC liability on share-based payments due to the vesting of awards in the year.

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 acquisition of Local World.

Equity (notes 29, 30 and 31)
Equity at the year end was £683.6 million, an increase of £88.7 million from £594.9 million. This increase reflects the £59.0 million of total comprehensive income for the year, £34.5 million raised from placing 22.4 million shares, £5.9 million from the issue of 3.4 million of shares as part consideration and a credit to equity for equity-settled share-based payments of £1.8 million partially offset by the dividends paid of £12.5 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 109)

	2015 £m	2014 £m
Called-up share capital	**28.3**	25.8
Share premium account	**606.7**	606.7
Merger reserve	**37.9**	–
Capital redemption reserve	**4.4**	4.4
Profit and loss account	**72.4**	46.5
Equity shareholders' funds	**749.7**	683.4

The Company placed 22.4 million shares raising £34.5 million and issued 3.4 million shares at a fair value of £5.9 million as part consideration for the acquisition of Local World. The increase in profit and loss account reserves is due to dividends received from investments exceeding dividends paid to shareholders.

DIVISIONAL FINANCIAL REVIEW

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

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. After completing the acquisition of the 80.02% of Local World not previously owned on 13 November 2015, Local World is included in the Publishing division. Prior to 13 November 2015, the Group's 19.98% interest was equity accounted for as an associated undertaking and included in the Central division.

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

	2015 £m	2014 £m	Variance £m	Variance %
Publishing	**528.8**	554.0	(25.2)	(4.5%)
Printing	**44.9**	64.5	(19.6)	(30.4%)
Specialist Digital	**15.4**	14.5	0.9	6.2%
Central	**3.6**	3.3	0.3	9.1%
Revenue	**592.7**	636.3	(43.6)	(6.9%)
Publishing	**113.7**	113.5	0.2	0.2%
Printing	**–**	–	–	–
Specialist Digital	**2.6**	2.0	0.6	30.0%
Central	**(6.7)**	(10.0)	3.3	33.0%
Adjusted operating profit	**109.6**	105.5	4.1	3.9%

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, daily titles in a number of metropolitan cities 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 clubs and other sports organisations.

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

	2015 £m	2014 £m	Variance £m	Variance %
Print	**485.9**	521.6	(35.7)	(6.8%)
Circulation	***271.7***	*279.8*	*(8.1)*	*(2.9%)*
Advertising	***182.0***	*209.2*	*(27.2)*	*(13.0%)*
Other	***32.2***	*32.6*	*(0.4)*	*(1.2%)*
Digital	**42.9**	32.4	10.5	32.4%
Advertising	***37.3***	*28.5*	*8.8*	*30.9%*
Other	***5.6***	*3.9*	*1.7*	*43.6%*
Revenue	**528.8**	554.0	(25.2)	(4.5%)
Costs	**(415.1)**	(440.5)	25.4	5.8%
Adjusted operating profit	**113.7**	113.5	0.2	0.2%
Adjusted operating margin	**21.5%**	20.5%	1.0%	4.9%

Revenue fell by 4.5% or £25.2 million to £528.8 million with print revenue declining by 6.8% and digital revenue growing by 32.4%. On an underlying basis (excluding Local World in 2015 and the closure of tiles at the end of 2014) revenue fell by 7.6% with print revenue declining by 9.5% and digital revenue growing by 21.9%.

Continued tight management of the cost base ensured that costs fell by £25.4 million or 5.8% to £415.1 million. The reduction in costs reflects the benefit of structural cost savings, the continued tight management of the cost base to mitigate the impact of a challenging print market and the benefit from a fall in newsprint prices. The fall in costs is after the inclusion of operating costs of Local World post acquisition and increased investment in digital.

Operating profit increased by £0.2 million or 0.2% to £113.7 million with operating margin increasing by 1.0 percentage points from 20.5% to 21.5%.

DIVISIONAL FINANCIAL REVIEW
CONTINUED

On an underlying basis, revenue fell by £41.9 million with operating costs falling by £39.4 million contributing to operating profit falling by only £2.5 million or 2.2% to £111.0 million.

Circulation revenue fell by 2.9%. Underlying circulation revenue fell by 5.0% compared to a decline of 2.1% in 2014. The increased rate of decline in circulation revenues reflects the delayed cover price increase of the Daily Mirror Monday to Friday edition which took effect in May 2015 whereas this was implemented in January 2014.

Circulation volumes for the Daily Mirror declined by 9.2% compared to an 8.0% decline for the UK national daily tabloid market and a 9.6% decline in the UK national daily popular tabloid market. The Sunday Mirror and Sunday People declined by 11.6% and 15.3% respectively in a UK national Sunday tabloid market that declined by 9.4%. The Daily Record was down 11.6% against an overall Scottish daily tabloid market decline of 9.7% and the Sunday Mail was down 12.7% against an overall Scottish Sunday tabloid market decline of 10.9%.

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

	2015 Volume actual[a] 000	2014 Volume actual[a] 000	Change %	2015 Average readership[b] 000	2014 Average readership[b] 000	Change %
Daily Mirror	**864**	951	(9.2%)	**1,848**	2,281	(19.0%)
Sunday Mirror	**815**	923	(11.6%)	**1,866**	2,453	(23.9%)
Sunday People	**312**	369	(15.3%)	**526**	683	(23.0%)
Daily Record[c]	**179**	202	(11.6%)	**489**	601	(18.6%)
Sunday Mail[c]	**199**	228	(12.7%)	**583**	767	(24.0%)

a Average ABC circulation for the 12 months to December 2015 and December 2014.

b Average NRS readership for the 12 months to December 2015 and December 2014.

c Within Scottish market only.

The market for our regional titles remains difficult with declines of 12.2% for paid-for dailies, 11.7% for paid-for weeklies and 16.4% for paid-for Sundays.

The circulation and readership volumes for our key regional titles (including Local World) are set out below:

	2015 Daily circulation[a]	2014 Daily circulation	Change %	2015 Average readers[d]	2014 Average readers[d]	Change %
Liverpool Echo	**52,984**	61,902[b]	**(14.4%)**	**154,055**	170,055	**(9.4%)**
Manchester Evening News<	**52,158**	66,521[b]	**(21.6%)**	**256,091**	343,375	**(25.4%)**
The Sentinel (Stoke)	**30,957**	35,112[c]	**(11.8%)**	**85,980**	96,426	**(10.8%)**
Evening Chronicle (Newcastle)	**30,583**	35,188[b]	**(13.1%)**	**113,578**	131,907	**(13.9%)**
Hull Daily Mail	**29,940**	33,121[c]	**(9.6%)**	**81,006**	90,033	**(10.0%)**
Leicester Mercury	**28,756**	32,225[c]	**(10.8%)**	**85,221**	98,069	**(13.1%)**
Sunday Sun (Newcastle)	**27,030**	30,725[b]	**(12.0%)**	**81,059**	90,370	**(10.3%)**
South Wales Evening Post	**24,310**	27,589[c]	**(11.9%)**	**67,913**	73,971	**(8.2%)**
Birmingham Mail>	**24,260**	30,597[b]	**(20.7%)**	**81,752**	90,310	**(9.5%)**
Evening Gazette (Teesside)	**23,969**	26,994[b]	**(11.2%)**	**66,299**	75,055	**(11.7%)**

a Actual average ABC July to December 2015.

b Actual average ABC December 2014.

c Actual average ABC July to December 2014.

d JICREG January to June 2015 and January to June 2014.

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

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

Print advertising revenue fell by 13.0%. Underlying print advertising revenue fell by 16.6% with display declining by 18.3%, classified declining by 13.4% and other categories declining by 19.1%.

The Daily Mirror print advertising volume market share in the UK national daily tabloid market declined from 18.5% to 18.3%, and in the UK national daily popular tabloid market increased from 33.8% to 35.0%. The Sunday Mirror share declined from 17.6% to 17.5% and the Sunday People share grew from 10.9% to 11.3%. The Daily Record share grew from 15.0% to 15.9% and the Sunday Mail share grew from 26.3% to 26.6%.

Our regional titles continue to experience difficult advertising markets, particularly national advertising in our metropolitan titles.

DIVISIONAL FINANCIAL REVIEW
CONTINUED

Other print revenue fell by 1.2%. Underlying other print revenue fell by 2.2% driven by continued pressure on leaflets, lower waste sales due to lower prices and lower third party services.

The print revenue of Local World post acquisition of £17.8 million comprised £10.7 million advertising, £6.5 million circulation and £0.6 million other. For the full year 2015, Local World print revenue of £178.1 million comprised £113.9 million advertising, £56.9 million circulation and £7.3 million other.

Digital revenue grew by 32.4% year on year. Underlying digital revenue grew by 21.9% driven by strong growth in our publishing digital audience with average monthly unique users increasing year on year by 34% to 98 million and with average monthly page views increasing year on year by 42% to 725 million. In December 2015, monthly unique users were 100 million and monthly page views were 705 million. Underlying digital advertising revenue increased by 19.6% year on year with digital display revenue growing by 32.6% and classified falling marginally by 3.8%. Underlying digital other revenue increased by 38.5% benefiting from the growth in audience and new commercial partnerships.

The digital revenue of Local World post acquisition of £3.4 million comprised £3.2 million advertising and £0.2 million other. For the full year 2015, Local World digital revenue of £30.1 million comprised £28.1 million advertising and £2.0 million other. Local World's average monthly unique users increased year on year by 28% to 23 million and average monthly page views increased year on year by 54% to 158 million. In December 2015, Local World's monthly unique users were 23 million and monthly page views were 147 million.

Unique users and page views for our key websites (including Local World) are set out below:

	2015 Unique users^	2014 Unique users^	Change %	2015 Page views^	2014 Page views^	Change %
Mirror	**66,962,204**	52,463,925	**28%**	**289,990,981**	235,813,644	**23%**
Daily Record	**6,360,675**	5,354,431	**19%**	**32,691,505**	24,345,845	**34%**
Belfast Live	**765,757**	–	**–**	**3,236,701**	–	**–**
Irish Mirror	**4,058,790**	3,164,702	**28%**	**17,862,045**	12,309,804	**45%**
Manchester Evening News	**8,934,088**	5,396,752	**66%**	**59,876,112**	36,824,191	**63%**
Liverpool Echo	**6,431,219**	4,135,256	**56%**	**55,050,800**	28,731,683	**92%**
Wales Online	**4,647,470**	3,243,166	**43%**	**25,024,088**	21,027,172	**19%**
Birmingham Mail	**3,507,404**	2,346,957	**49%**	**22,229,291**	13,872,803	**60%**
Chronicle Live	**3,082,850**	2,058,983	**50%**	**22,056,602**	13,267,434	**66%**
Bristol Post	**1,917,804**	1,319,580	**45%**	**9,927,349**	6,096,359	**63%**
Hull Daily Mail	**1,524,760**	1,088,409	**40%**	**14,563,845**	9,654,927	**51%**
Nottingham Post	**1,412,728**	1,061,225	**33%**	**8,142,077**	5,849,696	**39%**
Leicester Mercury	**1,369,970**	995,694	**38%**	**8,664,565**	5,940,955	**46%**
Derby Telegraph	**1,367,256**	981,847	**39%**	**9,626,807**	5,988,184	**61%**
Gazette Live	**1,322,706**	823,619	**61%**	**14,491,047**	9,000,680	**61%**
Stoke Sentinel	**1,320,162**	998,181	**32%**	**10,125,075**	6,472,969	**56%**
Plymouth Herald	**1,304,127**	1,016,982	**28%**	**9,739,102**	6,083,277	**60%**

^ Omniture average monthly January to December 2015 verses January to December 2014.

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 six print sites with 22 full colour presses. The Publishing division accounts for almost 60% 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 adjusted costs of the Printing division is as follows:

	2015 £m	2014 £m	Variance £m	Variance %
Contract printing	**32.8**	37.6	(4.8)	(12.8%)
Newsprint supply	**9.9**	24.3	(14.4)	(59.3%)
Other revenue	**2.2**	2.6	(0.4)	(15.4%)
Revenue	**44.9**	64.5	(19.6)	(30.4%)
External costs	**(148.9)**	(188.9)	40.0	21.2%
Publishing division recharge	**104.0**	124.4	(20.4)	(16.4%)
Adjusted operating result	**–**	–	–	–

DIVISIONAL FINANCIAL REVIEW
CONTINUED

Revenue fell by £19.6 million or 30.4% to £44.9 million. The fall in revenue reflects the impact of the cessation of the newsprint supply agreement to the Independent and *i* at the end of 2014 and the acquisition of Local World on 13 November 2015 which resulted in contract print revenue from Local World post acquisition being accounted for as internal revenue. Newsprint supply revenue from the Independent and *i* amounted to £11.1 million in 2014 and the acquisition of Local World resulted in revenue of £0.6 million now being accounted for as internal printing revenue. On an underlying basis revenue fell by 14.8% reflecting the impact of lower volumes and lower newsprint prices.

External costs fell by £40.0 million or 21.2% to £148.9 million due to cost reduction initiatives, the fall in newsprint prices, the cessation of the newsprint supply contract to the Independent and *i* and the reduction in costs associated with falling print volumes. The net cost recharged to the Publishing division was £104.0 million compared to £124.4 million in the prior year. This fall in the recharge reflects the impact of cost savings, the fall in newsprint prices and the reduced circulation volumes.

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 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 adjusted operating profit of the Specialist Digital division is as follows:

	2015 £m	2014 £m	Variance £m	Variance %
Advertising	**5.0**	4.8	0.2	4.2%
Other	**10.4**	9.7	0.7	7.2%
Revenue	**15.4**	14.5	0.9	6.2%
Costs	**(12.8)**	(12.5)	(0.3)	(2.4%)
Adjusted operating profit	**2.6**	2.0	0.6	30.0%

Following the restructuring of the recruitment sites to focus on the three key brands of GAAPweb, SecsintheCity and TotallyLegal at the end of 2013, our recruitment revenues have grown by 4.2%. Our marketing services businesses delivered strong revenue growth of 7.2%.

Tight management of costs ensured that operating profit grew by 30.0% or £0.6 million.

Central

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

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

	2015 £m	2014 £m	Variance £m	Variance %
Revenue	**3.6**	3.3	0.3	9.1%
Costs	**(16.3)**	(19.4)	3.1	16.0%
Associates	**6.0**	6.1	(0.1)	(1.6%)
Adjusted operating loss	**(6.7)**	(10.0)	3.3	33.0%

The result for the year was a loss of £6.7 million compared to a loss of £10.0 million in 2014.

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 £3.1 million from £19.4 million to £16.3 million reflecting numerous cost saving initiatives and tight management of the cost base.

DIVISIONAL FINANCIAL REVIEW
CONTINUED

Local World
Following the acquisition of Local World, the Group remains on track to deliver annualised synergy savings of £12 million in the full year 2017.

At the same time as the acquisition of Local World, the Company signed Heads of Terms with Edward Richard Iliffe (“ERI”) which set out the principal terms and conditions on which ERI would acquire the businesses and assets of certain local newspaper titles in the Local World portfolio. The key terms of the agreement were:

- Consideration of £15.8 million (calculated on a debt-free, cash-free and working capital-free basis) payable in cash in full upon completion;
- The businesses and assets of one daily title, the Cambridge News, and around nine weekly titles located around Cambridge and Hertfordshire, together with the websites, trade names, domain names and associated intellectual property associated with those titles; and
- In certain circumstances a break fee of £2.0 million would be payable to Iliffe Print Cambridge Limited (an Iliffe family company) if the disposal is not completed.

After extensive work on separation of the business over the past three months, the Board concluded that it was in the best interests of the Company not to proceed with the disposal and therefore pay a break fee of £2.0 million to Iliffe Print Cambridge Limited. This will be paid in 2016 and accounted for as a non-recurring item.

The New Day
The Group is today launching a new daily paid-for national newspaper called, The New Day, published Monday to Friday. This new newspaper has been developed through detailed consumer insight and aims to fill a gap in the market for a modern, optimistic and politically neutral weekday read. The title will utilise a very efficient operating model that leverages our editorial, advertising, printing and other infrastructure across the Group.

By order of the Board

Simon Fox
Chief Executive

29 February 2016

CHAIRMAN'S GOVERNANCE INTRODUCTION

"THE BOARD RECOGNISES THE IMPORTANCE OF ETHICS, INTEGRITY AND STRONG CORPORATE VALUES TO THE SUCCESS OF THE COMPANY."

David Grigson, Chairman

Dear Shareholder

On behalf of the Board, I am pleased to introduce our Corporate Governance Report. The Board recognises the importance of ethics, integrity and strong corporate values to the success of the Company. I believe that the values your Board believe in are now embedded throughout the organisation. We remain committed to maintaining a strong momentum in our pursuit of excellence in the way our Company is governed.

Following the 'Tone at the Top' review conducted in 2014, which examined the actions taken by senior management to set and communicate the appropriate tone within the Group, we developed a series of statements around our top corporate risks which aim to articulate our 'risk appetite'. More detail on the Company's principal risks and risk appetite are set out in risks and uncertainties on pages 14 to 16.

During the period under review, there were a number of changes to the composition of the Board.

Olivia Streatfeild joined the Board on 15 January 2016. Olivia's most recent executive role was as the Commercial Director of TalkTalk's Consumer Business. Olivia brings with her a wealth of commercial, strategic and consumer centric experience, which enhances the Board's existing knowledge and skills. Olivia is a member of the Audit & Risk, Remuneration and Nomination Committees.

Steve Hatch was appointed on 1 December 2015. Steve is the Regional Director of Facebook UK & Ireland. His intimate knowledge of the advertising and media industry is hugely relevant to our business and the Company's ongoing expansion into digital. Steve is a member of the Audit & Risk, Remuneration and Nomination Committees.

In March 2015 we announced that Donal Smith would resign as a non-executive director following the Company's Annual General Meeting in May 2015 and Jane Lighting stepped down from the Board in December 2015. Jane was succeeded as the Company's Senior Independent Director by Helen Stevenson. On behalf of the Board, I would like to thank both Donal and Jane for their service and valuable contribution to the Company.

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 of skills, experience and diversity to enable us to achieve strong corporate governance and provide a platform to deliver our strategy for growth.

As a Board, we take governance very seriously and we regularly discuss and review our ways of working to ensure we continue to improve our effectiveness. In December 2015 we carried out a comprehensive internal review of our performance which built upon the Corporate Governance conclusions and action plan from our last external Board evaluation in 2014. We are now working through an action plan to build on our strong foundations.

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 considers that the Company complied in all material respects with the provisions of the Code for the whole of the year ended 27 December 2015. A copy of the Code is available 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 113 to 114.

I believe we enter 2016 with a strong Board well equipped with the skills, experience, independence and knowledge needed to deliver on the Company's strategy.

David Grigson
Chairman

29 February 2016

BOARD OF DIRECTORS

"WE ENTER 2016 WITH A STRONG BOARD WELL EQUIPPED WITH THE SKILLS, EXPERIENCE, INDEPENDENCE AND KNOWLEDGE NEEDED TO DELIVER ON THE COMPANY'S STRATEGY."

DAVID GRIGSON

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

Committee membership:
A† N* R

Experience:
David is a Chartered Accountant and was formerly the CFO of Emap plc, CFO of Reuters Group plc, non-executive Chairman of Creston plc, non-executive director of Carphone Warehouse Group PLC, Chairman of Anobii Limited and was non-executive director, member of the Risk and Capital and Nomination and Governance Committees, and Chairman of the Audit Committee at Standard Life plc.

External appointments:
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.

SIMON FOX

Chief Executive
Appointment date: September 2012

Committee membership:
A† N R†

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.

HELEN STEVENSON

Senior Independent Director
Appointment date: January 2014
(Appointed as SID: December 2015)

Committee membership:
A N R*

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, and non-executive director and Chairman of One Smart Star. Helen also serves on the Strategic Advisory Board of Henley Business School and is a partner of Shirlaws Group.

LEE GINSBERG

Non-executive director
Appointment date: January 2014

Committee membership:
A* N R

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, non-executive Deputy Chairman, Senior Independent Director and Chairman of the Audit Committee of Patisserie Valerie Holdings plc. Non-executive director and Senior Independent Director of On the Beach Group plc and Softcat plc.

BOARD OF DIRECTORS
CONTINUED

Key:

- A Member of the Audit & Risk Committee
- N Member of the Nomination Committee
- R Member of the Remuneration Committee
- * Denotes Committee Chairman
- † By invitation of the Committee Chairman

DAVID KELLY

Non-executive director
Appointment date: December 2014

Committee membership:
A N R

Experience:
David was Operations Director of Amazon, 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 and Pure360. He is a non-executive director of Holiday Extras, Qliro Group, Camelot UK Lotteries Limited, On the Beach Group plc and Simply Business (trading as Xbridge Ltd).

STEVE HATCH

Non-executive director
Appointment date: December 2015

Committee membership:
A N R

Experience:
Steve is the Regional Director of Facebook UK & Ireland. Prior to joining Facebook in 2014, Steve worked in Y&R, Omnicom and WPP where he spent 15 years, with his final role as CEO of MEC.

External appointments:
Regional Director, Facebook UK & Ireland.

OLIVIA STREATFEILD

Non-executive director
Appointment date: January 2016

Committee membership:
A N R

Experience:
Olivia's most recent executive role was as the Commercial Director of TalkTalk's Consumer Business. Olivia is currently an Investment Director at Sir Charles Dunstone's investment vehicle Freston Road Ventures, and was previously an Associate Principal at McKinsey & Company, and a leader in McKinsey & Company's Consumer Retail practice.

External appointments:
Investment Director at Freston Road Ventures.

VIJAY VAGHELA

Group Finance Director
Company Secretary
Appointment date: May 2003

Committee membership:
A† N† R†

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.

CORPORATE GOVERNANCE REPORT

The Code sets out specific principles and provisions on how a company should be directed and controlled in order to achieve standards of good corporate governance. The Financial Reporting Council ('FRC') made changes to the Code in 2014. The 2014 version of the Code applies to the Company for the year ended 27 December 2015. A copy of the Code is available at www.frc.org.uk.

The Board considers that the Company complied in all material respects with the Code for the whole year ended 27 December 2015. The below narrative demonstrates how the Company has complied with the Code for the year ended 27 December 2015.

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

TRINITY MIRROR PLC BOARD

Audit & Risk Committee
Read the report on pages 40 to 44

Remuneration Committee
Read the report on pages 45 to 59

Nomination Committee
Read the report on page 39

Administration Committee
The Committee consists of Simon Fox and Vijay Vaghela. It meets as necessary to deal with administrative matters of a day-to-day nature.

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.

