Company Number: 168660

MIRROR GROUP LIMITED

Report and Financial Statements

29 December 2002

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T M Directors Limited

SECRETARY

T M Secretaries Limited

REGISTERED OFFICE

One Canada Square
Canary Wharf
London
E14 5AP

BANKERS

National Westminster Bank plc
1 Princes Street
London
EC2R 8AQ

SOLICITORS

Lovells
65 Holborn Viaduct
London
EC1A 2DY

AUDITORS

Deloitte & Touche LLP
Manchester

DIRECTORS' REPORT

The sole director presents its annual report and the audited financial statements for the year ended 29 December 2002.

PRINCIPAL ACTIVITY

The company is a holding company of a group of companies involved in the publishing and printing of newspapers and magazines.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company's results for the year are set out on page 5.

The company is expected to continue its current activities in the foreseeable future.

DIVIDENDS AND TRANSFERS TO RESERVES

The loss on ordinary activities after taxation amounted to £25,794,000 (year ended 30 December 2001 (restated) - £40,227,000).

The director does not recommend the payment of a dividend for the year (year ended 30 December 2001 - £nil).

The retained loss for the financial year of £25,794,000 (year ended 30 December 2001 (restated) - £40,227,000) has been transferred from reserves.

DIRECTORS

The present membership of the Board is set out on page 1. There have been no changes to the membership of the Board of Directors during the year or since the year end.

The ultimate parent company at 29 December 2002 was Trinity Mirror plc.

The sole director has had no interests in the shares of the company, its fellow subsidiaries or its ultimate parent company at any time.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year, the company has maintained cover for its directors and officers under a directors' and officers' liability insurance policy.

CREDITOR PAYMENT POLICY

It is the policy of the company to agree suitable terms and conditions for its business transactions with suppliers. These terms and conditions range from standard written terms to individually drafted contacts. Once such terms are agreed it is the company's policy to fully adhere to them, including payment schedules, provided the supplier has also complied with the terms and conditions. The company's suppliers are paid by MGN Limited, a subsidiary undertaking, as part of a centralised accounts payable function. The average payment period disclosed by MGN Limited is 28 days (year ended 30 December 2001 - 57 days).

DIRECTORS' REPORT (continued)

EMPLOYEE RELATED MATTERS

The company recognises the importance of good communications in relationships with its staff. This is pursued in a number of ways, including regular meetings between management, staff and their representatives in order to achieve a common awareness of the financial and economic factors affecting the company's performance.

The company is an equal opportunity employer, providing equal employment and advancement opportunities for all employees and applicants for employment regardless of race, sex or age.

The company gives full and fair consideration to applications for employment from disabled persons and has an established policy to encourage their employment whenever it is practicable, bearing in mind the requirements of the job and having regard to their particular aptitudes and abilities.

Where an employee becomes disabled during the course of his or her employment, every effort is made to find suitable alternative employment within the company and retraining is given where necessary.

The company continues to train, and encourage the career development of disabled persons in its employment.

DONATIONS

During the year contributions for charitable purposes totalled £103,319 (year ended 30 December 2001 - £34,000).

AUDITORS

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those 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 accounting standards have been followed; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

T M DIRECTORS LIMITED
30th September 2003

Deloitte
&Touche

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIRROR GROUP LIMITED

We have audited the financial statements of Mirror Group Limited for the year ended 29 December 2002 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 29 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester

3 September 2003

PROFIT AND LOSS ACCOUNT
Year ended 29 December 2002

	Note	Year ended 29 December 2002 £'000	Year ended 30 December 2001 (restated) £'000
TURNOVER		137	201
Net operating expenses - recurring		(60,491)	(22,503)
Net operating expenses - exceptional	3	6,322	(198,080)
Total Net operating expenses		(54,169)	(220,583)
OPERATING LOSS	5	(54,032)	(220,382)
Other interest receivable and other income		8,275	180,892
Interest payable and similar charges	4	(77)	(3,850)
Other finance (charge)/income	12	(1,500)	800
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(47,334)	(42,540)
Tax on loss on ordinary activities	6	21,540	2,313
RETAINED LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	14	(25,794)	(40,227)

All turnover and results arose from continuing operations.

The profit and loss account for the year ended 30 December 2001 has been restated for the adoption of Financial Reporting Standard 17 "Retirement Benefits" ("FRS 17") (see note 19).

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 29 December 2002

	Year ended 29 December 2002 £'000	Year ended 30 December 2001 (restated) £'000
Loss on ordinary activities after taxation – as previously reported	(25,794)	(38,547)
Effect of implementation of FRS 17 on operating profit for the year	-	(3,200)
Effect of implementation of FRS 17 on interest charge	-	800
Effect of implementation of FRS 17 on tax charge for the year	-	720
Loss on ordinary activities after taxation – as restated	(25,794)	(40,227)
Other net recognised gains and losses in the year (as restated)	(73,920)	(62,930)
Net decrease in shareholders' funds	(99,714)	(103,157)
Opening shareholders funds' – as previously reported	529,690	617,797
Effect of implementation of FRS 17	-	15,050
Opening shareholders funds' – as restated	529,690	632,847
Closing shareholders' funds	429,976	529,690

The reconciliation of movements in shareholders' funds for the year ended 30 December 2001 has been restated for the adoption of FRS 17 (see note 19).

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 29 December 2002

	Year ended 29 December 2002 £'000	Year ended 30 December 2001 (restated) £'000
Loss for the financial year	(25,794)	(40,227)
Difference between actual and expected return on pension scheme assets	(89,500)	(80,500)
Experienced (losses)/gains arising on pension scheme liabilities	(4,000)	4,500
Effects of changes in assumptions underlying the present value of pension scheme liabilities	(12,100)	(13,900)
Deferred tax asset associated with loss on pension asset	31,680	26,970
Total recognised gains and losses in the year	(99,714)	(103,157)
Total recognised gains and losses related to the year above	(99,714)	(103,157)
Prior period adjustments	(49,560)	-
Total recognised gains and losses since last annual accounts	(149,274)	(103,157)

The statement of total recognised gains and losses for the year ended 30 December 2001 has been restated for the adoption of FRS 17 (see note 19).

BALANCE SHEET
29 December 2002

	Note	29 December 2002 £'000	29 December 2002 £'000	30 December 2001 (restated) £'000	30 December 2001 (restated) £'000
FIXED ASSETS					
Tangible assets	7	51,049		51,792	
Investments in group undertakings	8	631,673		631,673	
Investments in associated undertakings	8	7,950		7,950	
			690,672		691,415
CURRENT ASSETS					
Stock		84		84	
Debtors	9	375,111		398,359	
		375,195		398,443	
CREDITORS: amounts falling due within one year	10	(496,785)		(501,033)	
NET CURRENT LIABILITIES			(121,590)		(