Role of non-executive directors

The non-executive directors bring to the Board independence, along with a broad mix of business skills, knowledge and experience. They provide an external perspective to Board discussions and are responsible for the scrutiny of the executive management on behalf of shareholders. The Board is satisfied that all of the non-executive directors meet the independence criteria as set by the Code. The terms and conditions of each of their appointments are available for inspection at the registered office of the Company during normal business hours and at the Company's Annual General Meeting.

The non-executive directors, in conjunction with the Chairman, meet at least once annually in order to review the effectiveness of the Board. The details of the latest Board effectiveness review can be found on page 36.

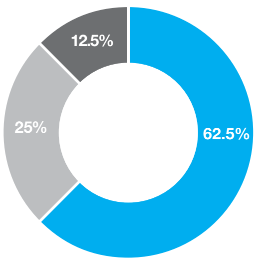
CORPORATE GOVERNANCE REPORT
CONTINUED

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.

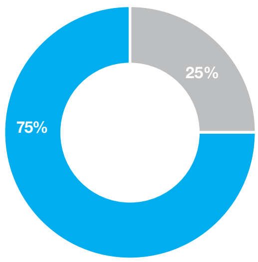
During the year, Vijay Vaghela acted as Company Secretary in addition to his executive duties until the appointment of Jeremy Rhodes on 26 January 2015. Jeremy Rhodes acted as Company Secretary until stepping down with effect from 21 January 2016. Since that date, Vijay Vaghela has been appointed as Company Secretary in addition to his executive duties, with the support of the Company Secretariat. The Board considered Jeremy Rhodes as independent during the time he served as Company Secretary. The Board have further considered the effect of Vijay Vaghela's role as an executive director of the Company, and believe that he was and is able to maintain independence where required.

Senior Independent Director
Jane Lighting stepped down as Senior Independent Director on 27 December 2015 and Helen Stevenson was appointed with effect from 28 December 2015. The Senior Independent Director is available to shareholders to assist with addressing concerns that may arise. The Senior Independent Director meets with the non-executive directors at least once a year to review the performance of the Chairman. The outcome of this review is then discussed with the Chairman.

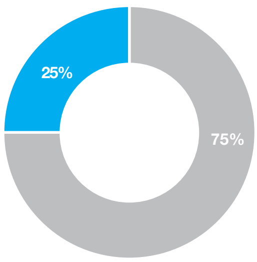
The Board's tenure, composition and diversity as at the date of this report is set out below:

Board tenure


0–3 years
3–6 years
6+ years

Board composition


Executive
Non-executive

Board diversity


Male
Female

Board activity
Key areas of focus for the Board in 2015 included:

- Strategy;
- Risk reviews;
- Editorial controls,
- Historical legal issues including phone hacking and illegal payments;
- Digital publishing;
- New product development;
- Financing;
- Acquisitions, in particular Local World;
- Pensions;
- Review of the performance of the Board;
- Succession planning and Board composition;
- Dividend policy and administrative processes; and
- Matters reserved and Board evaluation.

The Board expects that the areas of focus for 2016 will remain the same as 2015.

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 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.

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.

On 1 December 2015 Steve Hatch joined the Board as a non-executive director and on 15 January 2016 Olivia Streatfeild joined the Board as non-executive director. Both Steve and Olivia joined the Audit & Risk, Remuneration and Nomination Committees on their appointment.

CORPORATE GOVERNANCE REPORT
CONTINUED

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	4/5*	4/4	3/3
Simon Fox	8/8	5/5*	4/4*	3/3
Lee Ginsberg	8/8	5/5	4/4	3/3
Steve Hatch***	1/1	1/1	1/1	1/1
David Kelly	8/8	5/5	3/4	3/3
Jane Lighting	7/8	4/5	4/4	2/3
Donal Smith**	3/3	0/2	2/2	–
Helen Stevenson	7/8	4/5	4/4	3/3
Vijay Vaghela	8/8	5/5*	1/1*	2/2*

* Attended meetings at the invitation of the Committee Chairman

** Donal Smith resigned on 7 May 2015.

*** Steve Hatch joined on 1 December 2015.

The Board held eight scheduled meetings in 2015, six of which were held at the Company's registered office in London, one at the Company's Glasgow office and one held offsite in conjunction with the strategy day.

The Board received presentations and had both formal and informal meetings with senior staff. 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. 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.

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 external Chairmanship and non-executive director roles 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 Code best practice recommendation of holding an externally facilitated board evaluation every third year. In accordance with the Code, the exercise in respect of 2014 was externally facilitated. The Chairman and Company Secretary conducted a tender process in order to consider alternative board evaluation consultancies and the range of services they provide. ICSA, who provide board evaluation and advisory services and who had no other connection with the Company, emerged as a suitable supplier to conduct the review. A through process was conducted, involving questionnaires and interviews with all directors, with outcomes and actions agreed by the full Board.

In 2015, the outcomes of the 2014 external exercise were assessed and considered. The Chairman, with assistance from the Company Secretary, prepared and circulated a detailed questionnaire in respect of the Board and Committees and followed this with an extensive discussion of the outcomes. The evaluation covered the following key topics:

- Role of the Board;
- Composition, process and structure;
- Oversight;
- Culture; and
- Support.

The directors concluded that the Board was functioning effectively. All directors agreed on actions to be worked through in 2016. The Board further concluded that good progress was made on the actions identified during the 2014 evaluation, and no new actions were identified as a result.

In addition to the Board evaluation exercise, the Senior Independent Director reviewed the Chairman's performance with the other directors and subsequently met him to provide feedback. The Board concluded that the Chairman's leadership is effective.

The Chairman provided feedback to each director on their individual contribution to the Board and, with each of them, considered their development priorities.

Appointments

The appointment of new directors is led by the Nomination Committee. Further details of the appointments process can be found in the Nomination Committee Report on page 39 and biographies of our directors can be found on pages 32 and 33.

CORPORATE GOVERNANCE REPORT
CONTINUED

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 Group, 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 2015 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

Effective shareholder engagement is essential to the Board and we ensure continuous dialogue throughout the year by way of investor relations programmes through which the Chief Executive and Group Finance Director meet with major shareholders. In 2015, numerous investor meetings and events were held or attended; presentations were made at international conferences as well as a results presentations, which altogether provided for comprehensive and engaging dialogue with shareholders and potential investors.

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. Additionally the Chairman and Senior Independent Director meet with major shareholders as and when requested.

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 principal risks and its internal controls. The risk management process is supported by our internal audit function reviewing the effectiveness of internal controls.

Further information on internal controls and risk management can be found on pages 43 and 44 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 14 to 16.

Going concern and viability statement

The Code and Listing Rules require listed companies to include in their annual report and accounts a going concern and viability statement. The Audit & Risk Committee reviewed and discussed a report from management and concluded that the financial statements can be prepared on a going concern basis and that there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years.

Assessment of the Group's prospects

The directors have assessed the Group's prospects, both as a going concern and its longer term viability.

Going concern statement

The directors consider it appropriate to adopt the going concern basis of accounting in the preparation of the Group's annual consolidated financial statements.

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.

The key factors considered by the directors were as follows:

- The implications of the volatile economic environment and the structural changes in the market on the Group's revenues and profits. The Group undertakes regular forecasts and projections of trading 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;

CORPORATE GOVERNANCE REPORT
CONTINUED

- 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 revolving credit facility of £60 million under which drawings can be made with 24 hours' notice and was undrawn at the reporting date. The revolving credit facility is committed to July 2018. The Group also has overdraft facilities of £4 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.

Viability statement

The directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

The Code requires that the directors assess the prospects of the Group over an appropriate period of time selected by them.

The directors' assessed the prospects of the Group over a three year period which reflects the budget and planning cycle adopted by the Group. The assessment takes into account the Group's current position and principal risks and uncertainties facing the Group including those that would threaten the business model, future performance, solvency or liquidity.

The directors' strategic and budget planning for the Group comprises an annual budget and projections for the subsequent two years. The three year projections are reviewed and approved by the Board at least three times a year and they also form part of the strategy review process. The first year of the projections reflect the annual budget.

The annual budget, which provides greater detail, is used to set budget targets for the Group and is used by the Remuneration Committee to set targets for the annual incentive plan. The three year projections are also used for setting the cash flow target for the Long Term Incentive Plan. Whilst the subsequent two year projections are less detailed, they provide a sensible planning tool against which strategic decisions are made.

A number of key assumptions are made in the three year projections. These are as follows:

- Cost reduction initiatives to support profitability as print revenues remain in decline;
- Investment to build audience and revenues in the growing digital market;
- Capital expenditure requirements across the business;
- Level of dividend payments;
- Repayment of maturing debt facilities. The Group has the final repayment of its US private placement loan notes in June 2017 of £68.3 million and the new £80.0 million term loan, entered into to partly fund the acquisition of Local World, matures over the next five years to 2020 with the first repayment of £15.0 million in October 2016;
- Funding of the historic defined benefit pension obligations based on the recovery plans agreed with the Trustee's at the last triennial valuation; and
- Payments in relation to historical legal issues.

This assessment and other matters considered by the Board during the year, form the basis of the Board's reasonable expectations that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period.

Sensitivity analysis is applied to the projections to model the potential effects should principal risks and uncertainties (as set out in the Strategic Report on pages 14 to 16) actually occur, individually or in combination. The Board also assessed the likely effectiveness of any proposed mitigating actions.

It is understood that such future assessments are subject to a level of uncertainty that increases with time and, therefore, future outcomes cannot be guaranteed or predicted with certainty. Also, this assessment was made recognising the principal risks and uncertainties that could have an impact on the future performance of the Group and also the financial risks described in the notes to the consolidated financial statements.

Annual General Meeting

Shareholders will have the opportunity to meet and put questions to the directors at the Company's Annual General Meeting (the 'AGM'), which will be held at the Museum of London Docklands, No.1 Warehouse, West India Dock Road, London E14 4AL on 5 May 2016.

A detailed explanation of each item of business to be considered at the AGM is included in the Notice of Meeting which will either be sent to the shareholders in advance of the AGM or will be available to download from the website www.trinitymirror.com/investors. Shareholders who are unable to attend the AGM 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

29 February 2016

NOMINATION COMMITTEE REPORT

Committee members
David Grigson (Chairman)
Simon Fox
Lee Ginsberg
Steve Hatch (joined 1 December 2015)
David Kelly
Jane Lighting (left 27 December 2015)
Donal Smith (left 7 May 2015)
Helen Stevenson
Olivia Streatfeild (joined 15 January 2016)

Biographical details of the Committee members can be found on pages 32 and 33.

"THE NOMINATION COMMITTEE ENSURES THAT THE BOARD HAS THE APPROPRIATE BALANCE OF SKILLS AND EXPERIENCE."

David Grigson,
Chairman of the Nomination Committee

Dear Shareholder

I am pleased to present the report of the Nomination Committee (the 'Committee') for 2015. The Committee keeps under regular review the structure and composition of the Board and its Committees, and ensures that the Board has the appropriate balance of skills, expertise and experience in order to support the directors and the Company and that the appropriate corporate governance standards and practices are in place.

There have been a number of changes during the year and the Committee has taken a very active part in ensuring that the composition of the Board is appropriate for the needs of the Group for the future.

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;
- Propose recommendations to the Board for the continuation in service (or not) of each director; and
- 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 2015

The Committee met three times during the year to consider Board composition and related governance issues.

There is a formal and transparent procedure in place for making new appointments to the Board. During the period under review the Committee has continued to work with The Up Group, a digital executive search agency, in its search for suitable candidates for a non-executive appointment to the Board. The Up Group has no other connection with the Company.

Suitable candidates that the search identified were interviewed and met with the Board. Following the resignation of Donal Smith, the Committee commenced a search process led by The Up Group to identify a replacement non-executive director. A number of suitable candidates were identified and following interviews the Committee recommended to the Board that Steve Hatch be appointed as a non-executive director with effect from 1 December 2015. The Committee were impressed with the breadth of Steve's knowledge and experience in the digital marketplace, along with his high profile role as Regional Director of Facebook UK & Ireland and felt his experience, personality and expertise would complement the existing Board.

On 27 December 2015 Jane Lighting, a non-executive director and the Company's Senior Independent Director, stepped down from the Board. Helen Stevenson was appointed Senior Independent Director with effect from 28 December 2015, and a further search was carried out by The Up Group to identify an additional non-executive director to join the Board of directors. After year end, following a search process, further interviews and due diligence, the Committee recommended that Olivia Streatfeild was the most suitable candidate and she joined the Board on 15 January 2016. Olivia brings with her a wealth of commercial experience and her skills will be a valuable addition to the Board.

Areas of focus for 2016

- Structure, size and composition of the Board and its Committees;
- Succession planning for the Board and senior management;
- New director induction;
- Identify future talent pipeline;
- Development initiatives for directors; and
- 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 rather than by the setting of specific targets. 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
29 February 2016

AUDIT & RISK COMMITTEE REPORT

Committee members
Lee Ginsberg (Chairman)
Steve Hatch (joined 1 December 2015)
David Kelly
Helen Stevenson
Olivia Streatfeild (joined 15 January 2016)
Jane Lighting (left 27 December 2015)
Donal Smith (left 7 May 2015)

"THE COMMITTEE RECEIVES TIMELY AND APPROPRIATE INFORMATION, ENABLING IT TO FULFIL ITS RESPONSIBILITIES TO SHAREHOLDERS AND POTENTIAL INVESTORS."

Lee Ginsberg,
Chairman of the Audit & Risk Committee

Dear Shareholder

I am pleased to present the report of the Audit & Risk Committee (the 'Committee') for 2015.

Donal Smith left the Committee on 7 May 2015 and Jane Lighting left the Committee on 27 December 2015. Steve Hatch joined the Committee on 1 December 2015 and Olivia Streatfeild joined the Committee on 15 January 2016.

In accordance with the Committee's terms of reference, the Chairman, Chief Executive and Group Finance Director are invited to attend meetings of the Committee when appropriate.

All members of the Committee are non-executive directors and their biographical details are set out pages 32 and 33. 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 were revised in February 2015 to reflect changes made to the Code. The main changes to the Code have extended the Board's responsibilities to confirm that it has undertaken a thorough assessment of the principal risks associated with the Group's business model, future performance, solvency and liquidity; to provide a statement of the longer term prospects and viability of the Group; and to monitor the Company's risk management and internal control systems on a continuing basis. The Committee works closely with the Board and its external advisers to ensure that these new requirements are implemented and observed.

The Terms of Reference 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.

I conduct regular meetings with the Group Finance Director, the Head of Risk and Audit and the Company's external auditor, Deloitte LLP. Meetings of the 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:

- Monitor the integrity of the financial statements of the Company, including its annual and half year financial results. Other formal announcements relating to financial performance or financial information contained in certain other documents is reviewed by the Board and therefore not specifically discussed by the Committee;
- 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 position, 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 the effectiveness of the external audit process 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 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 Board's responsibility for the assessment of risk is delegated to the Committee.

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

AUDIT & RISK COMMITTEE REPORT
CONTINUED

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 potential investors alike.

Main activities of the Committee during 2015

The Committee had five scheduled meetings during the year. Items reviewed at the Committee meetings in 2015 were:

Recurring	Specific
· Reports and financial statements · Tax and Treasury · Contingent liabilities · Internal audit plan · Review of results of internal audits completed · Corporate risk assessment · External audit plan · Review of effectiveness of external auditor · External audit fees	· Amendments to the Code · Findings from the external auditor on the 2015 interim review · Findings from the external auditor on the 2014 year end audit · Consolidation of cash-generating units (CGUs) · Viability statement · Accounting for the acquisition of Local World · Editorial governance · Digital revenue recognition · Ageing of National advertising agency debt

In 2016, to date, the Committee has focused on the 2015 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 position, performance, business model and strategy as required by provision C.1.1 of the Code.

The Committee has:

- Considered the results of an independent review performed by a senior individual outside of the finance function;
- Reviewed and discussed the findings from the external auditor as part of the 2015 year end audit; and
- Fully discussed the Annual Report at the Committee meetings in February 2016.

Going concern and viability statement

The Code and Listing Rules require listed companies to include in their annual report and accounts a going concern and a viability statement. The Committee reviewed and discussed reports from management and concluded that the financial statements can be prepared on a going concern basis and that there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years. The assessment of the Group's prospects, together with the Group's going concern statement and viability statement, are set out in the Corporate Governance Report on pages 37 and 38.

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 the 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 future cash impact nor is there any impact on the financial covenants for the Group's debt facilities.

The impairment review in respect of the 2015 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.

The Committee also concurred with managements view that six regional cash-generating units in England and Wales should be consolidated into a single cash-generating unit and that the Scottish regional cash-generating unit is consolidated into the nationals cash-generating unit. This change reflects a number of changes in the regionals businesses notably: the majority of revenues are packaged and sold centrally, the structure of the management team and the reporting to the Board, and the way in which resources are employed in the generation of independent cash inflows.

No impairment would have arisen even if these changes to cash-generating units were not made and revenue allocations continued to be made to previously defined cash-generating units.

AUDIT & RISK COMMITTEE REPORT
CONTINUED

Historical legal issues
The historical legal issues relate to two investigations that were being undertaken by the Metropolitan Police Service in relation to alleged inappropriate payments to public officials and phone hacking. The Metropolitan Police informed the Company during 2015 that these investigations have now concluded and that that no charges will be brought against former or current journalists, and that criminal proceedings will not be taken against MGN Limited, its subsidiary, in relation to phone hacking. In addition the Group is exposed to civil claims from individuals. 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 14 to 16.

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 their discussions with management and this is discussed in detail by the Committee.

Pension schemes
At each year end the Group's actuaries, Willis 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 Willis 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 Willis Towers Watson. This includes external benchmarking of the key assumptions by Willis Towers Watson.

The external auditor performs a detailed review of the report prepared by Willis 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.

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 on pages 14 to 16. This sets out the risk and the management action to mitigate the risk.

Acquisition accounting
The Committee reviewed the accounting for the acquisition of Local World Holdings Limited which was completed on 13 November 2015. Detailed papers were prepared by management and were reviewed by the external auditors.

The papers set out the judgements related to the fair value of the consideration paid, the identification of and valuation of the assets and liabilities acquired, the treatment and classification of acquisition related costs and the recognition of the gain on the deemed disposal of the associate holding in Local World at the date of acquisition of Local World as a subsidiary. Management performed the valuation of the publishing rights and titles acquired taking into consideration previous transactions that the Group has completed.

Other financial issues
Other financial issues considered by the Committee in 2015 included:

Ageing of national agency advertising debt
The Committee reviewed the reasons for and actions taken to address an increase in aged debt from national advertising agencies. The Committee concluded that appropriate steps were being taken to address the deterioration in ageing and that appropriate provision had been made for potential bad debts.

Digital revenue
The Committee discussed and reviewed the accounting in respect of digital revenue in the publishing businesses. This issue was covered in reports from management and the external auditor which were reviewed by the Committee.

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 2015. 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 for the 2017 year end and the UK will take this extension.

AUDIT & RISK COMMITTEE REPORT
CONTINUED

The Competition and Markets Authority published their final Order in 2014, effective from 1 January 2015, requiring mandatory tendering every 10 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 consulted on removing this provision in its 2016 revision 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 competitive tender at the expiry of the current audit partner's tenure (after the year ended 31 December 2018). The directors consider this to be an appropriate time to ensure an effective tendering process can be followed, and any change, if made, would be at a time to minimise disruption. 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 competitive tender is appropriate.

Deloitte LLP currently audits all of the Group's subsidiaries (including Local World Holdings Limited and its subsidiary Local World Limited) 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.

In 2015, the most significant non-audit services included the preparation of a number of reports, including a Working Capital Review, Review of Financial Prospects and Procedures and Synergies Report, in relation to the Company's acquisition of the share capital of Local World Holdings Limited not already owned by the Company. This was in accordance with the Board's formal policy on non-audit services and was approved by the Committee Chairman prior to their engagement.

Effectiveness of risk management and internal control system

In accordance with the Code, the Committee carries out a robust assessment of the principal risks and reviews the effectiveness of the Company's internal control systems, covering all material controls including financial, operational and compliance controls.

The Committee's assessment includes a review of the risk management process, a review of the significant risks and the risk map.

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.

The reviews did not identify any significant failings or weaknesses in the system of risk management and internal control. The Committee confirms that necessary actions have been or are being taken, where failings or weaknesses were identified that were not of a material nature. The principal risks and uncertainties are set out in the Strategic Report on pages 14 to 16. The Committee has considered that the appropriate systems are robust, in place, adequate and are operating properly.

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.

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 FRC's Internal Control: Guidance to Directors for directors, as applicable for this accounting period.

The Committee reviews the risk map at each meeting 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 2015, principal risks were identified, assessed and reviewed by impact and probability and the Board undertook a review of the Group's appetite for risk and how this manifests itself in the way the Group conducts its business.

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 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.

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 internal controls 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.

AUDIT & RISK COMMITTEE REPORT
CONTINUED

The key procedures that have been established and designed to provide effective internal financial control are:

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

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

Functional reporting
A number of our key functions, including treasury, taxation, internal audit, risk management, litigation, IT strategy and development, environmental issues and insurance are dealt with centrally. Each of these functions reports to the Board on a regular basis, through the Chief Executive 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.

Risk management and internal controls compliance
The following illustrate how the risk management process and the system of internal control operated during 2015:

Group Internal Audit
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 many years of internal audit experience at the Company. He oversees a risk based internal audit programme using the services of outsourced contract providers including Grant Thornton and PricewaterhouseCoopers. 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 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 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

29 February 2016

REMUNERATION REPORT

"THE COMMITTEE CONTINUES TO BELIEVE THAT STRONG UNDERLYING CASH GENERATION IS IMPORTANT AS IT GIVES US THE CAPACITY TO INVEST FOR SUSTAINABLE REVENUE AND PROFIT GROWTH."

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 2015.

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 ('AGM'), 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

2015 was my first full year as Remuneration Committee Chair. The current remuneration policy, as disclosed in the 2013 Remuneration Report, received the support of 94% of shareholders. We are pleased that around 99% of shareholders supported its implementation at last year's AGM. The Committee will be undertaking a review of the policy during the forthcoming year, prior to submitting it to shareholders for formal approval at the AGM to be held in 2017. The Committee will consult with major shareholders in advance of making any material changes.

In 2015 the Remuneration Committee (the 'Committee') introduced Net Cash Flow, with a 40% weighting, into the LTIP to complement absolute Total Shareholder Return ('TSR'). The Committee continues to believe 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) continues to vest on absolute TSR, underpinned by Committee discretion, which the Committee believes further supports management alignment with shareholders.

During the year, we have also completed the acquisition of Local World, the most significant transaction for the Group for many years. The Committee reviewed the operational aspect of this acquisition and foresees no material implication on the structure of remuneration.

In light of the 2015 performance, executive directors will each receive bonuses of 25.95% of their respective base salaries (out of a maximum of 75% of salary). This outcome reflects the solid operating profit performance with there being no payment for publishing digital revenue growth as the stretching targets were not met. A summary of actual performance against the targets set is included on page 51. 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 2013 which are due to vest in May 2016, subject to achievement of the performance conditions. The Company's average share price over the final quarter of the performance period in 2015 was 168.95 pence which warranted 25.3% vesting. The Committee has also 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.

The Committee will increase the salaries of the Chief Executive and Group Finance Director by 1.5% from 1 March 2016 in light of their continued good performance. This is in line with the average salary increase in the 2016 annual pay reviews for all other management and staff across the Group. The structure of the annual bonus scheme is unchanged for 2016 and is based 75% on Group operating profit and 25% on growth in publishing digital revenue.

We have considered the revised principles of the Code as they relate to remuneration. We consider that the executive directors' remuneration is designed to promote the long-term success of the Company, and that performance related elements, as set out in this report, are transparent, stretching and rigorously applied.

We continue to value any feedback from shareholders and hope to receive your support at the Company's forthcoming AGM.

Helen Stevenson
Chairman of the Remuneration Committee

29 February 2016

REMUNERATION REPORT
CONTINUED

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 AGM on 15 May 2014, and took effect from that date. We have republished the Policy table from the 2013 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.

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.

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 53 to 54.

Performance metrics
None.

REMUNERATION REPORT
CONTINUED

Summary of Directors' Remuneration Policy continued

EXECUTIVE DIRECTOR REMUNERATION POLICY TABLE CONTINUED

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.

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 was applied for the 2015 financial year and will continue for the 2016 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.

REMUNERATION REPORT
CONTINUED

Summary of Directors' Remuneration Policy continued

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. For 2015 awards, the Committee introduced a second performance measure for 2015 LTIP awards and this will be continued for the 2016 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, eg those granted under the former Deferred Share Award Plan ('DSAP') and the Long Term Incentive Plan 2004, are disclosed in the Annual Report on Remuneration.

Performance measure selection and approach to target setting

The measures used under the annual bonus plan are selected annually to reflect the Company's key strategic priorities for the year and to reinforce financial performance.

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.

The Committee considers that absolute TSR and net cash flow (used in the LTIP) help align executives with shareholder interests, and provide objective and transparent measures of the Company's performance and shareholder value.

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.

REMUNERATION REPORT
CONTINUED

Notes to the policy table continued
Shareholding guidelines
The Committee recognises 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 56.

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 AGM. 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 2016 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 2015.

Remuneration Committee membership (as at the date of this report)
As at the date of this report, the Committee comprised six non-executive directors.

- Helen Stevenson (Chairman)
- David Grigson
- Lee Ginsberg
- Steve Hatch
- David Kelly
- Olivia Streatfeild

Jane Lighting attended all meetings of the Committee held during the year prior to her departure from the Company on 27 December 2015. Steve Hatch joined the Committee on 1 December 2015 and Olivia Streatfeild joined the Committee on 15 January 2016 upon their appointments to the Board.

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.

REMUNERATION REPORT
CONTINUED

Remuneration Committee membership (as at the date of this report) continued
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 Group Finance Director.

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

The Committee met four times during the year and details of members' attendance at meetings are provided in the Corporate Governance Report on page 36.

Advisers
Kepler Associates, a brand of Mercer ('Kepler'), was originally appointed by the Committee in 2010 following a competitive tender process, and was retained during 2015. 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. The Committee retains the responsibility for appointing any consultants in respect of executive director remuneration. 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 does not advise the Company on any other matters. Their total fees for the provision of remuneration services to the Committee in 2015 were £52,542 on the basis of time and materials.

Summary of shareholder voting at the 2015 AGM
The following table shows the results of the advisory vote on the 2014 Remuneration Report at the 2015 AGM:

Resolution text	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld
Approval of Annual Report on Remuneration	204,394,256	98.86	2,362,328	1.14	206,756,584	7,560,706

Trinity Mirror's Remuneration Policy was last subject to a binding vote at the 2014 AGM, when 93.88% of shareholders voted in favour of the relevant resolution.

Service contracts of Executive Directors who served during the year

Executive	Date of contract
Simon Fox	30 August 2012
Vijay Vaghela	18 April 2003

Single total figure of remuneration for Executive Directors (audited)
The table below sets out a single figure for the total remuneration received by each executive director for the 52 weeks ended 27 December 2015 and the prior period:

	Salary[1] £'000		Pension benefit[2] £'000		Taxable benefits[3] £'000		Single-year variable[4] £'000		Multiple-year variable[5] £'000		Total £'000	
Executive	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Simon Fox	**499**	500	**76**	75	**22**	22	**132**	172	**1,620**[6]	909	**2,349**	1,678
Vijay Vaghela	**429**	421	**113**	111	**12**	12	**114**	148	**234**	1,319	**902**	2,011

1 Vijay Vaghela's base salary excludes amount of salary sacrificed for pension contributions. Simon Fox's base salary excludes amount of salary sacrificed under the Group's Holiday purchase scheme.

2 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.

3 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.

4 Annual bonus paid for performance over the relevant financial year. Annual bonus is paid 50% in cash and 50% in restricted shares under the RSP. Restricted shares must be held for three years and are subject to forfeiture provisions. Awards may be reduced if the malus rules apply, ie in the event of a significant deterioration in the underlying financial health of the Company, conduct harmful to the Company's reputation, fraud or material misstatement of results. Further details on performance criteria, achievement and resulting awards can be found on page 59.

5 Reflects the value of LTIP awards which vested on performance to the relevant financial year end. For 2015, 25.3% of the 2013 LTIP grant will vest on performance, and for 2014, 62.6% of the 2012 LTIP grant vested on performance. In line with regulations, the market value of the 2013 LTIP awards is estimated using the average market value of the shares over the final quarter of the 2015 financial year which is 163.76 pence per share. The value of the 2012 LTIP awards in respect of Vijay Vaghela has been calculated using the spot share price of 159.25 pence on the date of vesting (25 June 2015) which is higher than the price of 153.21 pence used to estimate the value in last year's Annual Report. In respect of Simon Fox, the share price on the date of vesting (30 August 2015) was 137.0 pence per share, which was lower than the price used to estimate the value in last year's Annual Report. The value of the 2013 LTIP awards will be amended to reflect the share price on the date of vesting of 17 May 2016, in next year's Annual Report. Further details on performance criteria, achievement and resulting awards can be found on pages 51 to 52.

6 The total in respect of Simon Fox includes the vesting of his Joining LTIP, which was made under the terms of the 2012 LTIP, with a performance period of 36 months to 30 August 2015. The award vested at 59.4% based on performance and accordingly 944,106 shares became exercisable on 30 August 2015.

REMUNERATION REPORT
CONTINUED

Annual bonus in respect of 2015 performance

In 2015, 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 publishing digital revenue it was decided that there would be no payment below target of £45.5 million, at which level 50% of maximum available for that 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 publishing digital revenue growth in 2015, 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 25.95% of base salary to each of the executive directors payable 50% in cash and 50% in restricted shares.

For adjusted Group operating profit, 75% of potential was payable on a sliding scale from 15% to 75% on adjusted Group operating profit of threshold of £105.5 million to stretch of £111.0 million. Actual performance of £107.3 million had been achieved, which represented 34.6% of maximum bonus. For publishing digital revenue, 25% of potential was payable on a sliding scale from 12.5% to 25%, with target of £45.5 million to stretch of £47.9 million. The stretching digital targets had not been met. In total 34.6% of maximum was achieved, with 50% of bonus deferred in restricted shares.

2013 LTIP Awards

The performance period for the 2013 LTIP awards ended on 27 December 2015. 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
225 pence (or above)	100%
Between 150 pence and 225 pence	Straight-line vesting between 100% and 0%
150 pence or below	0%

Satisfaction of the performance condition was determined by reference to the Company's volume – weighted average share price over the final quarter of the performance period in 2015 which was 168.95 pence and warranted 25.3% vesting. The share price for these purposes includes dividends reinvested over the performance period.

In accordance with the rules of the plan, the Committee also considered the LTIP underpins. The Company's three-year TSR of 124.0% 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 25.3% of 2013 LTIP awards will vest.

Director	Interests held	Vesting %	Interests vesting	Vesting date	Assumed market value	Estimated value
Simon Fox	788,608	25.3	199,518	17 May 2016	163.76	£326,731
Vijay Vaghela	565,170	25.3	142,988	17 May 2016	163.76	£234,157

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 163.76 pence, being the average market value over the final quarter of the 2015 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.

CEO Joining Award ('joining LTIP')

Simon Fox's Joining LTIP, granted on 30 August 2012, was made under the 2012 LTIP. The Joining LTIP vested during the year based on performance over the performance period, which was 36 months to 30 August 2015. Vesting of the LTIP awards was dependent on the achievement of absolute TSR targets, as follows:

Closing three month 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 average share price over the final quarter of the performance period in 2015 which was 149.29 pence and warranted 59.4% vesting. The share price for these purposes includes dividends reinvested over the performance period.

REMUNERATION REPORT
CONTINUED

CEO Joining Award ('joining LTIP') continued

In accordance with the rules of the plan, the Committee also considered the LTIP underpins. The Company's three-year TSR of 382.5% 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 59.4% of the Joining LTIP vested. Accordingly, 944,106 shares became exercisable on 30 August 2015. Details of the change in interest are in the table on page 58.

Director	Interests held	Vesting %	Interests vesting	Vesting date	Market value (p)	Total value
Simon Fox	1,589,404	59.4	994,106	30 August 2015	137.00	£1,293,425

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 27 December 2015 and the prior period:

	Base fee £'000		Other fees £'000		Total £'000	
Non-executive	**2015**	2014	**2015**	2014	**2015**	2014
David Grigson	**190**	190	**–**	–	**190**	190
Lee Ginsberg[1]	**40**	40	**15**	15	**55**	55
Steve Hatch[2]	**3**	–	**–**	–	**3**	–
David Kelly[3]	**40**	3	**–**	–	**40**	3
Jane Lighting[4]	**40**	40	**20**	22	**60**	62
Donal Smith[5]	**17**	40	**–**	–	**17**	40
Helen Stevenson[6]	**40**	40	**15**	9	**55**	49

1 The fees paid to Lee Ginsberg for 2014 reflect his appointment to the Board and appointment as Audit & Risk Committee Chairman from 1 January 2014.

2 The fees paid to Steve Hatch for 2015 reflect the period from his appointment on 1 December 2015 to 27 December 2015.

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 2015 reflect her role of Senior Independent Director until her departure from the Board on 27 December 2015. The fees paid to Jane Lighting in 2014 reflect her Chairmanship of the Remuneration Committee until 15 May 2014, and her appointment as Senior Independent Director from 13 March 2014 until her departure from the Board.

5 The fees paid to Donal Smith for 2015 reflect the period until his departure from the Board on 7 May 2015.

6 The fees paid to Helen Stevenson reflect her appointment as Remuneration Committee Chairman from 15 May 2014.

The following non-executive director fee policy was in place for the 52 weeks ended 27 December 2015:

	£
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 2015 (audited)

In March 2015, 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 2017 financial year. To the extent that performance conditions are met, awards will vest on 13 March 2018.

	Date of grant	Shares over which awards granted[1]	£	% of salary[2]
Simon Fox	13 March 2015	387,546	734,400	144%
Vijay Vaghela	13 March 2015	277,741	526,319	120%

1 The base price for calculating the level of awards was 189.5 pence, the average three-day closing price on between 10 to 12 March 2015.

2 Based on 2015 base salaries.

Vesting of LTIP awards granted in 2015 is subject to two performance conditions; absolute TSR, accounting for 60% of each award, and cumulative adjusted Net Cash Flow, accounting for the remaining 40%. Further details of the targets applying to these awards are included in the tables on page 53.

REMUNERATION REPORT
CONTINUED

Absolute TSR condition

Closing three-month average adjusted share price at end of performance period	% of total award which can be exercised
300 pence (or above)	60%
Between 225 pence and 300 pence	Straight-line vesting between 60% and 0%
225 pence or below	0%

Satisfaction of the absolute TSR 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 2017. The share price for these purposes includes dividends reinvested over the performance period.

In addition, for this part of 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.

Net Cash Flow condition

Cumulative adjusted Net Cash Flow over the performance period	% of total award which can be exercised
£227 million or above (prior to acquisition: £180 million or above)	40%
Between £196 million and £227 million (prior to acquisition: £155 million and £180 million)	Straight-line vesting between 40% and 0%
£196 million or below (prior to acquisition: £155 million or below)	0%

Net Cash Flow is defined as the net cash flows 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. In assessing the Net Cash Flow, the Committee may, if appropriate include or exclude other payments, for example, pension payments over and above the agreed funding plan to better reflect underlying business performance.

The Committee may adjust the Net Cash Flow Condition as it considers appropriate including but not limited to where the Company or Group has bought or sold businesses or companies to maintain the same level of difficulty, and for unbudgeted items which are wholly outside management control. Following the acquisition of Local World, the Committee reviewed the impact of cash flows attributable to Local World and agreed an appropriate adjustment to the base and stretch targets of the Net Cash Flow Condition, taking into account budget and cash flow projections, and assuming the percentage range is unchanged. The effect of these adjustments is seen in the table above.

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)

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 until it closed to future accrual on 31 March 2010. The normal retirement date for Vijay Vaghela is 65 years.

Pension entitlements are as follows:

Director	**Accrued pension at 27 December 2015[1] £'000**	Accrued pension at 28 December 2014[1] £'000
Vijay Vaghela	**37**	37

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

The figure for Vijay Vaghela gives the accrued pension to which he would have been entitled based on pensionable service and salary as at 31 March 2010 but assuming he left service at the end of 2015. Vijay Vaghela's spouse is also entitled to a spouse's pension.

REMUNERATION REPORT
CONTINUED

Further details of pension arrangements
From 1 April 2010 until 31 March 2011, Vijay Vaghela 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. Since then, contributions have been reduced in accordance with the rules of the scheme. Following 'A' day on 6 April 2006, the earnings cap applying to the pension benefits of Vijay Vaghela has been maintained by amending the rules of the pension scheme in which he participates. 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. Contributions are subject to the earnings cap, and therefore an annual cash sum equivalent to 30% of salary in excess of the cap is paid.

Simon Fox and Vijay Vaghela are covered for lump sum death benefits equivalent to four times base salary.

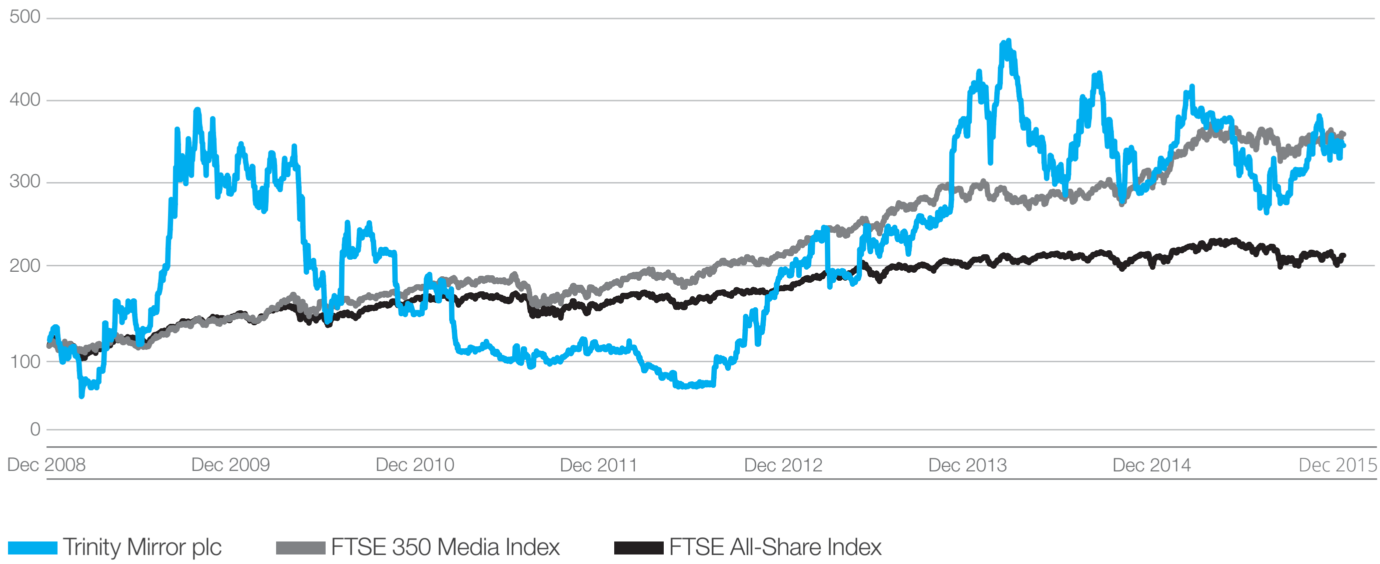
Percentage change in CEO remuneration
The table below shows the percentage change in CEO remuneration from the prior year compared to the average percentage change in remuneration for all other employees.

	CEO 2015 £'000	CEO 2014 £'000	CEO % change 2014–2015	All other employees % change 2014–2015
Base salary	**510**	500	2%	4%
Taxable benefits	**22**	22	0%	1%
Annual bonus	**132**	172	(23%)	(5%)
Total	**664**	694	(4%)	3%

The CEO's remuneration includes base salary at 31 December 2015, 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 salary as at 31 December 2015 and 31 December 2014 and P11D data from tax years 2014 and 2015 and is based on a consistent set of employees, ie the same individuals appear in the 2014 and 2015 populations. The annual bonus is the amount payable in respect of 2015 compared to the amount paid in respect of 2014. The base salary 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.

Seven-year TSR chart



REMUNERATION REPORT
CONTINUED

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

	2009	2010	2011	2012	2013	2014	**2015**
Simon Fox							
Single figure of remuneration (£'000)				186	710	1,678	**2,349**
Annual bonus outcome (% of maximum)				0%	30.0%	45.8%	**34.6%**
(£'000)				–	113	172	**132**
LTIP vesting (% of maximum)				n/a	n/a	62.6%	**25.3%**
(£'000)				n/a	n/a	909	**327**
Joining LTIP vesting (% of maximum)				n/a	n/a	n/a	**59.4%**
(£'000)				n/a	n/a	n/a	**1,293**
Vijay Vaghela[1]							
Single figure of remuneration (£'000)				35			
Annual bonus outcome (% of maximum)				0%			
(£'000)				–			
LTIP vesting (% of maximum)				0%			
(£'000)				–			
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	–			
LTIP vesting (% of maximum)	0%	0%	0%	0%			
(£'000)	–	–	–	–			

1 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 2014 and 2015, along with the percentage change in both.

	2015 £'000	2014 £'000	% change 2014 – 2015
Shareholder distributions (dividends)	**12,511**	–	N/A
Total employee expenditure	**194,300**	196,500	(1.1%)

Exit payments
There were no exit payments made to executive directors in the year.

Payments to past directors (audited)
As disclosed in last year's Remuneration Report, Mark Hollinshead ceased to be a director of the Company on 12 December 2014, with the treatment of his outstanding share-based incentive awards in line with the relevant incentive plan rules. During the year, Mr Hollinshead's outstanding interests under the 2012 DSAP (111,783 nil-cost options) and 2012 LTIP (443,416 nil-cost options) were released to him on 17 May 2015 and 26 June 2015 respectively. Mr Hollinshead retains interests under the RSP which are due to vest in March 2017 and March 2018.

As similarly disclosed last year, Paul Vickers stood down as a director and Company Secretary with effect from 17 November 2014. Mr Vickers left by reason of redundancy, and as such was treated as a good leaver for the purposes of the Company's incentive plans. During the year, Mr Vickers' outstanding interests under the 2012 DSAP (128,981 nil-cost options) and 2012 LTIP (661,316 nil-cost options) were released to him on 17 May 2015 and 26 June 2015 respectively. Based on performance to the end of the financial year 2015, Mr Vickers' time pro-rated 2013 LTIP vested as to 25.3%, and resultantly 77,875 nil-cost options will be released to him in May 2016. Mr Vickers retains interests under the RSP which are due to vest in March 2017, and under the 2014 LTIP which will be tested for performance at the end of the financial year 2016.

REMUNERATION REPORT
CONTINUED

Implementation of executive director remuneration policy for 2016
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 1.5% from 1 March 2016 in light of individual performance. The basic salaries of the executive directors are as follows:

	Base salary at:		
Executive director	1 March 2016	1 March 2015	Increase
Simon Fox	**£517,650**	£510,000	1.5%
Vijay Vaghela	**£445,179**	£438,600	1.5%

For context, the average salary increase in 2016 annual pay reviews for management and staff across the Group was 1.5%.

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

Annual Bonus and RSP
For 2016, 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
The structure of 2016 LTIP awards will be the same as in 2015, with awards vesting 60% based on absolute TSR and 40% on Net Cash Flow.

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 be underpinned by Committee discretion taking into account relative TSR and key financial metrics.

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.

Implementation of non-executive director remuneration policy for 2016
Chairman and non-executive director fees
The fees for the Chairman and non-executive directors will be reviewed during the year, further details of which will be made available in the Remuneration Report at the relevant time.

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 27 December 2015 is set out below. None of the directors has a beneficial interest in the shares of any other Group company. Since 27 December 2015, there have been no changes in the directors' interests in shares.

As beneficiaries under the TIH Employee Benefit Trust, the directors are deemed to be interested in 90,855 ordinary shares held by the trust at 27 December 2015.

The lowest price of the shares during the year was 128.0 pence as at 28 July 2015 and the highest price was 206.0 pence as at 3 March 2015. The share price as at 27 December 2015 (24 December 2015 being the last market date for the financial year) was 165.5 pence.

Director	Ordinary shares at 27 December 2015	Ordinary shares at 28 December 2014
Simon Fox	**811,169**	62,659
Vijay Vaghela	**527,873**	452,873
Lee Ginsberg	**10,000**	–
David Grigson	**220,000**	200,000
David Kelly	**10,000**	–
Helen Stevenson	**35,000**	5,000
Steve Hatch[1]	**–**	N/A

1 Steve Hatch joined the Board on 1 December 2015.

REMUNERATION REPORT
CONTINUED

Former directors' beneficial interests (audited)

Former director	Ordinary shares as at date directors left the Board[2]	Ordinary shares at 28 December 2014
Jane Lighting	**34,800**	24,800
Donal Smith	**61,900**	61,900

2 Donal Smith and Jane Lighting left the Board on 7 May 2015 and 27 December 2015 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 27 December 2015 when the mid market closing price of each Trinity Mirror share was 165.5 pence.

In respect of former directors who left the Board during the year the table shows the shares owned outright 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	Unvested and subject to performance conditions	Unvested but subject to other conditions[1]	Value of shares owned outright	Shareholding requirement (% salary/fee)	Current shareholding (% salary/fee)	Requirement met
Simon Fox	811,169[4]	1,498,735	70,519	£1,342,485	200%	263%	Y
Vijay Vaghela	527,873	1,074,094	60,646	£993,407	133%	226%	Y
Lee Ginsberg	10,000	–	–	£16,550	100%	30%	Requirement not effective until Jan 17
David Grigson	220,000	–	–	£364,100	100%	192%	Y
Steve Hatch	–	–	–	–	100%	–	Requirement not effective until Dec 18
David Kelly	10,000	–	–	£16,550	100%	41%	Requirement not effective until Dec 17
Helen Stevenson	35,000	–	–	£61,745	100%	112%	Y
Former director							
Jane Lighting[2]	34,800	n/a	n/a	£60,641	100%	101%	Y
Donal Smith[3]	61,900	n/a	n/a	£112,813	100%	282%	Y

1 Shares awarded under the RSP are subject to a malus provision.

2 Jane Lighting left the Board on 27 December 2015 when the share price was 165.5 pence.

3 Donal Smith left the Board on 7 May 2015 when the share price was 182.25 pence.

4 This excludes 33,907 vested but unexercised share options.

REMUNERATION REPORT
CONTINUED

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 28 December 2014	Granted	Exercised	Lapsed	At 27 December 2015	Performance period	Exercise period (holding period)
Simon Fox									
LTIP	30.08.12	£0.3850	1,059,602	–	(629,404)	(396,291)	33,907	02.01.12–28.12.14	30.08.15–30.06.16[2]
	30.08.12	£0.3850	1,589,404	–	(944,106)	(645,298)	–	30.08.12–29.08.15	30.08.15–29.02.16
	17.05.13	£1.0500	788,608	–	–	–	788,608	31.12.12–27.12.15	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)*
	13.03.15	£1.895	–	387,546	–	–	387,546	29.12.14–31.12.17	13.03.18–13.06.20 *(13.03.18–13.03.20)*
RSP	19.03.14	£2.1675	25,202	–	–	–	25,202	–	restricted until 19.03.17
	13.03.15	£1.895	–	45,317	–	–	45,317	–	restricted until 13.03.18
	to be granted in 2016[1]			shares to the value of £66,173					
Vijay Vaghela									
LTIP	25.06.12	£0.2575	1,323,076	–	(828,246)	(494,830)	–	02.01.12–28.12.14	25.06.15–25.12.15
	17.05.13	£1.0500	565,170	–	–	–	565,170	31.12.12–27.12.15	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)*
	13.03.15	£1.895	–	277,741	–	–	277,741	29.12.14–31.12.17	13.03.18–13.06.20 *(13.03.18–13.03.20)*
RSP	19.03.14	£2.1675	21,673	–	–	–	21,673	–	restricted until 19.03.17
	13.03.15	£1.895	–	38,973	–	–	38,973	–	restricted until 13.03.18
	to be granted in 2016[1]			shares to the value of £56,908					
DSAP	17.05.12	£0.2625	197,197		(197,197)		–	–	17.05.15–17.11.15

1 Awards under the RSP in respect of the 2015 bonus will be made in March 2016. 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 on page 59.

2 Due to the Company being in a close period, the Remuneration Committee resolved to extend the exercise period to 30 June 2016 in respect of this award.

REMUNERATION REPORT
CONTINUED

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			NCF targets		
Plan	Weighting	Threshold (0% vesting)	Full vesting (100% vesting)	Weighting	Threshold (0% vesting)	Full vesting (100% vesting)
2013 LTIP	100%	150p	225p	n/a	n/a	n/a
2014 LTIP	100%	225p	350p	n/a	n/a	n/a
2015 LTIP	60%	225p	300p	40%	£196m	£227m

Deferred Share Award Plan

Following the approval by shareholders of the new long-term share-based incentive arrangements at the AGM in 2012, the DSAP was replaced with the Restricted Share Plan and no further awards will be in the form of Deferred Share Award nil cost options granted under this plan; instead awards will be granted under the Restricted Share Plan. In 2015, the final vestings of the DSAP took place.

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

Chief Executive's statement

I am pleased to present our Corporate Responsibility Report, which is an area where the Group's commitment to integrity and ethics becomes quite evident. This year the Company maintained its inclusion in the FTSE4Good Index, which measures the quality and transparency of our environmental, social and ethical disclosures.

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, which is a testament to the hard work and commitment of our environmental and facilities teams. We also delivered on the targets we set ourselves in 2015 in respect of improving in areas such as procurement, water consumption and waste management, and we have set ourselves challenging targets for 2016, which are detailed on page 63.

We have applied rigorous health and safety standards across our business and information on these is on page 64.

We continue to care for the communities in which we publish and where our businesses operate and we have tried to give a flavour of the many examples of us doing this in the report that follows. You can read more about social and community work on page 66.

A particular highlight for me this year was the Daily Mirror's 17th annual Pride of Britain Awards, held at the end of September 2015, celebrating brave and extraordinary achievements, and raising awareness of the causes our communities support.

I am proud of our engagement with the communities in which we work and look forward to continuing to be a part of the regional and national landscape.

Simon Fox
Chief Executive

29 February 2016

Environmental report

Environmental Management

Protecting the environment is integral to our business strategy. The Environmental Steering Committee, chaired by the Group Finance Director, is responsible for maintaining the Company's Environmental Policy, setting Group-wide targets and benchmarking performance. Each of our business units works hard to deliver against these targets and to make other environmental improvements at local level. All of our core business units maintain environmental management systems certified to the international ISO 14001 standard.

During 2015 we achieved further reductions in our energy consumption and associated carbon footprint and made real progress in our water conservation initiative. We also continued to meet our target on sustainable paper sourcing, against a challenging supply backdrop. Further, we maintained our rating in the FTSE4Good index, that measures the quality and transparency of our environmental, social and ethical disclosures.

A summary of our performance against 2015 Group targets can be found on pages 62 and 63, together with our new targets for the coming year. The Environmental Policy can be found at www.trinitymirror.com/our-values

There were no prosecutions or compliance notices for breaches of environmental legislation during 2015.

Local World

Activities associated with Trinity Mirror's minority equity interest in Local World Holdings Limited during 2015 are not covered in this environmental report. The full acquisition of Local World was completed on 13 November 2015 and therefore the environmental impact of this acquisition has yet to be fully assessed. For 2016 we will incorporate Local World into the Group policies and reporting.

Energy consumption and carbon footprint

This is the seventh successive year that we have been able to report reductions in our electricity consumption, which is down by 9.2% compared with 2014 (versus the target of a 0.5% reduction).

Overall, the greenhouse gas emissions associated with the activities under our direct management control fell by 13.4% in absolute terms and by 2.6% on a normalised basis (per million pages of printed output) compared with 2014. During 2015 we have also successfully tackled an upward trend in carbon emissions associated with business travel, which reduced overall by 8.1%. This has been achieved by better use of telephone conference calling and other electronic forms of communication.

The Company has continued to participate in phase 2 of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme, and has also met the requirements of the Compliance with Energy Savings Opportunity Scheme Regulations 2014 (ESOS).

A breakdown of the Group's energy consumption and associated greenhouse gas emissions during 2015 is set out in the on page 62, in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. 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.

In 2015 we also reported voluntarily on our greenhouse gas emissions data through the international Carbon Disclosure Project.

CORPORATE RESPONSIBILITY REPORT
CONTINUED

Energy consumption and carbon footprint continued
Trinity Mirror energy consumption and associated greenhouse gas emissions (CO_2 equivalent)

	Consumption	GHG conversion factor (2015) [4]	GHG emissions (CO_2 equiv. tonnes) 2015	2014	2013
Scope 1[1]					
Gas combustion (heating, all Trinity Mirror premises)	**17,259,928 kWh**	0.18445×10^{-3}	**3,184**	3,344	4,103
Oil combustion (electricity generation, all Trinity Mirror premises)	**48,919 litres**	2.67614×10^{-3}	**131**	264	163
Refrigerant gas loss (all Trinity Mirror premises)	**762 kg**	Various by gas type	**1,082**	464	623
Commercial vehicles (all Trinity Mirror owned vehicles)	**540,003 km**	0.24999×10^{-3}	**135**	429	637
		Total SCOPE 1	**4,532**	4,501	5,526
		Total SCOPE 1 per million pages printed	**0.05**	0.04	0.05
SCOPE 2[2]					
Generation of Grid electricity used (all Trinity Mirror premises)	**67,304,070 kWh**	0.46219×10^{-3}	**31,107**	36,650	37,866
		Total SCOPE 2	**31,107**	36,650	37,866
		Total SCOPE 2 per million pages printed	**0.32**	0.33	0.31
SCOPE 3[3]					
Transmission and distribution of Grid electricity used (all Trinity Mirror premises)	**67,304,070 kWh**	0.03816×10^{-3}	**2,568**	3,205	3,238
Business travel (road, not involving company vehicles)	**7,234,574 km**	0.19931×10^{-3}	**1,442**	1,901	1,772
Business travel (rail)	**2,407,268 km**	0.045057×10^{-3}	**108**	103	264
Business travel (air)	**5,502,344 km**	0.29795×10^{-3}	**1,639**	1,467	870
Electricity for contracted printing (generation, transmission and distribution)	***3,669,593 kWh***	*0.50035×10^{-3}*	***1,836***	*2,402*	*1,907*
Gas for contracted printing	***5,037,921 kWh***	*0.18445×10^{-3}*	***929***	*934*	*1,252*
Vehicle fuel for contracted distribution – long haul	***1,899,054 litres***	*2.5839×10^{-3}*	***4,907***	*5,224*	*4,431*
		Overall Total SCOPE 1, 2 and 3	**49,068**	56,387	57,126
		Overall Total SCOPE 1, 2 and 3 per million pages printed	**0.45**	0.46	0.43

Notes:

1 Scope 1 covers the annual quantity of emissions in tonnes of carbon dioxide equivalent from emission 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, ie where the emissions are from sources that are not owned by Trinity Mirror and where the Company does not have operational control.

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

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

Water consumption
We have recognised that there is scope to reduce water consumption across our property portfolio, by systematically reviewing water efficiency measures and implementing good practice. In 2014 we completed the first efficiency review at our Liverpool publishing and administrative site and during 2015 we have successfully implemented the improvements identified. Building on this experience, we have also carried out a smart water meter survey at our Oldham print site which has identified opportunities for further savings.

The water consumption of the Group's 'core' sites during 2015 was 62,098m^3.

Supply chain
Paper sourcing and sustainable forestry

Trinity Mirror is committed to maximising its use of graphic paper that is produced from recycled fibre, or fibre from forests that have been independently certified as sustainable. In 2015 we sourced 89% of all of our graphic paper which refers to grades of paper used in our publications covering both newspapers and magazines', from recycled or certified fibre, against our target of 80%.

CORPORATE RESPONSIBILITY REPORT
CONTINUED

Supply chain continued
Contracted printing and product distribution services

Trinity Mirror contracts out the printing of magazine supplements and some newspapers, and the distribution by road of printed products. We require 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. Wherever possible we prefer to work with suppliers that are independently certified to a recognised environmental management system standard.

Waste management and recycling
It is Trinity Mirror's policy to progressively reduce and eventually eliminate waste that is sent to landfill and we pursue a range of waste reduction and recycling initiatives.

Our print sites have continued to meet the target of recycling 100% of all non-hazardous paper waste.

During 2015 we worked with our key contractor to maximise the re-use or recycling of hazardous wastes generated at our print sites and met our target that no more than 3% went to landfill.

We also met our target that 100% of waste electrical and electronic equipment (WEEE) from publishing sites be either refurbished and re-used, or processed for materials recycling.

Summary of performance vs 2015 environmental targets

2015 TARGET	ACTION
Environmental management	
Maintain ISO 14001 certification covering core publishing sites.	Certification has been maintained.
Maintain ISO 14001 certifications at print sites.	All certifications have been maintained.
Manage the transition to the revised ISO 14001 standard as it is progressively implemented, at all our certified sites.	A gap analysis is being carried out at the Liverpool site to identify the actions that are required to conform with ISO 14001: 2015. This will be completed in February 2016.
Energy consumption and carbon footprint	
Reduce kWh of electricity consumed at all sites in FY 2015 by 0.5% compared with FY 2013.	Achieved significant reductions in electricity (9.2%) and gas (4.5%) consumption.
Investigate the upward trend in energy consumption associated with business travel.	The number of meetings requiring staff travel has been reduced through better use of electronic conferencing. Achieved an 8.1% reduction in overall carbon emissions associated with business travel.
Meet the requirements of the Energy Savings Opportunity Scheme Regulations 2014 (ESOS) by the end of 2015.	The information required has been verified by an approved assessor and was submitted to the Environment Agency in October 2015.
Water consumption	
Implement the water efficiency improvements identified at the Liverpool site.	The improvements identified at Liverpool have been completed, resulting in anticipated annual savings in water consumption.
Roll out a programme to undertake further in-depth reviews of water consumption, starting with the largest print sites.	A smart water meter survey has been completed at the Oldham print site.
Supply chain	
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.	We have continued to work with our suppliers on this issue. In 2015 we sourced 89% of our graphic paper from recycled or certified fibre.
All contract printers to be certified to ISO 14001 or EMAS by the end of 2017.	This target is being reviewed pending the assessment of how best to bring Local World operations into-line with Trinity Mirror's Environmental Policy.

CORPORATE RESPONSIBILITY REPORT
CONTINUED

Summary of performance vs 2015 environmental targets continued

2015 TARGET	ACTION
Waste management and recycling	
Continue to recycle 100% of all non-hazardous print plant paper waste.	Achieved 100% recycling during 2015.
Maximum of 3% of hazardous wastes generated at print sites to go to landfill.	Achieved 97.8% beneficial recovery of hazardous wastes during 2015.
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.	Achieved this target.

Summary of 2016 environmental targets

2016 TARGETS
Environmental management
Maintain ISO 14001 certification covering current core publishing sites.
Maintain ISO 14001 certifications at print sites currently under our ownership.
Progressively implement the actions necessary to meet the requirements of ISO 14001: 2015 at all certified sites.
Undertake a strategic review during 2016 of how best to bring Local World operations into line with Trinity Mirror's Environmental Policy.
Energy consumption and carbon footprint
Reduce kWh of electricity consumed at all sites in FY 2017 by 0.5% compared with 2015.
Continuously monitor business travel to ensure that reductions in carbon emissions associated with business travel are maintained.
Review opportunities for energy savings that have been identified and prioritise for implementation.
Water consumption
Undertake a water efficiency survey at the Watford print site and review other current publishing sites for further water efficiency opportunities.
Supply chain
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.
Waste management and recycling
Continue to recycle 100% of all non-hazardous paper waste from print sites under our ownership.
Maximum of 3% of hazardous wastes generated at print sites under our ownership 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.

CORPORATE RESPONSIBILITY REPORT
CONTINUED

Health and safety report

In 2015 the Company maintained high standards and recorded the lowest number of workplace accidents for the Group since detailed records began. Furthermore, in recognition of its achievements the Company was awarded a RoSPA President's Award for Occupational Health and Safety.

The tables below provide statistics for health and safety in 2015, with a comparison to the previous year. It is pleasing to report that there was a significant reduction in the total number of accidents, including those reportable under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013). The total number of working days lost has also fallen to a lower level following an unusual high in 2014 (a substantial part of this involved a single long-term absence).

A more detailed breakdown is given in the following tables.

Health and safety performance indicator	2015	2014
Fatalities	**0**	0
RIDDOR specified injuries[1]	**1**	0
RIDDOR over seven day injuries	**7**	10
RIDDOR occupational ill health/diseases/conditions	**0**	0
RIDDOR dangerous occurrences	**0**	0
Total number of accidents	**87**	113
RIDDOR events frequency rate[2]	**0.09**	0.11
All accidents frequency rate[2]	**1.06**	1.28
Total days lost due to accidents[3]	**240 (0.022)**	516 (0.046)

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

Breakdown of accidents by type of event	All accidents 2015 (%)	All accidents 2014 (%)	RIDDOR accidents 2015 (%)	RIDDOR accidents 2014 (%)
Slips and falls (same level)	**22**	23	**50**	30
Lifting and handling of materials	**3.5**	9	**12.5**	30
Contact with machinery	**3.5**	3	**25**	0
Falls from a height	**2**	1	**0**	0
Stepping on or striking fixed object	**18.5**	17	**0**	0
Struck by moving vehicle	**0**	0	**0**	0
Contact with sharp/abrasive material	**11.5**	13	**0**	0
Struck by flying or falling object	**8**	3	**0**	0
Contact with hazardous substance	**6**	8	**0**	0
Contact with hot material/substance	**3.5**	1	**0**	0
Object collapsing or overturning	**2**	0	**0**	0
Use of hand tools	**7**	5	**0**	0
Contact with electricity	**1**	1	**0**	10
Others	**11.5**	16	**12.5**	30
Total	**100**	100	**100**	100

(All percentages rounded to the nearest half decimal point)

Although there was a 17% reduction in the total number of accidents involving slips trips and falls this year four of them were reportable under RIDDOR, compared to three in the previous year. There has also been a welcome fall in the number of injuries involving lifting and handling.

CORPORATE RESPONSIBILITY REPORT
CONTINUED

Health and safety enforcement activity
There was only one visit to our premises by a health and safety enforcing officer in 2015. This was a routine visit from an HSE Inspector who carried out a detailed review of the arrangements for health and safety at one of our printing plants. Everything was found to be in order and no enforcement action of any kind was required.

Future health and safety initiatives
To promote and maintain further improvement in 2016 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;
- Complete work on 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;
- Continue with 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;
- Continue the provision of 'toolbox talks' to production and maintenance staff covering health and safety issues that are relevant to their work;
- Analyse accidents, incidents and near misses in an effort to identify and effectively control potential hazards;
- Maintain conformity with OHSAS 18001 at print sites, implementing annual health and safety improvement plans and preparing for a transition to the new international standard ISO 45001 (due for publication later this year);
- Continue with behavioural safety initiatives at our print sites in an effort to help identify 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, if required; and
- Review the arrangements for health and safety in Local World with a view to integration with Trinity Mirror.

Social and community report
Trinity Mirror supports communities across the UK through its editorial work, raising awareness, publicising charities, running campaigns and organising fundraising appeals across all of its national and regional titles.

2015 saw a number of successful issue-based campaigns across both our national and regional titles, examples of which included: driving, sign-ups to the organ donor register, fighting cuts in doctor-led maternity care in North Wales, uncovering child sexual exploitation in Birmingham, campaigning against steel job cuts in Teesside, coordinating donations for starter packs for young homeless people in Birmingham and partnering with Teach First to drive recruitment into teaching, amongst many others.

Trinity Mirror makes direct cash donations to various charities connected with or associated with the newspaper, printing or advertising industries and to charities operating in the communities immediately surrounding the Group's offices and sites. The charities that are likely to receive support are smaller community-based charities where a modest donation will make a big impact. Each of our regional newspaper companies have a small budget out of which they can make donations to charities working in the community in which there are based.

We run a large number of award ceremonies across the Group, with the aim of celebrating the exceptional achievements of our readers and communities and raising awareness of their causes, ranging from national televised events to smaller events reported in the local newspaper.

The Daily Mirror's 17th annual Pride of Britain Awards were held at the end of September 2015 and broadcast on national television on ITV. The awards have become firmly established as the biggest national event celebrating the achievements of the country's unsung heroes and raising awareness of the causes they support. We continued to expand the 'Pride of…' series of awards, with ceremonies organised and hosted by our regional newsbrands, as well as the national Pride of Sport and Animal Heroes Awards, in their third and second years respectively, and the Sunday Mail Great Scots Awards celebrating its 25th year.

CORPORATE RESPONSIBILITY REPORT
CONTINUED

Two examples of our support during the year are:

TEDDY'S STORY

The heartbreaking story of the world's youngest ever organ donor – Teddy Houlston – dominated the news agenda and captivated the public after an exclusive story in the Daily Mirror in April 2015. Teddy died from a rare condition called anencephaly but, in a ground-breaking move, his kidneys and heart valves were donated and went on to save the life of an adult.

His parents were determined that his story inspire others to consider organ donation which led to the Daily Mirror launching a cross-platform campaign to do just that. The campaign also aimed to encourage more people to talk about organ donation with their family and featured a guide to becoming a donor, video interviews, Q&As and stories on the impact of donating. Over 100,000 more people signed the NHS Organ Donor Register as a result of the campaign and 12 million people in the UK were aware of Teddy's story in the first five months of its launch, according to a survey by Populus.

SUPPORTING YOUNG ASPIRING JOURNALISTS

In 2015 Trinity Mirror worked with the Media Trust to give a platform to aspiring young journalists. The partnership saw 60 young community journalists aged 16 to 24 from local areas, with varying previous exposure to the world of journalism, work in Trinity Mirror's regional newsrooms.

The young journalists sourced, planned and produced stories with the help of mentors from the newsrooms. All of the participants had their multimedia stories published in their host titles' newspapers and/or websites and some of the stories where also picked up and published on Mirror.co.uk.

The scheme gave newsroom experience to young people who might not otherwise have had the opportunity as well as giving Trinity Mirror journalists the opportunity to gain experience of mentoring. The stories produced by the community journalists enhanced the titles and gave the writers the exciting opportunity of seeing their name in a byline, as well as building their confidence as a result of their time with the newsrooms.

DIRECTORS' REPORT

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. The directors are required to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law, the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group or Company and of the profit or loss of the Group or Company for that period.

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

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern, and its long-term viability.

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 £37.1 million (2014: £47.7 million). Dividend payments amounting to £12.5 million were made during the year ending 27 December 2015 (2014: nil). After dividends, retained profit for the period was £24.6 million (2014: £47.7 million).

Dividends

The Board proposes a final dividend for 2015 of 3.15 pence per share (2014: 3.00 pence per share) which, subject to shareholder approval, will be payable on 10 June 2016 to shareholders on the register on 13 May 2016. The proposed final dividend together with the interim dividend of 2.00 pence per share (2014: nil) results in a total dividend for 2015 of 5.15 pence per share (2014: 3.00 pence per share).

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 revenue and profit over the medium term.

Disclosure of information under Listing Rule 9.8.4

Dividend waivers

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 (2,845,789 shares as at 27 December 2015) and the shares held in TIH Employee Benefit Trust (90,855 shares as at 27 December 2015).

For the purposes of compliance with LR 9.8.4R, the following information is included by reference within the Directors' Report:

LR 9.8.4R	Location
Directors' Remuneration	Directors' Remuneration Report, pages 45 to 59
Waiver or agreed waiver of dividends by a shareholder	Directors' Report, page 67
Details of Long-Term Incentive Schemes	Directors' Remuneration Report, pages 45 to 59

DIRECTORS' REPORT
CONTINUED

Political donations

At the Company's Annual General Meeting held on 5 May 2015, 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 27 December 2015 (2014: 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 61.

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.

Simon Fox, Chief Executive Officer, is the executive director with Human Resource responsibility.

Further information about our employees is set out in the Strategic Report on pages 12 and 13.

Share capital

As at 27 December 2015 and the date of this report, the Company's issued share capital comprised 283,459,571 ordinary shares with a nominal value of 10 pence each. Each share carries the right to one vote at general meetings of the Company.

As at 27 December 2015, the Trinity Mirror Employees' Benefit Trust held 2,845,789 shares (2014: 8,775,706). At the same date the TIH Employee Benefit Trust held 90,855 shares (2014: 90,855).

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

Substantial shareholdings

As at 27 December 2015, the Company had been notified of the following beneficial interests in its ordinary shares:

Name	Number of shares	Percentage of issued share capital
Aberforth Partners	33,270,685	11.74
Schroder Investment Management	30,602,270	10.80
Aviva Investors	24,082,211	8.50
JPMorgan Asset Management	19,791,452	6.98
Standard Life Investments	19,753,824	6.97
Premier Fund Management	14,916,776	5.26
Majedie Asset Management	13,958,409	4.92
Dimensional Fund Advisors	13,461,423	4.75
LSV Asset Management	9,318,694	3.29
Milton Asset Management	8,806,249	3.11

Since 27 December 2015 to the date of this report, the Company had been notified of the following changes to the above beneficial interests:

Name	Number of shares	Percentage of issued share capital
Schroder Investment Management	31,148,781	10.99
Majedie Asset Management	14,210,679	5.01
Aviva Investors	24,180,972	8.53

DIRECTORS' REPORT
CONTINUED

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

Executive
Simon Fox
Vijay Vaghela

Non-executive
Lee Ginsberg
David Grigson
David Kelly
Jane Lighting (resigned 27 December 2015)
Donal Smith (resigned 7 May 2015)
Helen Stevenson
Steve Hatch (appointed 1 December 2015)
Olivia Streatfeild (appointed 15 January 2016)

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 56 to 57.

Biographical details of each of the directors seeking re-election at the Annual General Meeting can be found on pages 32 and 33.

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 Company's Annual General Meeting on 7 May 2015, 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 position, performance, business model and strategy.

By order of the Board

Vijay Vaghela
Company Secretary

29 February 2016

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 27 December 2015 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 38 to the Consolidated Financial Statements and the related notes 1 to 14 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 AND THE DIRECTORS' ASSESSMENT OF THE PRINCIPAL RISKS THAT WOULD THREATEN THE SOLVENCY OR LIQUIDITY OF THE GROUP

As required by the Listing Rules we have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting set out on pages 37 and 38 and the directors' statement on the longer-term viability of the Group contained within the corporate governance report on page 38.

We have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 37 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 14 to 16 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in note 3 to the Consolidated Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the directors' explanation on page 38 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any material uncertainties relating to this conclusion. 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.

INDEPENDENCE

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

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 (£904.3 million) in the consolidated balance sheet and fixed asset investments (£980.1 million) in the company only 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 the identification of appropriate cash-generating units (CGUs), short and long-term growth rates and the discount rate applied to the future cash flows.	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, factoring in appropriate evidence such as the relative importance of national advertising and revenues generated from regionally sold packages, centrally co-ordinated distribution arrangements as well as the current management structure and reporting; · 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;

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

Risk	How the scope of our audit responded to the risk
Similar judgement is required in assessing the carrying value of investments in Trinity Mirror plc (note 4 to the Parent Company Financial Statements). In the 52 week period ended 27 December 2015, the directors revised their assessment of CGUs and reduced the number considered in the impairment review, from 11 to 5 (excluding Local World). This change reflects a number of changes in the regionals businesses notably: the majority of revenues are packaged and sold centrally, the structure of the management team and the reporting to the Board, and the way in which resources are employed in the generation of independent cash inflows. Management disclose this as a key source of estimation uncertainty in note 3 to the Consolidated Financial Statements.	· 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. In addition, we applied the assumptions underlying the impairment review to the old basis of CGU identification and noted that no impairment would be required. We also evaluated the appropriateness of the "reasonable possible change" and other disclosures included in note 15 to the Consolidated Financial Statements by reference to the audit procedures outlined above.
Accounting for business combinations and acquired intangible assets – Local World Holdings Limited (Local World) The accounting for the acquisition of Local World involves judgement and is based on a number of assumptions notably: · the fair value of assets and liabilities acquired; · the treatment and classification of acquisition related costs; · the fair value of the consideration (£192.6 million); and · the recognition of the gain on the deemed disposal of the associate holding in Local World (£33.6 million) at the date of acquisition of Local World as a subsidiary. Management performed the valuation of the publishing rights and titles acquired taking into consideration previous transactions that the Group has completed. Information in respect of the acquisitions made in the year is presented in note 36 to the Consolidated Financial Statements. In note 3 to the Consolidated Financial Statements the identification of intangible assets in business combinations is identified as a critical judgement with the valuation and asset lives of separately identifiable intangible assets noted as a key source of estimation uncertainty.	The audit procedures we performed in respect of this risk included; · analysing the sale and purchase agreement to determine whether conditions contained within were appropriately reflected in the acquisition accounting; · testing the validity and completeness of consideration to the underlying agreements and consideration paid; · evaluating management's assumptions and methodology supporting the fair values of intangible assets and net assets acquired with reference made to other transactions completed in the print industry and other comparable industries we also assessed whether it was appropriate to apply an indefinite useful life to the intangible assets acquired; · involving our internal valuation specialists to assess the underlying assumptions, principally the discount rate and the royalty rate, in the intangible assets valuation model; · assessing the fair value attached to the associate holding in Local World that was deemed to be disposed of and the overall gain on deemed disposal calculation; and · evaluating the appropriateness of the related disclosure included in note 36 to the Consolidated Financial Statements at 27 December 2015 by reference to the audit procedures outlined above.
The assessment of the provision arising from historical legal issues The Group faces a number of civil claims in relation to suspected phone hacking arising in the past. In December the Court of Appeal upheld the judgement of Mr Justice Mann with respect to the formulae to be applied to claims for phone hacking. The Group has applied to the Supreme Court for permission to appeal against the decision by the Court of Appeal. Consequently, there is uncertainty as to how claims and potential claims will be resolved and therefore significant judgement is required in assessing the likely outcome and the potential liability for legal costs and damages in relation to these matters. During the year, £29 million has been charged to the Income Statement for dealing with and resolving these civil claims and the outstanding provision held at 27 December 2015 is disclosed within note 22 to the Consolidated Financial Statements. This is recognised as a key source of estimation uncertainty and a contingent liabilty in notes 3 and 38 to the Consolidated Financial Statements respectively.	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 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 by the Group; and · evaluating the provision recognised in the balance sheet and the appropriateness of the related disclosures included in notes 22 and 38 to the Consolidated Financial Statements at 27 December 2015 by reference to the audit procedures outlined above.

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

Risk	How the scope of our audit responded to the risk
Revenue recognition – presentation of advertising revenue 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. The Group's revenue recognition policy is disclosed in note 3 to the Consolidated Financial Statements.	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 £305.2 million and the gross liability in note 33 to the Consolidated Financial Statements is £1,833.6 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 to the Consolidated Financial Statements) underlying the valuation of the liabilities of the schemes. Management include this as a key source of estimation uncertainty in note 3 to the Consolidated 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 used and the assumptions used in the valuation; and · 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.

The risks identified above are the same risks as identified in the prior year with the exception of the new risk relating to the acquisition of Local World.

The description of risks above should be read in conjunction with the significant issues considered by the Audit & Risk Committee, discussed on pages 41 and 42.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these 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 £4.1 million (2014: £4.0 million), which equates to 4.7% (2014: 4.8%) of profit before tax, adjusted for non-recurring items, IAS 39 interest charges and IAS 19 pension expenses. The method used to determine materiality, including the adjustments made, is consistent with 2014. It is also below 1% (2014: 1%) of both revenue and equity and equates to 6.1% (2014: 4.9%) of statutory profit before tax.

We agreed with the Audit & Risk Committee that we would report to the Committee all audit differences in excess of £200,000 (2014: £80,000), 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.

As in the prior year, 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 local component 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 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 principal components and met with senior management of all locations, including Local World (acquired during 2015) as part of the audit process. The Group audit team plan to visit Local World during 2016. If we do not visit a significant component we include the component audit team in our team briefing, discuss their risk assessment, and review documentation of the findings from their work as well as attend their close meeting.

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 part of the Corporate Governance Statement relating to the Company's compliance with certain 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). 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 FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

29 February 2016

CONSOLIDATED INCOME STATEMENT

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

	notes	2015 £m	2014 £m
Revenue	4,5	**592.7**	636.3
Cost of sales		**(300.3)**	(329.9)
Gross profit		**292.4**	306.4
Distribution costs		**(67.2)**	(67.5)
Administrative expenses:			
Non-recurring items	8	**(4.4)**	(12.0)
Restructuring charges in respect of cost reduction measures		**(15.3)**	(14.0)
Amortisation of intangible assets	15	**(1.8)**	(2.2)
Pension administrative expenses	33	**(2.1)**	(3.2)
Other administrative expenses		**(121.6)**	(139.5)
Share of results of associates:	17		
Results before non-recurring items and amortisation		**6.0**	6.1
Non-recurring items		**(1.3)**	27.2
Amortisation of intangible assets		**(2.5)**	(2.7)
Operating profit		**82.2**	98.6
Investment revenues	9	**0.6**	0.3
Pension finance charge	33	**(10.9)**	(11.2)
Finance costs	10	**(4.7)**	(6.1)
Profit before tax		**67.2**	81.6
Tax credit/(charge)	11	**9.8**	(11.8)
Profit for the period attributable to equity holders of the parent		**77.0**	69.8

Statutory earnings per share		2015 Pence	2014 Pence
Earnings per share – basic	13	**30.2**	28.1
Earnings per share – diluted	13	**29.6**	27.4

Adjusted* earnings per share		2015 Pence	2014 Pence
Earnings per share – basic	13	**33.9**	32.8
Earnings per share – diluted	13	**33.2**	32.0

* Adjusted items relate to the exclusion of non-recurring items, restructuring charges in respect of cost reduction measures, the amortisation of intangible assets, the pension administrative expenses, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments, the pension finance charge and the impact of tax legislation changes. Set out in note 37 is the reconciliation between the statutory results and the adjusted results.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

	notes	2015 £m	2014 £m
Profit for the period		**77.0**	69.8
Items that will not be reclassified to profit and loss:			
Actuarial losses on defined benefit pension schemes	33	**(11.0)**	(52.8)
Tax on actuarial losses on defined benefit pension schemes	11	**2.2**	10.6
Deferred tax charge resulting from the future change in tax rate	11	**(6.0)**	–
Share of items recognised by associates	17	**(3.2)**	–
Other comprehensive costs for the period		**(18.0)**	(42.2)
Total comprehensive income for the period		**59.0**	27.6

CONSOLIDATED CASH FLOW STATEMENT

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

	notes	2015 £m	2014 £m
Cash flows from operating activities			
Cash generated from operations	24	**62.6**	90.1
Income tax paid		**(9.7)**	(17.3)
Net cash inflow from operating activities		**52.9**	72.8
Investing activities			
Interest received		**0.6**	0.3
Dividends received from associates	17	**16.3**	16.0
Proceeds on disposal of subsidiary undertaking		**–**	0.9
Proceeds on disposal of property, plant and equipment		**–**	0.2
Purchases of property, plant and equipment		**(3.6)**	(6.4)
Acquisition of subsidiary undertaking	36	**(148.2)**	–
Net debt acquired on acquisition of subsidiary undertaking	36	**(11.9)**	–
Net cash (used in)/received from investing activities		**(146.8)**	11.0
Financing activities			
Dividends paid	12	**(12.5)**	–
Interest paid on borrowings		**(1.7)**	(3.9)
Increase in/(repayment of) of borrowings		**80.0**	(44.2)
Issue of ordinary share capital		**34.5**	–
Purchase of shares for LTIP		**–**	(2.2)
Net cash received from/(used in) financing activities		**100.3**	(50.3)
Net increase in cash and cash equivalents		**6.4**	33.5
Cash and cash equivalents at the beginning of the period	19	**49.0**	15.5
Cash and cash equivalents at the end of the period	19	**55.4**	49.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

	Share capital £m	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Retained earnings and other reserves £m	Total £m
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)**
Profit for the period	**–**	**–**	**–**	**–**	**(77.0)**	**(77.0)**
Other comprehensive costs for the period	**–**	**–**	**–**	**–**	**18.0**	**18.0**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**(59.0)**	**(59.0)**
Issue of shares	**(2.5)**	**–**	**(37.9)**	**–**	**–**	**(40.4)**
Credit to equity for equity-settled share-based payments	**–**	**–**	**–**	**–**	**(1.8)**	**(1.8)**
Dividends paid	**–**	**–**	**–**	**–**	**12.5**	**12.5**
At 27 December 2015	**(28.3)**	**(606.7)**	**(37.9)**	**(4.4)**	**(6.3)**	**(683.6)**

CONSOLIDATED BALANCE SHEET

AT 27 DECEMBER 2015 (AT 28 DECEMBER 2014)

	notes	2015 £m	2014 £m
Non-current assets			
Goodwill	14	**104.5**	12.0
Other intangible assets	15	**799.8**	668.9
Property, plant and equipment	16	**300.1**	317.7
Investment in associates	17	**19.2**	41.4
Retirement benefit assets	33	**29.4**	17.8
Deferred tax assets	21	**55.2**	62.1
Derivative financial instruments	26	**3.5**	3.2
		1,311.7	1,123.1
Current assets			
Inventories	18	**6.2**	7.0
Trade and other receivables	19	**121.8**	103.3
Cash and cash equivalents	19	**55.4**	49.0
		183.4	159.3
Total assets		**1,495.1**	1,282.4
Non-current liabilities			
Borrowings	25	**(132.6)**	(65.3)
Retirement benefit obligations	33	**(334.6)**	(319.0)
Deferred tax liabilities	21	**(175.9)**	(178.0)
Provisions	22	**(7.2)**	(6.9)
		(650.3)	(569.2)
Current liabilities			
Trade and other payables	20	**(94.3)**	(83.0)
Borrowings	25	**(15.0)**	–
Current tax liabilities	11	**(8.4)**	(12.0)
Provisions	22	**(43.5)**	(23.3)
		(161.2)	(118.3)
Total liabilities		**(811.5)**	(687.5)
Net assets		**683.6**	594.9
Equity			
Share capital	29,30	**(28.3)**	(25.8)
Share premium account	29,31	**(606.7)**	(606.7)
Merger reserve	29	**(37.9)**	–
Capital redemption reserve	29	**(4.4)**	(4.4)
Retained earnings and other reserves	29	**(6.3)**	42.0
Total equity attributable to equity holders of the parent		**(683.6)**	(594.9)

These consolidated financial statements were approved by the Board of directors and authorised for issue on 29 February 2016.

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 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

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 30.

These consolidated financial statements were approved for issue by the Board of directors on 29 February 2016. The 2015 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 29 February 2016 and will be sent to shareholders who have elected to receive a hard copy by the end of March 2016.

2 Adoption of new and revised standards

Changes in accounting policy

The Group has adopted IAS 19 (Amended) 'Employee Benefits' and IFRIC 21 (Issued) 'Levies' during the current financial period which had no impact on the Group.

The following amended standards, which have not been applied and when adopted will have no material impact on the Group, were in issue and will be effective for periods beginning on are after 1 January 2016:

- IFRS 10 (Amended) 'Consolidated Financial Statements'
- IFRS 11 (Amended) 'Joint Arrangements'
- IFRS 12 (Amended) 'Disclosure of Interests in Other Entities'
- IAS 16 (Amended) 'Property, Plant and Equipment'
- IAS 1 (Amended) 'Presentation of Financial Statements'
- IAS 27 (Amended) 'Separate Financial Statements'
- IAS 28 (Amended) 'Investments in Associates and Joint Ventures'
- IAS 38 (Amended) 'Intangible Assets'

The Annual Improvements 2010-2012 cycle and Annual Improvements 2011-2013 cycle have been implemented and had no material impact on the Group.

The following new and amended standards, which have not been applied and for which the impact on the Group is being assessed, were not yet endorsed by the EU and/or have no effective date:

- IFRS 9 (Issued) 'Financial Instruments' – effective for periods beginning on or after 1 January 2018
- IFRS 10 (Amended) 'Consolidated Financial Statements'
- IFRS 15 (Issued) 'Revenue from Contracts with Customers' – effective for periods beginning on or after 1 January 2018
- IFRS 16 (Issued) 'Leases' – effective for periods beginning on or after 1 January 2019
- IAS 28 (Amended) 'Investments in Associates and Joint Ventures'

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 27 December 2015, prepared in accordance with applicable law and United Kingdom Accounting Standards, are presented on pages 109 to 112.

Basis of preparation

These consolidated financial statements have been prepared on a going concern basis as set out in the Corporate Governance Report on pages 37 and 38.

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 27 December 2015 and the comparative period has been prepared for the 52 weeks ended 28 December 2014.

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 and for derivative financial instruments and shared-based payments that have been measured at fair value. A summary of the more important Group accounting policies is set out on page 78 to 81.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

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 27 December 2015. Control is achieved where the Company has the power to govern the financial and operating policies of the investee entity, has the rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. 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 forecast 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

3 Accounting policies continued

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.

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. Any surplus recognised is limited to the present value of any economic benefits available in the form of refunds form the plans or reductions in future contributions. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

3 Accounting policies continued

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.

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 taking advice from third party experts. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

3 Accounting policies continued

Share-based payments continued

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

Share capital

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

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

Dividend distributions

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

Non-recurring items

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

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:

Provisions (note 22)

There is uncertainty as to liabilities arising from the outcome or resolution of the ongoing historical legal issues. Provisions are measured at the best estimate of the expenditure required to settle the obligation based on the assessment of the related facts and circumstances at each reporting date.

Retirement benefits (note 33)

Actuarial assumptions adopted and external factors can significantly impact the surplus or deficit of defined benefit pension schemes. 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. Advice is sourced from independent and qualified actuaries in selecting suitable assumptions at each reporting date.

Critical judgements in applying the Group's accounting policies

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

Impairment of goodwill and other intangible assets (note 15)

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. It also requires assessment of the appropriateness of the cash-generating unit at each reporting date. 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. Projections are based on both internal and external market information and reflect past experience. The discount rate reflects 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.

Identification of intangible assets acquired in business combinations (note 36)

Significant judgement is involved in respect of the identification of intangible assets acquired in business combinations, such as publishing rights and titles, and in calculating their fair values. These judgements impact the amount of goodwill recognised on acquisitions. This involves consideration of the intangible assets acquired and the selection and application of a suitable valuation method and associated assumptions such as the discount rate and the useful economic life attributed to the assets. The Group has sufficient experience of valuations techniques and therefore performs the valuations internally.

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 (executive directors) 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. After completing the acquisition of the 80.02% of Local World not previously owned on 13 November 2015, Local World is included in the Publishing division. Prior to 13 November 2015 the Group's 19.98% interest was equity accounted as an associated undertaking and included in the Central division.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

4 Operating segments continued

The accounting policies used in the preparation of each segment's revenue and results are the same as the Group's accounting policies. 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.

Segment revenue and results:

52 weeks ended 27 December 2015	Publishing 2015 £m	Printing 2015 £m	Specialist Digital 2015 £m	Central 2015 £m	Total 2015 £m
Segment sales	**528.8**	**148.9**	**16.2**	**3.6**	**697.5**
Inter-segment sales	**–**	**(104.0)**	**(0.8)**	**–**	**(104.8)**
Total revenue	**528.8**	**44.9**	**15.4**	**3.6**	**592.7**
Segment result	**113.7**	**–**	**2.6**	**(6.7)**	**109.6**
Non-recurring items					**(5.7)**
Restructuring charges in respect of cost reduction measures					**(15.3)**
Amortisation of intangible assets					**(4.3)**
Pension administrative expenses					**(2.1)**
Operating profit					**82.2**
Investment revenues					**0.6**
Pension finance charge					**(10.9)**
Finance costs					**(4.7)**
Profit before tax					**67.2**
Tax credit					**9.8**
Profit for the period					**77.0**

52 weeks ended 28 December 2014	Publishing 2014 £m	Printing 2014 £m	Specialist Digital 2014 £m	Central 2014 £m	Total 2014 £m
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
Non-recurring items					15.2
Restructuring charges in respect of cost reduction measures					(14.0)
Amortisation of intangible assets					(4.9)
Pension administrative expenses					(3.2)
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

5 Revenue

	2015 £m	2014 £m
Circulation	**271.7**	279.8
Advertising	**224.3**	242.5
Printing	**44.9**	64.5
Other	**51.8**	49.5
Total revenue	**592.7**	636.3

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

	2015 £m	2014 £m
UK and Republic of Ireland	**589.9**	632.7
Continental Europe	**2.7**	3.5
Rest of World	**0.1**	0.1
Total revenue	**592.7**	636.3

6 Result for the period

	2015 £m	2014 £m
Operating profit for the period is arrived at after (charging)/crediting:		
Staff costs	**(195.8)**	(196.1)
Cost of inventories recognised as cost of sales	**(76.4)**	(112.5)
Depreciation of property, plant and equipment	**(22.4)**	(24.5)
Write-off of fixed assets	**(4.0)**	(0.9)
Amortisation of intangible assets		
– excluding associates	**(1.8)**	(2.2)
– share of associates	**(2.5)**	(2.7)
Operating lease rentals payable:		
– property	**(5.7)**	(5.4)
– vehicles, plant and equipment	**(2.4)**	(2.3)
Trade receivables impairment	**(2.4)**	(1.6)
Net foreign exchange loss	**(0.2)**	–
Pension administrative expenses	**(2.1)**	(3.2)
Restructuring charges in respect of cost reduction measures	**(15.3)**	(14.0)
Non-recurring items		
– excluding associates	**(4.4)**	(12.0)
– share of associates	**(1.3)**	27.2
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**(0.3)**	(0.2)
Fees payable to the Company's auditor for the other services to the Group:		
– the audit of the Company's subsidiaries	**(0.5)**	(0.4)
Total audit fees	**(0.8)**	(0.6)
Non-audit fees payable to the Company's auditors for:		
– audit-related assurance services	**(0.1)**	(0.1)
– transaction related services	**(0.5)**	–
– other taxation advisory services	**(0.1)**	(0.1)
Total non-audit fees	**(0.7)**	(0.2)
Total fees	**(1.5)**	(0.8)

There were no future services for the auditor contracted at the reporting date (2014: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

6 Result for the period continued

A description of the work of the Audit & Risk Committee is set out in the Audit & Risk Committee Report on pages 40 to 44 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 amounted to £145.2 million (2014: £170.9 million) including non-recurring items amounting to a charge of £4.4 million (2014: £12.0 million), pension administrative expenses of £2.1 million (2014: £3.2 million), restructuring charges in respect of cost reduction measures of £15.3 million (2014: £14.0 million) and amortisation of intangible assets of £1.8 million (2014: £2.2 million).

Total share of results of associates amounted to a profit of £2.2 million (2014: £30.6 million) comprising share of profit before non-recurring items and amortisation of intangible assets of £6.0 million (2014: £6.1 million), a non-recurring charge of £1.3 million (2014: credit of £27.2 million) and amortisation of intangible assets of £2.5 million (2014: £2.7 million).

Total foreign exchange losses were £2.5 million (2014: £2.3 million) comprising a net foreign exchange loss of £0.2 million (2014: nil) included in operating profit and a loss on the retranslation of borrowings of £2.3 million (2014: £2.3 million) included in finance costs.

7 Staff costs

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

	2015 Number	2014 Number
Production and editorial	**2,490**	2,569
Sales and distribution	**1,213**	1,063
Administration	**749**	888
Total	**4,452**	4,520

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:

	2015 £m	2014 £m
Wages and salaries	**(163.7)**	(165.2)
Social security costs	**(17.3)**	(17.4)
Share-based payments (charge)/credit in the period (note 32)	**(1.5)**	0.4
Pension costs relating to defined contribution pension schemes (note 33)	**(13.3)**	(13.9)
Total	**(195.8)**	(196.1)

Wages and salaries include bonuses payable in the period. Disclosure of individual directors' remuneration, share awards, 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 45 to 59 and form part of these consolidated financial statements.

8 Non-recurring items

	2015 £m	2014 £m
Provision for historical legal issues [a]	**(29.0)**	(12.0)
Closure of print sites [b]	**(3.4)**	–
Local World acquisition transaction costs [c]	**(5.6)**	–
Gain on deemed disposal of Local World associate interest [d]	**33.6**	–
Non-recurring items included in administrative expenses	**(4.4)**	(12.0)
Non-recurring items included in share of results of associates [e]	**(1.3)**	27.2
Total non-recurring items	**(5.7)**	15.2

(a) Provision of £29.0 million (2014: £12.0 million) to cover the costs of dealing with historical legal issues in relation to phone hacking. 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 38.

(b) Costs associated with the closure of the printing sites in Scotland (Blantyre) and Newcastle including the non-cash write-off of fixed assets of £2.5 million.

(c) Transaction costs incurred by the Group relating to the acquisition of Local World.

(d) Gain on the accounting deemed disposal of the 19.98% interest in Local World on 13 November 2015 shown in note 36.

(e) Group's share of transaction costs incurred by Local World and restructuring costs incurred by PA Group and Local World. In 2014, a £27.5 million share of the gain on 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

9 Investment revenues

	2015 £m	2014 £m
Interest income on bank deposits and other interest receipts	**0.6**	0.3

10 Finance costs

	2015 £m	2014 £m
Interest on bank overdrafts and borrowings	**(2.7)**	(3.5)
Total interest expense	**(2.7)**	(3.5)
Fair value gain/(loss) on derivative financial instruments	**0.3**	(0.3)
Foreign exchange loss on retranslation of borrowings	**(2.3)**	(2.3)
Finance costs	**(4.7)**	(6.1)

11 Tax

	2015 £m	2014 £m
Current tax		
UK corporation tax charge for the period	**(9.8)**	(14.0)
Prior period adjustment	**0.9**	0.2
Current tax charge	**(8.9)**	(13.8)
Deferred tax		
Deferred tax credit for the period	**2.1**	2.1
Prior period adjustment	**(0.6)**	(0.1)
Deferred tax rate change	**17.2**	–
Deferred tax credit	**18.7**	2.0
Tax credit/(charge)	**9.8**	(11.8)

Reconciliation of tax credit/(charge)	2015 %	2014 %
Standard rate of corporation tax	**(20.3)**	(21.5)
Tax effect of items that are not deductible in determining taxable profit	**(2.6)**	(1.1)
Tax effect of items that are not taxable in determining taxable profit	**10.9**	–
Prior period adjustment	**0.4**	0.1
Deferred tax rate change	**25.6**	–
Tax effect of share of results of associates	**0.6**	8.0
Tax credit/(charge) rate	**14.6**	(14.5)

Included in the 'tax effect of items that are not taxable in determining taxable profit' is the impact of the utilisation of unrecognised losses of £2.1 million (gross) and the impact of the non-taxable gain on the accounting deemed disposal of the 19.98% interest in Local World of £33.6 million.

The standard rate of corporation tax reduced from 21% to 20% on 1 April 2015. The blended rate for the accounting year is 20.25% being a mix of 21% up to 31 March 2015 and 20% from 1 April 2015 (2014: 21.5% being a mix of 23% up to 31 March 2014 and 21% from 1 April 2014). The current tax liabilities amounted to £8.4 million (2014: £12.0 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 20% to 18% has been accounted for in the current year resulting in a £17.2 million credit in the consolidated income statement and a £6.0 million charge in the consolidated statement of comprehensive income.

The tax on actuarial gains/(losses) on defined benefit pension schemes taken to the consolidated statement of comprehensive income is a credit of £2.2 million comprising a deferred tax credit of £0.8 million and a current tax credit of £1.4 million (2014: a credit of £10.6 million comprising a deferred tax credit of £9.8 million and a current tax credit of £0.8 million).

The tax on share-based payments taken to equity is a credit of £0.5 million comprising a deferred tax charge of £1.1 million and a current tax credit of £1.6 million (2014: a charge of £3.3 million comprising a deferred tax charge of £3.7 million and a current tax credit of £0.4 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

12 Dividends

	2015 Pence	2014 Pence
Dividends paid per share and recognised as distributions to equity holders in the period	5.00	–
Dividend proposed per share but not paid nor included in the accounting records	3.15	3.00

The Board proposes a final dividend for 2015 of 3.15 pence per share. An interim dividend for 2015 of 2.00 pence per share was paid on 30 November 2015 bringing the total dividend in respect of 2015 to 5.15 pence per share. The final dividend payment is expected to amount to £8.8 million. The total interim dividend payment amounted to £5.0 million.

On 7 May 2015 the final dividend proposed for 2014 of 3.00 pence per share was approved by shareholders at the Annual General Meeting and was paid on 4 June 2015. The 2014 final dividend payment amounted to £7.5 million.

13 Earnings per share

	2015 £m	2014 £m
Profit after tax before adjusted* items	**86.4**	81.3
Adjusted items:		
Non-recurring items (after tax)	1.5	17.6
Amortisation of intangibles (after tax)	(3.9)	(4.5)
Finance costs (after tax)	(1.6)	(2.1)
Restructuring charges (after tax)	(12.2)	(11.0)
Pension charges (after tax)	(10.4)	(11.5)
Tax legislation changes	17.2	–
Profit for the period	**77.0**	69.8

Weighted average number of ordinary shares	2015 Thousand	2014 Thousand
Weighted average number of ordinary shares for basic earnings per share	254,936	248,108
Effect of potential dilutive ordinary shares in respect of share awards	5,024	6,574
Weighted average number of ordinary shares for diluted earnings per share	256,960	254,682

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 2,681,295 (2014: 4,679,307).

Statutory earnings per share	2015 Pence	2014 Pence
Earnings per share – basic	30.2	28.1
Earnings per share – diluted	29.6	27.4

Adjusted* earnings per share	2015 Pence	2014 Pence
Earnings per share – basic	33.9	32.8
Earnings per share – diluted	33.2	32.0

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

	2015 Pence	2014 Pence
Provision for historical legal issues	(9.1)	(4.1)
Closure of print sites	(1.1)	–
Local World acquisition transaction costs	(1.9)	–
Gain on deemed disposal of Local World associate interest	13.2	–
Profit/(loss) per share – non-recurring items included in administrative expenses	**1.1**	(4.1)
(Loss)/profit per share – non-recurring items included in share of results of associates	(0.5)	11.0
Profit per share – total non-recurring items	**0.6**	6.9

* Adjusted items relate to the exclusion of non-recurring items, restructuring charges in respect of cost reduction measures, the amortisation of intangible assets, the pension administrative expenses, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments, the pension finance charge and the impact of tax legislation changes. Set out in note 37 is the reconciliation between the statutory results and the adjusted results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

14 Goodwill

	2015 £m	2014 £m
Cost	**67.4**	67.4
Impairment	**(55.4)**	(55.4)
Opening balance	**12.0**	12.0
Acquisition of subsidiary (note 36)	**92.5**	–
Closing balance	**104.5**	12.0

At the reporting date the Publishing division comprises three cash-generating units and the Specialist Digital division comprises three cash-generating units. Goodwill is allocated to cash-generating units as follows:

	2015 £m	2014 £m
Publishing	**92.5**	–
Specialist Digital	**12.0**	12.0
	104.5	12.0

Note 15 sets out the results of the impairment review performed at the reporting date which resulted in no impairment (2014: nil).

15 Other intangible assets

	Publishing rights and titles £m	Customer relationships and domain names £m	Total £m
Cost			
At 28 December 2014	1,852.8	37.1	1,889.9
Acquisition of subsidiary (note 36)	132.7	–	132.7
At 27 December 2015	**1,985.5**	**37.1**	**2,022.6**
Accumulated amortisation			
At 28 December 2014	(1,186.6)	(34.4)	(1,221.0)
Amortisation	–	(1.8)	(1.8)
At 27 December 2015	**(1,186.6)**	**(36.2)**	**(1,222.8)**
Carrying amount			
At 28 December 2014	666.2	2.7	668.9
At 27 December 2015	**798.9**	**0.9**	**799.8**

At the reporting date the Publishing division comprises three cash-generating units and the Specialist Digital division comprises three cash-generating units. Other intangible assets are allocated to cash-generating units as follows:

	2015 Publishing rights and titles £m	2015 Customer relationships and domain names £m	Total 2015 £m	2014 Publishing rights and titles £m	2014 Customer relationships and domain names £m	2014 £m
Publishing	**798.9**	**–**	**798.9**	666.2	–	666.2
Specialist Digital	**–**	**0.9**	**0.9**	–	2.7	2.7
	798.9	**0.9**	**799.8**	666.2	2.7	668.9

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 ten 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.

At the reporting date, the directors revised their assessment of cash-generating units and reduced the number considered in the impairment review from 11 to 5 (excluding the acquisition of Local World which is being treated as a separate cash-generating unit). This change reflects a number of changes in the regionals businesses notably: the majority of revenues are packaged and sold centrally, the structure of the management team and the reporting to the Board, and the way in which resources are employed in the generation of independent cash inflows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

15 Other intangible assets continued

The Group prepares cash flow projections for a cash-generating unit using the Board approved budget for 2016 and the projections for 2017 and 2018. 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 2018 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 in respect of all cash-generating units was 11.0% (2014: 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% (2014: 14.1%).

The impairment review of the carrying value of assets performed at the reporting date resulted in no impairment (2014: nil). 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 2018 would not change the conclusion of the impairment review.

16 Property, plant and equipment

	Land and buildings				
	Freehold £m	Leasehold £m	Plant and equipment £m	Asset under construction £m	Total £m
Cost					
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**
Additions	**–**	**–**	**0.4**	**3.3**	**3.7**
Acquisition of subsidiary (note 36)	**–**	**–**	**11.3**	**–**	**11.3**
Reclassification	**–**	**–**	**4.8**	**(4.8)**	**–**
Write-off of assets	**(0.6)**	**(0.1)**	**(6.3)**	**–**	**(7.0)**
At 27 December 2015	**214.8**	**15.6**	**330.3**	**4.9**	**565.6**
Accumulated depreciation and impairment					
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)**
Charge for the period	**(4.7)**	**(0.2)**	**(17.5)**	**–**	**(22.4)**
Acquisition of subsidiary (note 36)	**–**	**–**	**(6.2)**	**–**	**(6.2)**
Write-off of assets	**–**	**0.1**	**2.9**	**–**	**3.0**
At 27 December 2015	**(55.2)**	**(3.6)**	**(206.7)**	**–**	**(265.5)**
Carrying amount					
At 28 December 2014	164.9	12.2	134.2	6.4	317.7
At 27 December 2015	**159.6**	**12.0**	**123.6**	**4.9**	**300.1**

	2015 £m	2014 £m
Capital commitments		
Expenditure contracted for but not provided in the consolidated financial statements	**1.0**	1.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

17 Investment in associates

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

Name of associate	Principal activity	Place of incorporation	Interest 2015	Interest 2014
PA Group Limited	News agency	England and Wales	**21.53%**	21.53%
Local World Holdings Limited	Regional publishing company	England and Wales	**–**	19.98%

The Company owns 2.26% of PA Group Limited.

	PA Group Limited £m	Local World Holdings Limited £m	Total £m
At 29 December 2013	10.7	16.1	26.8
Results before amortisation and non-recurring items	0.9	5.2	6.1
Non-recurring items	27.6	(0.4)	27.2
Amortisation of 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
Share of results:			
Dividends received	**(4.3)**	**(12.0)**	**(16.3)**
Non-recurring items	**(0.1)**	**(1.2)**	**(1.3)**
Amortisation of intangible assets	**(0.3)**	**(2.2)**	**(2.5)**
Results before amortisation and non-recurring items	**0.9**	**5.1**	**6.0**
Share of other comprehensive costs	**(3.1)**	**(0.1)**	**(3.2)**
Deemed disposal of Local World associate interest (note 36)	**–**	**(4.9)**	**(4.9)**
At 27 December 2015	**19.2**	**–**	**19.2**

PA Group Limited	2015 £m	2014 £m
Non-current assets	**30.7**	43.0
Current assets	**75.6**	95.2
Total assets	**106.3**	138.2
Current liabilities	**(17.3)**	(17.0)
Net assets	**89.0**	121.2
Group's share of net assets	**19.2**	26.1
Revenue	**57.6**	60.1
Profit for the period	**2.3**	131.0
Group's share of results for the period	**0.5**	28.2

The financial statements of PA Group Limited are made up to 31 December each year. For the purposes of applying the equity method of accounting, the audited financial statements of PA Group Limited for the year ended 31 December 2014 together with the management accounts up to the end of December 2015 have been used with appropriate year end adjustments made. Included in the share of results of associates was a £0.1 million loss on our share of the after tax non-recurring items (2014: £27.6 million gain 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 charge (2014: £0.3 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

17 Investment in associates continued

Local World Holdings Limited	2015 £m	2014 £m
Non-current assets	–	61.0
Current assets	–	56.3
Total assets	–	117.3
Current liabilities	–	(43.8)
Net assets	–	73.5
Group's share of net assets	–	14.7
Goodwill	–	0.6
Group's share of interest in associate	–	15.3
Revenue up to 13 November 2015	**187.0**	221.2
Profit for the period up to 13 November 2015	**8.5**	12.0
Group's share of results for the period up to 13 November 2015	**1.7**	2.4

On 13 November 2015, the Group purchased the remaining 80.02% shareholding in Local World Holdings Limited. From 13 November 2015 Local World Holdings Limited was accounted for as a wholly owned subsidiary and derecognised as an associate. Included in the share of results of associates up to 13 November 2015 is a £1.2 million after tax non-recurring charge in respect of restructuring charges (2014: £0.4 million) and a £2.2 million after tax amortisation charge (2014: £2.4 million).

18 Inventories

	2015 £m	2014 £m
Raw materials and consumables	**6.2**	7.0

19 Other financial assets

Trade and other receivables	2015 £m	2014 £m
Gross trade receivables	**95.7**	84.1
Allowances for doubtful receivables	**(4.7)**	(2.8)
Net trade receivables	**91.0**	81.3
Prepayments and accrued income	**29.5**	20.6
Other receivables	**1.3**	1.4
	121.8	103.3

Net trade receivables

Trade receivables net of allowances for doubtful receivables at the reporting date amounted to £91.0 million (2014: £81.3 million).

The average credit period taken on sales of goods is 45 days (2014: 48 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 no (2014: two) customers who individually represent more than 10% of net trade receivables.

Included in the net trade receivables balance are debtors with a carrying amount of £5.6 million (2014: £5.2 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 (2014: 85 days).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

19 Other financial assets continued

Net trade receivables continued

Ageing of past due but not impaired receivables	2015 £m	2014 £m
60–90 days	**3.7**	3.8
90–120 days	**1.9**	1.3
120+ days	**–**	0.1
	5.6	5.2

Movement in allowance for doubtful debts	2015 £m	2014 £m
Opening balance	**2.8**	2.7
Impairment losses recognised	**2.4**	1.6
Utilisation of provision	**(1.8)**	(1.5)
Acquisition of subsidiary	**1.3**	–
Closing balance	**4.7**	2.8

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	2015 £m	2014 £m
90–120 days	**0.2**	–
120+ days	**4.5**	2.8
	4.7	2.8

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

Cash and cash equivalents

	2015 £m	2014 £m
Cash and cash equivalents	**55.4**	49.0

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	2015 £m	2014 £m
Trade payables	**(17.3)**	(17.4)
Social security and other taxes	**(10.6)**	(5.7)
Accruals and deferred income	**(56.1)**	(52.4)
Other payables	**(10.3)**	(7.5)
	(94.3)	(83.0)

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 33 days (2014: 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 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

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 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 (at 20%)	**(42.8)**	**(0.5)**	**(0.9)**	**(133.8)**	**60.2**	**1.9**	**(115.9)**
Change of tax rate applying to deferred tax:							
Credit to income	3.7	0.1	0.1	13.3	–	–	17.2
Charge to equity	–	–	–	–	(6.0)	–	(6.0)
At 28 December 2014 (at 19%/18%)	**(39.1)**	**(0.4)**	**(0.8)**	**(120.5)**	**54.2**	**1.9**	**(104.7)**
Acquisition of subsidiary (note 36)	0.5	–	–	(17.7)	–	–	(17.2)
Credit/(charge) to consolidated income statement	1.8	0.2	–	0.1	–	(0.6)	1.5
Credit/(charge) to equity	–	–	–	–	0.8	(1.1)	(0.3)
At 27 December 2015	**(36.8)**	**(0.2)**	**(0.8)**	**(138.1)**	**55.0**	**0.2**	**(120.7)**

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

	2015 £m	2014 £m
Deferred tax liabilities	**(175.9)**	(178.0)
Deferred tax assets	**55.2**	62.1
	(120.7)	(115.9)

At the reporting date, the Group has unused tax losses of £1.7 million (2014: £3.8 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 (2014: £34.6 million) at the reporting date.

22 Provisions

	Share-based payments £m	Property £m	Restructuring £m	Other £m	Total £m
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)**
Charged to income statement	(0.2)	(0.1)	(15.3)	(30.1)	(45.7)
Utilisation of provision	1.3	2.4	16.1	9.2	29.0
Acquisition of subsidiary (note 36)	–	(2.9)	(0.9)	–	(3.8)
At 27 December 2015	**(0.3)**	**(9.6)**	**(3.7)**	**(37.1)**	**(50.7)**

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

	2015 £m	2014 £m
Current	**(43.5)**	(23.3)
Non-current	**(7.2)**	(6.9)
	(50.7)	(30.2)

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

The property provision relates to onerous property leases and future committed costs related to occupied, let and vacant properties. This provision will be utilised over the remaining term of the leases.

The restructuring provision relates to 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 expected to be utilised within the next year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

23 Subsidiary undertakings

A list of the subsidiary undertakings, all of which have been consolidated, is on pages 115 to 116.

24 Notes to the consolidated cash flow statement

	2015 £m	2014 £m
Operating profit	**82.2**	98.6
Depreciation of property, plant and equipment	**22.4**	24.5
Amortisation of intangible assets	**1.8**	2.2
Share of results of associates	**(2.2)**	(30.6)
Charge/(credit) for share-based payments	**1.5**	(0.4)
Gain on deemed disposal of Local World associate interest	**(33.6)**	–
Write-off of fixed assets	**4.0**	0.9
Pension administrative expenses	**2.1**	3.2
Pension deficit funding payments	**(20.0)**	(18.2)
Operating cash flows before movements in working capital	**58.2**	80.2
Decrease in inventories	**1.1**	1.9
Decrease in receivables	**13.7**	6.4
(Decrease)/increase in payables	**(10.4)**	1.6
Cash flows from operating activities	**62.6**	90.1

25 Borrowings

	2015 £m	2014 £m
Loan notes	**(67.6)**	(65.3)
Term loan	**(80.0)**	–
	(147.6)	(65.3)
The borrowings are repayable as follows:		
On demand or within one year	**(15.0)**	–
In the second year	**(79.6)**	–
In the third year	**(17.7)**	(65.3)
In the fourth year	**(17.7)**	–
In the fifth year	**(17.6)**	–
	(147.6)	(65.3)
The borrowings are included in the consolidated balance sheet as follows:		
Amount included in non-current liabilities	**(132.6)**	(65.3)
Amount included in current liabilities	**(15.0)**	–
	(147.6)	(65.3)

The amount included in non-current liabilities represents borrowings of £132.6 million (2014: £65.3 million) and current liabilities represents borrowings of £15.0 million (2014: nil). Non-current assets include £3.5 million (2014: £3.2 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 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

25 Borrowings continued

	2015 £m	2014 £m
Loan movements in the period:		
Opening balance	**(65.3)**	(102.4)
New term loan drawn down	**(80.0)**	–
Foreign exchange loss on retranslation	**(2.3)**	(2.3)
Repayments of loan notes	**–**	39.4
Closing balance	**(147.6)**	(65.3)
Composition of loans:		
US$100 million loan notes	**(67.6)**	(65.3)
Term loan	**(80.0)**	–
	(147.6)	(65.3)

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. The final payment is due in June 2017.

A £80.0 million term loan was arranged and drawn down in connection with the acquisition of Local World. The term loan is repayable over five years with the first repayment of £15.0 million in October 2016 and the final repayment in October 2020.

The Group has available a £60.0 million (2014: £60.0 million) undrawn revolving credit facility which is committed until 31 July 2018 and for which all conditions precedent had been met.

All borrowings are denominated in sterling unless otherwise indicated and are unsecured.

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

	2015 %	2014 %
US$ denominated loan notes	**7.42**	7.42
£ denominated term loan	**3.57**	–

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:

	2015 £m	2014 £m
US$ denominated loan notes	**(67.6)**	(65.3)
£ denominated term loan	**(80.0)**	–

In estimating the fair value 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 a cross-currency interest rate swap 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 swap is 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 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

26 Derivative financial instruments continued

The movement in the derivative financial instruments is as follows:

	2015 £m	2014 £m
Opening asset/(liability)	**3.2**	(1.3)
Repayments	**–**	4.8
Movement in fair value	**0.3**	(0.3)
Closing asset	**3.5**	3.2

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

	2015 £m	2014 £m
Non-current assets	**3.5**	3.2
Closing asset	**3.5**	3.2

27 Net debt

The statutory net debt for the Group is as follows:

	28 December 2014 £m	Cash flow £m	Derivative financial instruments* £m	Foreign exchange* £m	Loan drawn £m	27 December 2015 £m
Non-current liabilities						
Loan notes	(65.3)	–	–	(2.3)	–	(67.6)
Term loan	–	–	–	–	(65.0)	(65.0)
	(65.3)	**–**	**–**	**(2.3)**	**(65.0)**	**(132.6)**
Current liabilities						
Term loan	–	–	–	–	(15.0)	(15.0)
	–	**–**	**–**	**–**	**(15.0)**	**(15.0)**
Non-current assets						
Derivative financial instruments	3.2	–	0.3	–	–	3.5
	3.2	**–**	**0.3**	**–**	**–**	**3.5**
Current assets						
Cash and cash equivalents	49.0	(73.6)	–	–	80.0	55.4
	49.0	**(73.6)**	**–**	**–**	**80.0**	**55.4**
Net debt	**(13.1)**	**(73.6)**	**0.3**	**(2.3)**	**–**	**(88.7)**

* 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 swap is not terminated prior to maturity, is as follows:

	28 December 2014 £m	Cash flow £m	Loan drawn £m	27 December 2015 £m
Non-current liabilities				
Loan notes	(68.3)	–	–	(68.3)
Term loan	–	–	(65.0)	(65.0)
	(68.3)	**–**	**(65.0)**	**(133.3)**
Current liabilities				
Term loan	–	–	(15.0)	(15.0)
	–	**–**	**(15.0)**	**(15.0)**
Current assets				
Cash and cash equivalents	49.0	(73.6)	80.0	55.4
	49.0	**(73.6)**	**80.0**	**55.4**
Net debt	**(19.3)**	**(73.6)**	**–**	**(92.9)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

27 Net debt continued

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

	2015 £m	2014 £m
Statutory net debt	**(88.7)**	(13.1)
Loan notes at period end exchange rate	**67.6**	65.3
Loan notes at swapped exchange rate	**(68.3)**	(68.3)
Cross-currency interest rate swap	**(3.5)**	(3.2)
Contracted net debt	**(92.9)**	(19.3)

28 Operating lease commitments

Total commitments under non-cancellable operating leases:

	Vehicles, plant and equipment 2015 £m	Property 2015 £m	Vehicles, plant and equipment 2014 £m	Property 2014 £m
Within one year	**(3.9)**	**(10.0)**	(1.6)	(8.1)
Greater than one and less than five years	**(4.1)**	**(21.1)**	(2.0)	(18.8)
Greater than five years	**–**	**(19.5)**	–	–
	(8.0)	**(50.6)**	(3.6)	(26.9)

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

	2015 £m	2014 £m
Within one year	**2.5**	2.3
Greater than one and less than five years	**4.1**	5.5
	6.6	7.8

29 Share capital and reserves

	Share capital £m	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Retained earnings and other reserves £m	Total £m
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)**
Total comprehensive income for the period	–	–	–	–	(59.0)	(59.0)
Issue of shares	(2.5)	–	(37.9)	–	–	(40.4)
Credit to equity for equity-settled share-based payments	–	–	–	–	(1.8)	(1.8)
Dividends paid	–	–	–	–	12.5	12.5
At 27 December 2015	**(28.3)**	**(606.7)**	**(37.9)**	**(4.4)**	**(6.3)**	**(683.6)**

During the year the Company placed 22,398,041 shares (at 158.0 pence) and issued 3,371,010 shares (at 174.3 pence) relating to the acquisition of Local World. The cash consideration received in the period was £34.5 million and value of the issued shares relating to the acquisition of Local World was £5.9 million. The share premium account reflects the premium on issued ordinary shares. The merger reserve comprises the premium on the shares allotted in relation to the acquisition of Local World net of £0.8 million of issue costs. The capital redemption reserve represents the nominal value of the shares purchased and subsequently cancelled under share buy-back programmes. 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.

Shares purchased by the Trinity Mirror Employee Benefit Trust (the 'Trust') are included in retained earnings and other reserves at £3.7 million (2014: £11.4 million). During the period the Trust purchased a net 22 shares (2014: 1,391,620) for a cash consideration of nil (2014: £2.2 million). The Trust received a payment of nil (2014: £2.2 million) from the Company to purchase these shares. During the period, 5,929,939 shares were released to senior managers relating to grants made in prior years (2014: 3,408,484).

Cumulative goodwill written off to reserves in respect of continuing businesses acquired prior to 1998 is £25.9 million (2014: £25.9 million). On transition to IFRS, the revalued amounts of freehold properties were deemed to be the cost of the asset and the revaluation reserve has been transferred to retained earnings and other reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

30 Called-up share capital

	2015 Number	2015 £m	2014 Number	2014 £m
Authorised				
Ordinary shares of 10 pence each	**450,000,000**	**(45.0)**	450,000,000	(45.0)

	2015 Number	2015 £m	2014 Number	2014 £m
Allotted, called-up and fully paid ordinary shares of 10 pence each				
Opening balance	**257,690,520**	**(25.8)**	257,690,520	(25.8)
Issue of shares	**25,769,051**	**(2.5)**	–	–
Closing balance	**283,459,571**	**(28.3)**	257,690,520	(25.8)

During the year, the Company placed 22,398,041 shares (at 158.0 pence) and issued 3,371,010 shares (at 174.3 pence) relating to the acquisition of Local World. The total share capital increased to 283,459,571 allotted, called-up and fully paid ordinary shares of 10 pence each.

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 128.0 pence (2014: 137.0 pence) and the highest closing price was 206.0 pence (2014: 233.5 pence). The closing share price as at the reporting date was 165.5 pence (2014: 155.0 pence).

Trinity Mirror Employee Benefit Trust

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 2,845,789 shares (2014: 8,775,706 shares) with a carrying value of £3,694,247 (2014: £11,392,208) and a market value of £4,709,781 (2014: £13,602,344). In addition, the Trust holds cash to purchase future shares of £6,639 (2014: £6,526). 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 27 December 2015 the trust held 90,855 shares (2014: 90,855 shares) with a carrying value of £445,523 (2014: £445,523) and a market value of £150,365 (2014: £140,825), none of which (2014: none) had options granted over them under the restricted share plan. Dividends on the shares are payable at an amount of 0.01 pence (2014: 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

	2015 £m	2014 £m
Opening balance	**(606.7)**	(1,121.6)
Capital reduction	**–**	514.8
Reclassification	**–**	0.1
Closing balance	**(606.7)**	(606.7)

32 Share-based payments

The charge related to share-based payments during the period was £1.5 million (2014: credit £0.4 million).

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 2014 and 2015 vest if targets measuring the Company's share price (2014 and 2015) and Net Cash Flow (2015) are met. The Deferred Shares have no performance conditions.

	2015 Deferred Shares	2015 Performance Shares	2014 Deferred Shares	2014 Performance Shares
Awards outstanding at start of period	**1,976,178**	**8,837,109**	4,782,236	10,496,548
Granted during the period	**–**	**1,559,160**	–	935,709
Lapsed during the period	**–**	**(2,497,563)**	(187,261)	(1,805,461)
Exercised during the period	**(1,976,178)**	**(3,953,761)**	(2,618,797)	(789,687)
Awards outstanding at end of period	**–**	**3,944,945**	1,976,178	8,837,109

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FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

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 188.3 pence (2014: 216.7 pence).

The weighted average share price at the date of lapse for awards lapsed during the period was 155.9 pence (2014: 170.8 pence).

The weighted average share price at the date of exercise for awards exercised during the period was 159.9 pence (2014: 183.1 pence).

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

	Awarded in 2015 £	Awarded in 2014 £	Awarded in 2013 £	Awarded in 2012 £
Deferred Shares	**–**	–	–	705,000
Performance Shares	**2,044,059**	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 2015	**Performance award 2014**	Performance award 2013	Performance award 2012	Deferred award 2012
Expected volatility (%)	**47.0**	**50.0**	60.0	60.0	–
Expected life (years)	**3.0**	**3.0**	3.0	3.0	3.0
Risk-free (%)	**0.7**	**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 2015, 120,543 (2014: 96,245) Restricted Shares were awarded based on the 2014 bonus award (2014: 2013 bonus award) for certain executives. The award was based on the average share price over the three days prior to the date of the award of 189.5 pence (2014: 216.7 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 TMPP Scheme are held separately from those of the Group in funds under the control of Trustees. Local World operates a Group Personal Pension Plan (the 'LW Plan'), which is a defined contribution scheme for qualifying employees where employees hold a personal pension policy directly with Scottish Widows.

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. Local World will implement the Auto Enrolment legislation in 2017.

The current service cost charged to the consolidated income statement of £13.3 million (2014: £13.9 million) represents contributions of £13.1 million paid to the TMPP Scheme by the Group at rates specified in the scheme rules and contributions post acquisition of £0.2 million paid into the LW Plan. All amounts that were due have been paid over to the schemes at all reporting dates.

Defined benefit pension schemes

Background

The defined benefit pension schemes operated by the Group were closed to future accrual in 2010. The Group now has five defined benefit pension schemes following the securing of members' benefits of the five smaller schemes by way of a buy-out with insurance companies without further contributions from the Group. As part of the winding up of these schemes, surplus assets have been transferred to one of the remaining schemes.

The remaining schemes are the Mirror Group Pension Scheme (the 'Old Scheme'), the MGN Past Service Pension Scheme (the 'Past Service Scheme'), the MGN Pension Scheme (the 'MGN Scheme'), the Trinity Retirement Benefit Scheme (the 'Trinity Scheme') and the Midland Independent Newspapers Pension Scheme (the 'MIN Scheme').

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').

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

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 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 schemes, the invested assets at the reporting date are expected to be sufficient to pay the uninsured benefits due up to 2043, based on the reporting date assumptions. The remaining uninsured benefit payments, payable from 2044, are due to be funded by a combination of asset outperformance and the deficit contributions currently scheduled to be paid by 2025. The liabilities relate 50% to current pensioners and their spouses or dependants and 50% relate to deferred pensioners. Uninsured benefit payments in 2015, excluding transfer value payments, were £44 million, projected to rise to an annual peak in 2039 of £82 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 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 schemes is due as at 31 December 2016.

As part of the agreement of the valuations, deficit funding contributions were agreed at £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.

In addition, the Group 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%.

In December 2014, the Group prepaid contributions for 2015 and 2016 of £16.5 million and £0.5 million respectively. During 2015, contributions paid to the defined benefit pension schemes were £20.0 million. Payments were £11.0 million (2014: £9.2 million) to the Past Service Scheme, £3.3 million (2014: £3.7 million) to the MGN Scheme, £3.7 million (2014: £2.7 million) to the Trinity Scheme, £2.0 million (2014: £2.6 million) to the MIN Scheme.

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 19% 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 39% 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 50% 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 2015 which resulted in a pension cost.

Actuarial projections at the 2015 year end showed removal of the accounting deficit by 2024 due to scheduled contributions and asset returns.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

33 Retirement benefit schemes continued

Defined benefit pension schemes continued

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 2015, the day closest to the reporting date for which such values were available.

The assets and liabilities of the 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	(598.6)	(484.3)	(300.5)	(98.0)
Present value of insured scheme liabilities	(175.3)	–	(75.5)	(101.4)
Total present value of scheme liabilities	**(773.9)**	**(484.3)**	**(376.0)**	**(199.4)**
Invested and cash assets at fair value	390.0	388.6	329.9	67.7
Value of liability matching insurance contracts	175.3	–	75.5	101.4
Total value of scheme assets	**565.3**	**388.6**	**405.4**	**169.1**
Net scheme (deficit)/surplus	**(208.6)**	**(95.7)**	**29.4**	**(30.3)**

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

	2015	2014
Financial assumptions (nominal % pa)		
Discount rate	**3.65**	3.70
Retail price inflation rate	**3.05**	3.05
Consumer price inflation rate	**1.85**	1.85
Rate of pension increase in deferment	**1.85**	1.85
Rate of pension increases in payment	**3.85**	3.85
Mortality assumptions – future life expectancies from age 65 (years)		
Male currently aged 65	**22.0**	22.0
Female currently aged 65	**24.0**	23.9
Male currently aged 55	**22.9**	22.8
Female currently aged 55	**24.9**	24.8

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

33 Retirement benefit schemes continued

Defined benefit pension schemes 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	2015 £m	2014 £m
Pension scheme administrative expenses	(2.1)	(3.2)
Pension scheme finance charge	(10.9)	(11.2)
Defined benefit cost recognised in income statement	**(13.0)**	**(14.4)**

Consolidated statement of comprehensive income	2015 £m	2014 £m
Actuarial gain/(loss) due to liability experience	23.9	(7.9)
Actuarial loss due to liability assumption changes	(16.0)	(90.6)
Total liability actuarial gain/(loss)	7.9	(98.5)
Returns on scheme assets (less)/greater than discount rate	(18.9)	45.7
Total loss recognised in statement of comprehensive income	**(11.0)**	**(52.8)**

Consolidated balance sheet	2015 £m	2014 £m
Present value of uninsured scheme liabilities	(1,481.4)	(1,492.4)
Present value of insured scheme liabilities	(352.2)	(370.8)
Total present value of scheme liabilities	**(1,833.6)**	**(1,863.2)**
Invested and cash assets at fair value	1,176.2	1,191.2
Value of liability matching insurance contracts	352.2	370.8
Total value of scheme assets	**1,528.4**	**1,562.0**
Net scheme deficit	**(305.2)**	**(301.2)**
Non-current assets – retirement benefit assets	29.4	17.8
Non-current liabilities – retirement benefit obligations	(334.6)	(319.0)
Net scheme deficit	**(305.2)**	**(301.2)**
Net scheme deficit included in consolidated balance sheet	(305.2)	(301.2)
Deferred tax included in consolidated balance sheet	55.0	60.2
Net scheme deficit after deferred tax	**(250.2)**	**(241.0)**

Movement in net scheme deficit	2015 £m	2014 £m
Opening net scheme deficit	(301.2)	(252.2)
Contributions	20.0	18.2
Consolidated income statement	(13.0)	(14.4)
Consolidated statement of comprehensive income	(11.0)	(52.8)
Closing net scheme deficit	**(305.2)**	**(301.2)**

Changes in the present value of scheme liabilities	2015 £m	2014 £m
Opening present value of scheme liabilities	(1,863.2)	(1,816.1)
Interest cost	(67.5)	(76.5)
Actuarial gain/(loss) – experience	23.9	(7.9)
Actuarial (loss)/gain – change to demographic assumptions	(4.5)	41.6
Actuarial loss – change to financial assumptions	(11.5)	(132.2)
Benefits paid	89.2	79.7
Buy-out	–	48.2
Closing present value of scheme liabilities	**(1,833.6)**	**(1,863.2)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

33 Retirement benefit schemes continued

Defined benefit pension schemes continued

Changes in the fair value of scheme assets	2015 £m	2014 £m
Opening fair value of scheme assets	**1,562.0**	1,563.9
Interest income	**56.6**	65.3
Actual return on assets (less)/greater than discount rate	**(18.9)**	45.7
Contributions by employer	**20.0**	18.2
Benefits paid	**(89.2)**	(79.7)
Administrative expenses	**(2.1)**	(3.2)
Buy-out	**–**	(48.2)
Closing fair value of scheme assets	**1,528.4**	1,562.0

Fair value of scheme assets	2015 £m	2014 £m
UK equities	**181.7**	219.6
US equities	**192.8**	189.3
Other overseas equities	**210.7**	251.2
Property	**20.4**	26.8
Corporate bonds	**308.7**	248.7
Fixed interest gilts	**70.9**	56.3
Index linked gilts	**81.2**	79.0
Cash and other	**109.8**	120.3
Invested and cash assets at fair value	**1,176.2**	1,191.2
Value of liability matching insurance contracts	**352.2**	370.8
Fair value of scheme assets	**1,528.4**	1,562.0

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:

	2015 £m	2014 £m
Contracted net debt (note 27)	**(92.9)**	(19.3)
EBITDA	**132.0**	130.0
Net debt to EBITDA	**0.7**	0.1
Operating profit (note 37)	**109.6**	105.5
Total interest expense (note 10)	**(2.7)**	(3.5)
Interest cover	**40.6**	30.1

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, amortisation and pension administrative expenses. Total interest expense is interest on bank overdrafts and borrowing.

For the period from 1 January 2015 to 31 December 2015, the financial covenants attached to the £80.0 million term loan and the £60.0 million revolving credit facility were a minimum interest cover of 5.0 times and a maximum net debt to EBITDA ratio of 2.25 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 term loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

34 Financial instruments continued

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 3.

Categories of financial instruments
The Group's significant financial assets are cash and trade and other receivables which are classified as loans and receivables and are accordingly held at amortised cost. Trade and other payables, bank overdrafts and loan notes are all designated as other financial liabilities and held at amortised cost. The Group's derivative financial instruments are classified as fair value through the consolidated income statement.

Financial risk management objectives
The Group's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the Group through regular meetings with the Group Finance Director analysing exposures by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments where appropriate to hedge these exposures. The use of financial derivatives is governed by policies approved by the Board, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

The Group does not enter 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	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Euro	**–**	–	**1.5**	1.3
US$	**(64.1)**	(62.1)	**0.8**	0.2

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% (2014: 1%) of Group revenue. Euro balances are kept on deposit and used to fund Euro costs. When Euros on deposit build to a target balance they are converted into sterling. The Group does not hedge the Euro income or deposits because the risk of foreign exchange movements is not deemed to be significant.

The US$ exposure arises primarily on the private placement loan notes which are 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	**2015 £m**	2014 £m	**2015 £m**	2014 £m
Decrease in profit	**(0.1)**	(0.1)	**(0.1)**	–
Decrease in equity	**–**	–	**–**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

34 Financial instruments continued

Foreign currency sensitivity analysis continued

10% weakening of sterling	Euro currency impact 2015 £m	Euro currency impact 2014 £m	US$ currency impact 2015 £m	US$ currency impact 2014 £m
Increase in profit	**0.2**	0.1	**0.1**	–
Increase in equity	**–**	–	**–**	–

Forward foreign exchange contracts
It is the policy of the Group to enter into forward foreign exchange contracts only to cover specific foreign currency payments such as significant capital expenditure. During the current and prior period no contracts were entered into.

Interest rate risk management
The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts.

Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through interest rate cycles.

The Group's exposures to interest rates on the financial assets and liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis
The sensitivity analyses below has 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 £0.8 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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

34 Financial instruments continued

Credit risk management continued

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	2015 Credit limit £m	2015 Balance £m	2014 Credit limit £m	2014 Balance £m
Santander UK	London	A	**5.0**	**15.0**	5.0	5.0
Lloyds TSB Bank plc	London	A	**5.0**	**8.3**	5.0	22.7
National Westminster Bank	London	BBB+	**–**	**6.2**	5.0	8.9
Royal Bank of Scotland plc	London	BBB+	**–**	**25.6**	5.0	12.1
Ulster Bank plc	Dublin	BBB	**–**	**0.2**	–	0.3

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. The Board has also agreed that the Group could hold surplus cash with Santander UK as it is one of the Group's lending banks.

Liquidity risk management

Liquidity risk results from having insufficient financial resources to meet day-to-day fluctuations in working capital and cash flow. Ultimate responsibility for liquidity risk management rests with the Board. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Liquidity risk and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative and derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group could be required to pay. The table includes both principal and interest cash flows. Where the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest and foreign currency rates as illustrated by the yield curves existing at the reporting date.

Financial Institution	Less than 1 year £m	1–2 years £m	2–3 years £m
2015			
Non-derivative financial instruments:			
Sterling fixed interest rate	**–**	**–**	**–**
Non-sterling fixed interest rate	**(5.0)**	**(69.4)**	**–**
Derivative financial instruments:			
Financial assets	**5.0**	**69.4**	**–**
Financial liabilities	**(1.5)**	**(67.7)**	**–**
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)

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 swap is 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 £60.0 million (2014: £60.0 million). The facility expires on 31 July 2018.

The Group expects to meet its 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 instruments is set out in note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

35 Related party transactions

The immediate parent and controlling party of the Group is Trinity Mirror plc. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Transactions with the retirement benefit schemes are disclosed in note 33. Details of other related party transactions are disclosed below.

Trading transactions

The Group traded with the following associated undertakings: PA Group Limited and Local World Holdings Limited up to 13 November 2015.

PA Group Limited

The Group earned revenue of nil (2014: nil) and the Group incurred charges for services received of £1.9 million (2014: £2.6 million). The amount outstanding at the reporting date amounted to nil (2014: nil) owed to PA Group Limited.

Local World Holdings Limited

The Group earned revenue of £5.7 million (2014: £7.6 million) and the Group incurred charges for services received of nil (2014: nil). In 2014, the amount outstanding at the reporting date amounted to £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.

Compensation of key management personnel

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

	2015 £m	2014 £m
Short-term employee benefits	**(4.6)**	(3.9)
Retirement benefits	**(0.4)**	(0.5)
Share-based payments in the period	**(1.1)**	(1.0)
Compensation for loss of office	**–**	(0.8)
	(6.1)	(6.2)

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 Acquisition of subsidiary undertaking

On 13 November 2015, the Group acquired the 80.02% of the issued share capital of Local World Holdings Limited not previously owned. The acquisition is included in the Publishing segment.

The fair value of the consideration is as follows:

	£m
Cash paid to sellers	146.2
Cash settled on behalf of sellers	2.0
Equity issued to sellers	5.9
80.02% equity acquired	154.1
19.98% equity interest	38.5
Fair value of consideration	**192.6**

The provisional fair value of net assets acquired and the goodwill arising is as follows:

Local World Holdings Limited	£m
Other intangible assets	132.7
Fixed assets	5.1
Deferred tax	(17.2)
Provisions	(3.8)
Working capital	(4.8)
Net debt	(11.9)
Fair value of net assets	**100.1**
Goodwill	92.5
Fair value of consideration	**192.6**

There were no provisional fair value adjustments. Other intangible assets relates to publishing rights and titles. Working capital includes gross receivables of £34.4 million less provision for doubtful debts of £1.2 million. Goodwill arising on the acquisition is attributed to the anticipated profitability and synergies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

36 Acquisition of subsidiary undertaking continued

The acquisition of Local World Holdings Limited contributed £20.6 million of revenue (external revenue of Local World £21.2 million less £0.6 million now being accounted for as internal revenue) and £2.7 million of operating profit post acquisition. The revenue and operating profit of the Group would have increased by £181.3 million (external revenue of Local World of £187.0 million less £4.9 million being accounted for as internal printing revenue and £0.8 million being accounted for as internal commission revenue) and £28.5 million (operating profit of Local World of £30.2 million less £1.7 million share of results of associate) respectively if the acquisition had been made at the beginning of the year.

Gain on deemed disposal for Local World associate interest:

	£m
Fair value of 19.98% equity interest	38.5
Carrying value of associate interest	(4.9)
Gain on deemed disposal	**33.6**

The total consideration for the 80.02% of Local World not previously owned reconciles to the implied enterprise value for 100% of £220.0 million as follows:

	£m
Enterprise value	220.0
Debt and debt like items assumed at time of acquisition	(27.4)
Equity value	**192.6**
80.2% of equity value	154.1
Actual debt and debt like items	23.3
Transaction costs	5.6
Total consideration	**183.0**

The total consideration for the acquisition has been satisfied as follows:

	£m
Proceeds from issue of equity	34.5
Draw down from new £80.0 million term loan	80.0
Utilisation of cash balances	57.4
Consideration paid in 2015	**171.9**
Net cash payable in 2016 and beyond	5.2
Total cash consideration	**177.1**
Equity issued as part of consideration	5.9
Total consideration	**183.0**

Cash payments relating to the acquisition total £183.0 million funded through £34.5 million raised from placing 22.4 million shares, £5.9 million from the issue of 3.4 million of shares as part consideration, £80.0 million from a new five year term loan, £57.4 million paid through cash balances in 2015 with the remaining £5.2 million outstanding at the reporting date.

Net cash payments relating to the acquisition are as follows:

	£m
Cash paid directly to sellers	146.2
Cash settled on behalf of sellers	2.0
	148.2
Net debt repaid	11.9
	160.1
Transaction costs paid	5.4
Debt like items paid	6.4
Cash payments in 2015	171.9
Proceeds from issue of equity	(34.5)
Net cash payments in 2015	137.4
Net cash payable in 2016 and beyond	5.2
Net cash payments	**142.6**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

37 Reconciliation of statutory results to adjusted results

For the 52 weeks ended 27 December 2015

	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	592.7	–	–	–	–	–	–	592.7
Operating profit	82.2	5.7	4.3	2.1	15.3	–	–	109.6
Profit before tax	67.2	5.7	4.3	13.0	15.3	2.0	–	107.5
Profit after tax	77.0	(1.5)	3.9	10.4	12.2	1.6	(17.2)	86.4
Basic EPS (p)	30.2	(0.6)	1.5	4.1	4.8	0.6	(6.7)	33.9

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

(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 intangible assets and amortisation included in share of results of associates as set out in notes 15 and 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 future corporation tax rate on the opening deferred tax position and prior year tax adjustments included in the taxation credit or charge as set out in note 11.

38 Contingent liabilities

There is potential for further liabilities to arise from the outcome or resolution of the ongoing historical legal issues. Due to the present uncertainty in respect of the nature, timing or measurement of any such liabilities it is too soon to be able to reliably estimate how these matters will proceed and their financial impact.

At the 2015 year end, the Group was engaged in the potential disposal of certain titles to Edward Richard Iliffe for which Heads of Terms were announced at the time of the acquisition of Local World. In the event the Group decides not to proceed with the disposal, a break fee of £2.0 million will become payable.

PARENT COMPANY BALANCE SHEET

AT 27 DECEMBER 2015 (AT 28 DECEMBER 2014) COMPANY REGISTRATION NUMBER 82548

	notes	2015 £m	2014 £m
Fixed assets			
Investments in subsidiary undertakings	4	**980.1**	811.8
Investments in associated undertakings	5	**–**	14.2
		980.1	826.0
Current assets			
Debtors			
– due within one year	6	**5.6**	4.3
– due after more than one year	6	**3.5**	3.2
Cash at bank and in hand		**43.7**	19.4
		52.8	26.9
Creditors: amounts falling due within one year			
Borrowings	8	**(15.0)**	–
Other creditors	9	**(134.9)**	(103.1)
		(149.9)	(103.1)
Net current liabilities		**(97.1)**	(76.2)
Total assets less current liabilities		**883.0**	749.8
Creditors: amounts falling due after more than one year			
Borrowings	8	**(132.6)**	(65.3)
Deferred tax liabilities	7	**(0.7)**	(1.1)
		(133.3)	(66.4)
Net assets		**749.7**	683.4
Equity capital and reserves			
Called-up share capital	10	**28.3**	25.8
Share premium account	11	**606.7**	606.7
Merger reserve	12	**37.9**	–
Capital redemption reserve	12	**4.4**	4.4
Profit and loss account	12	**72.4**	46.5
Equity shareholders' funds		**749.7**	683.4

These parent company financial statements were approved by the Board of directors and authorised for issue on 29 February 2016.

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 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

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.

New UK GAAP standards FRS 100, FRS 101, FRS 102 and FRS 103 were issued by the UK Accounting Standards Board in 2014. 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 the new UK GAAP will become applicable. When 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.

Foreign currency

Transactions denominated in foreign currencies are translated at the rates of exchange prevailing on the date of the transactions. Exchange differences are taken through the profit and loss account.

Operating leases

Income and costs in respect of operating leases are charged on a straight-line basis over the lease term.

Capital instruments

Capital instruments are accounted for in accordance with the principles of FRS 26 and are classified as equity share capital, non-equity share capital, minority interest or debt as appropriate.

Financial instruments

Financial instruments are accounted for in accordance with the principles of FRS 26. Any premium or discount associated with the purchase of interest rate and foreign exchange instruments is amortised over the life of the transaction. Interest receipts and payments are accrued to match the net income or cost with the related finance expense. No amounts are recognised in respect of future periods. Gains and losses on early termination or on repayment of borrowings, to the extent that they are not replaced, are taken to the profit and loss account.

Employee share option schemes

Shares held within employee share option schemes are dealt with in the balance sheet as a deduction from equity shareholders' funds in accordance with FRS 20.

2 Result for the period

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the period. The Company reported a retained profit for the period after dividends of £24.6 million (2014: £47.7 million). The audit fees relating to the Company are disclosed in note 6 in the notes to the consolidated financial statements and are borne by another Group company.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

3 Staff costs

The average number of persons, including directors, employed by and charged to the Company in the period was:

	2015 Number	2014 Number
Administration	**8**	9

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

All employees are employed in the United Kingdom.

	2015 £m	2014 £m
Staff costs, including directors' emoluments, incurred during the period were:		
Wages and salaries	**1.7**	2.3
Social security costs	**0.3**	0.4
Share-based payments charge/(credit)	**1.5**	(0.4)
Pension benefit	**0.2**	0.4
Compensation for loss of office	**–**	0.5
	3.7	3.2

Disclosure of individual directors' remuneration, share options, long-term incentive schemes, pension contributions and pension entitlements required by the Companies Act 2006 and those elements specified for audit by the Financial Conduct Authority are shown in the tables in the Remuneration Report on pages 45 to 59 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 of period	1,511.8
Additions	154.1
Transfer from associates	14.2
Cost at end of period	**1,680.1**
Provisions for impairment at beginning and end of period	(700.0)
Net book value at beginning of period	**811.8**
Net book value at end of period	**980.1**

On 13 November 2015, the Company acquired the 80.02% of Local World Holdings Limited not previously owned. Cash payments by the Company were £148.2 million and shares with a value of £5.9 million were issued resulting in an addition of £154.1 million to investments in subsidiary undertakings. In addition, the £14.2 million cost of the 19.98% shareholding was transferred to investments in subsidiary undertakings from investments in associated undertakings.

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 (2014: nil). 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 note 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 2018 would not change the conclusion of the impairment review.

Details of the Company's subsidiary undertakings at 27 December 2015 are set out on pages 115 to 116.

5 Investments in associated undertakings

On purchasing the remaining 80.02% shareholding in Local World Holdings Limited, the £14.2 million investment was transferred to investments in subsidiary undertakings.

6 Debtors

	2015 £m	2014 £m
Amounts falling due within one year:		
Other debtors	**5.6**	4.3
Amounts falling due after more than one year:		
Derivative financial instruments	**3.5**	3.2

The details of the Company's derivative financial instruments are the same as those of the Group and are disclosed in note 26 in the notes to the consolidated financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE 52 WEEKS ENDED 27 DECEMBER 2015 (52 WEEKS ENDED 28 DECEMBER 2014)

7 Deferred tax liabilities

	2015 £m	2014 £m
Opening liability	(1.1)	(1.2)
Change of tax rate applying to deferred tax	0.1	–
Revised opening balance	(1.0)	(1.2)
Tax credit	0.3	0.1
Closing liability	(0.7)	(1.1)

8 Borrowings

The details of the Company's borrowings are the same as those of the Group and are disclosed in note 25 in the notes to the consolidated financial statements.

9 Other creditors

	2015 £m	2014 £m
Amounts owed to subsidiary undertakings	(133.1)	(101.2)
Share-based payments	(0.2)	(0.9)
Restructuring	–	(0.5)
Accruals and deferred income	(1.6)	(0.5)
	(134.9)	(103.1)

The share-based payments provision relates to National Insurance obligations attached to the future crystallisation of awards. The restructuring provision related to restructuring charges incurred in the delivery of cost reduction measures.

10 Called-up share capital

The details of the Company's called-up share capital and dividends are disclosed in notes 30 and 12 respectively in the notes to the consolidated financial statements.

11 Share premium account

The details of the Company's share premium account are disclosed in note 31 in the notes to the consolidated financial statements.

12 Other reserves

	Merger reserve £m	Capital redemption reserve £m	Profit and loss account £m
Opening balance	–	4.4	46.5
Premium on shares allotted in the period	37.9	–	–
Transfer of retained profit for the period after dividends	–	–	24.6
Share-based payments credit	–	–	1.3
Closing balance	37.9	4.4	72.4

The capital redemption reserve represents the nominal value of the shares purchased and subsequently cancelled as part of share buy-back programmes.

13 Operating lease commitments:

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

	2015 £m	2014 £m
On operating leases which expire in two to five years	4.3	6.9
On operating leases which expire after five years	2.6	–
	6.9	6.9

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

	2015 £m	2014 £m
On operating leases which expire in two to five years	2.2	2.2

14 Contingent liabilities

At the 2015 year end, the Company was engaged in the potential disposal of certain titles to Edward Richard Iliffe for which Heads of Terms were announced at the time of the acquisition of Local World. In the event the Company decides not to proceed with the disposal, a break fee of £2.0 million will become payable.

SHAREHOLDER INFORMATION

Registered office

One Canada Square
Canary Wharf, London E14 5AP, United Kingdom
Telephone: +44 (0) 207 293 3000
Company website: **www.trinitymirror.com**
Registered in England and Wales No. 82548

Annual General Meeting

The Notice of Meeting sets out the resolutions being proposed at the Annual General Meeting which will be held at 11.30 am on Thursday 5 May 2016 at the Museum of Docklands, No.1 Warehouse, West India Dock Road, London E14 4AL.

Auditor

Deloitte LLP
2 New Street Square, London EC4A 3BZ

Registrar (the 'Registrar')

Equiniti Limited
Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
Telephone: 0371 384 2235*
For Overseas Shareholders: +44(0) 121 415 7047

* 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 Registrar.

Share price information

As well as using the Trinity Mirror website to view details of the current and historical share price, shareholders can find share prices listed in most national newspapers. For a real-time buying or selling price, you should contact a stockbroker.

E-communications

Trinity Mirror encourages its shareholders to consider receiving shareholder information electronically. Electing to receive shareholder communications in this way allows shareholders to access information quickly and securely. It also reduces company costs by decreasing the amount of paper it needs to use and minimises its environmental impact.

To register for this service please visit **www.shareview.co.uk.**

Share dealing and Shareview

The Company's shares can be traded through most banks, building societies and stockbrokers. Additionally, shareholders can buy and sell shares through a telephone and internet service provided by the Company's Registrar, 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 03456 037037** for Shareview Dealing.

** 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

SHAREHOLDER INFORMATION CONTINUED

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 company reports.

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 27 December 2015

As at 27 December 2015, there were 13,811 holders of ordinary shares whose shareholdings are analysed below:

Range	Total Number of holdings	Percentage of total holders	Total number of shares	Percentage of ordinary shares
1–50	418	3.03%	12,345	0.00%
51–100	5,160	37.36%	383,066	0.14%
101–500	6,033	43.68%	1,273,433	0.45%
501–1,000	873	6.32%	632,807	0.22%
1,001–10,000	1,046	7.57%	2,954,471	1.04%
10,001–50,000	129	0.93%	3,123,797	1.10%
50,001–100,000	27	0.20%	1,990,555	0.70%
100,001–500,000	59	0.43%	13,983,824	4.94%
500,001–1,000,000	26	0.19%	18,940,156	6.68%
1,000,001+	40	0.29%	240,165,117	84.73%
Totals	**13,811**	**100.00%**	**283,459,571**	**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.

SUBSIDIARY UNDERTAKINGS

All subsidiary undertakings are 100% owned and incorporated in the United Kingdom.

Subsidiary Name	Subsidiary Name	Subsidiary Name
0800 Recruit Limited	Huddersfield Examiner Limited	MEN Investment Limited
08000 Recruit Limited	Huddersfield Newspapers Limited	MEN Media Limited
Aberdonian Publications Limited	I.T. Trade Publishing Limited	Mercury Distribution Services Limited
Ad-Mag (North East) Limited	icScotland Limited	Merseymart Limited
Advertiser North London Group (Holdings) Limited	Informer Publications Limited	Metropolitan Free Newspapers Limited
Advertiser North London Limited	Insider Group Limited	MG Estates Limited
AMRA Limited	Insider Publications Limited	MG Guarantee Co Limited
Anderston Quay Printers Limited	Internet Recruitment Solutions Limited	MG6 Limited
Arrow Interactive Limited	Isle of Wight Newspapers Limited	MGL2 Limited
Birmingham Live Limited	Job Search Limited	MGN (86) Limited
Birmingham Post & Mail (Exhibitions) Limited	Jobsfinancial Limited	MGN (AW) Limited
Birmingham Post & Mail Trustees Limited	Jobsin Limited	MGN (Canada Square) Limited
Blackmore Vale Publishing Company Limited	JobsinHRSolutions Limited	MGN (Services) Ltd
BPM Media (Midlands) Limited	Jobsinlaw Limited	MGN Limited
Buy Sell Limited	JobsinUK Limited	MGN Pension Trustees Limited
Camberry Limited	Joseph Woodhead & Sons Limited	MGN Property Developments Limited
CDE Services Limited	Just London Jobs Limited	Micromart (UK) Limited
Century Communications Ltd.	Kennyhill Limited	Middlesex County Press Limited
Channel One Liverpool Limited	Kent Regional Newspapers Limited	Midland Independent Magazines Limited
Chargestake Limited	Lancashire & Cheshire County Newspapers Limited	Midland Independent Newspaper & Media Sales Limited
Charles Elphick Limited	Legionstyle Limited	Midland Independent Weekly Newspapers Limited
City Television Network Limited	Live TV Limited	Midland Leaflet Services Limited
Community Magazines Limited	Liverpool Web Offset Limited	Midland Newspapers Limited
Conrad & Partners Limited	Liverpool Weekly Newspaper Group Limited	Midland Newspapers Pension Trustees Limited
Coventry Newspapers Limited	Llandudno Advertiser Limited	Midland Newspapers Printers Limited
Daily Post Investments Limited	Local World Holdings Limited	Midland United Newspapers Limited
Daily Post Overseas Limited	Local World Limited	Midland Weekly Media (Birmingham) Limited
Denitz Investments Limited	London and Westminster Newspapers Limited	Midland Weekly Media (Wolverhampton) Limited
Dundonian Publications Limited	London Newspaper Group Limited	MirrorAd Limited
Echo Press (1983) Limited	Mainjoy Limited	Mirrorair Limited
Enterprise Magazines Limited	Manchester Morning News Limited	Mirrorgroup Limited
Examiner News & Information Services Limited	Markstead Limited	MirrorNews Limited
Financial Jobs Online Limited	Mayfair Celebs Limited	MirrorTel Limited
First Press Publishing Limited	Media Scotland Limited	NCJ Media Limited
Fish4 Limited	Midland Weekly Media Limited	Net Recruit UK Limited
Fish4 Trading Limited	Midland Weekly Newspapers Limited	Newcastle Chronicle and Journal Limited
Fish4Cars Limited	Mirror Colour Print (London) Limited	Newsday Limited
Fish4Homes Limited	Mirror Colour Print (North) Limited	North Eastern Evening Gazette Limited
Fish4Jobs Limited	Mirror Colour Print Services (London) Limited	North Wales Independent Press Limited
Gazette Media Company Limited	Mirror Colour Print Services Limited	North Wales Weekly News
Gimmejobs Limited	Mirror Financial Services Limited	Northern Print Services Limited
Gisajob Limited	Mirror Group Music Limited	Nunews Limited
Glaswegian Publications Limited	Mirror Group Newspapers Limited	Odhams Newspapers Limited
High Street Direct Limited	Mirror Group Newspapers North (1986) Limited	Official Starting Prices Limited
Hot Exchange Limited	Mirror Projects Limited	Parkside Accountancy Limited
Hot Flats Limited	Media Wales Limited	Parkside Consulting Limited
Hot Flights Limited	Medpress Limited	Planet Recruitment Limited
Hotrecruit Limited	Meilin Limited	Planetrecruit Limited

SUBSIDIARY UNDERTAKINGS CONTINUED

Subsidiary Name
Quids-In (North West) Limited
R.E. Jones & Bros. Limited
R.E. Jones Graphic Services Limited
R.E. Jones Newspaper Group Limited
Reliant Distributors Limited
RH1 Limited
Rippleffect Studio Ltd
Saltire Press Limited
Scene Magazines Limited
Scene Newspapers Limited
Scene Printing (Midlands) Limited
Scene Printing Web Offset Limited
Scotfree Limited
Scottish and Universal Newspapers Limited
Scottish Daily Record and Sunday Mail Limited
Smart Media Services Limited
Southnews Trustees Limited
Sunday Brands Limited
Sunday People Limited
Surrey & Berkshire Media Limited
Syndication International Limited
T M Directors Limited
T M S Pension Trustee Limited
T M Secretaries Limited
The Adscene Group Limited
The Advertiser Limited
The Associated Catholic Newspapers (1912) Limited
The Birmingham Boat Shows Limited
The Birmingham Post & Mail Limited
The Career Engineer Limited
The Chester Chronicle and Associated Newspapers Limited
The Communicator Corporation Limited
The Daily Mirror Newspapers Limited
The Echo Press Limited
The Edinburgh And Lothians Post Limited
The Graduate Group Ltd
The Hinckley Times Limited
The Hotgroup Limited
The Liverpool Daily Post And Echo Limited
The People Limited
This Is Britain Limited
TIH (Belfast) (Nominees) Limited
TIH (Cardiff) Limited
TIH (Chester) Limited
TIH (Newcastle) Limited
TIH (Properties) Limited
TIH (Teesside) Limited
TIH (Trustee) Limited

Subsidiary Name
TM Regional New Media Limited
Totallyfinancial.com Ltd
Totallylegal.com Limited
Trinity 100 Limited
Trinity 102 Limited
Trinity Limited
Trinity Mirror (L I) Limited
Trinity Mirror Acquisitions (2) Limited
Trinity Mirror Acquisitions Limited
Trinity Mirror Cheshire Limited
Trinity Mirror Digital Limited
Trinity Mirror Digital Media Limited
Trinity Mirror Digital Recruitment Limited
Trinity Mirror Distributors Limited
Trinity Mirror Group Limited
Trinity Mirror Huddersfield Limited
Trinity Mirror Marketing Direct Limited
Trinity Mirror Merseyside Limited
Trinity Mirror Midlands Limited
Trinity Mirror North Wales Limited
Trinity Mirror North West & North Wales Limited
Trinity Mirror Pension Trustees Limited
Trinity Mirror Printing (Blantyre) Limited
Trinity Mirror Printing (Cardiff) Limited
Trinity Mirror Printing (Liverpool) Limited
Trinity Mirror Printing (Midlands) Limited
Trinity Mirror Printing (Newcastle) Limited
Trinity Mirror Printing (Oldham) Limited
Trinity Mirror Printing (Saltire) Limited
Trinity Mirror Printing (Teesside) Limited
Trinity Mirror Printing (Watford) Limited
Trinity Mirror Printing Limited
Trinity Mirror Publishing Limited
Trinity Mirror Regional Newspapers Limited
Trinity Mirror Regionals Limited
Trinity Mirror Shared Services Limited
Trinity Mirror Southern Limited
Trinity Mirror Subsidiary 100 Limited
Trinity Newspaper Group Limited
Trinity Newspapers Southern Limited
Trinity Publications Limited
Trinity Retirement Benefit Scheme Limited
Trinity Shared Services Limited
Trinity Weekly Newspapers Limited
Vectis Innovations Limited
Vibrant Limited
Vivid Group Limited
Vivid Limited

Subsidiary Name
Wandsworth Independent Limited
Websalvo.com Limited
Welsh Universal Holdings Limited
Welshpool Web-Offset Co. Limited
Western Mail & Echo Limited
Whitbread Walker Limited
Wire TV Limited
Wirral Newspapers Limited
Wood Lane One Limited
Wood Lane Two Limited
Workthing Limited

GROUP FIVE YEAR SUMMARY

Adjusted	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Income statement					
Revenue	**593**	636	664	707	761
Operating profit	**110**	106	108	107	105
Finance costs net of investment revenues	**(2)**	(4)	(7)	(8)	(13)
Profit before tax	**108**	102	101	99	92
Tax charge	**(22)**	(21)	(22)	(25)	(25)
Profit for the period	**86**	81	79	74	67
Basic earnings per share	**33.9p**	32.8p	32.0p	29.9p	27.0p

Statutory	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Income statement					
Revenue	**593**	636	664	707	761
Operating profit/(loss)	**82**	99	(135)	35	92
Pension finance credit/(charge)	**(11)**	(11)	(13)	(11)	3
Finance costs net of investment revenues	**(4)**	(6)	(13)	(14)	(21)
Profit/(loss) before tax	**67**	82	(161)	10	74
Tax credit/(charge)	**10**	(12)	64	7	4
Profit/(loss) for the period	**77**	70	(96)	17	78
Basic earnings/(loss) per share	**30.2p**	28.1p	(39.0)p	6.8p	31.4p

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Balance sheet					
Intangible assets	**904**	681	683	913	976
Property, plant and equipment	**300**	318	338	358	382
Other assets and liabilities	**(427)**	(391)	(361)	(490)	(482)
	777	608	660	781	876
Net debt	**(93)**	(13)	(88)	(142)	(201)
Net assets	**684**	595	572	639	675
Total equity	**(684)**	(595)	(572)	(639)	(675)

Designed and produced by **Radley Yeldar** www.ry.com

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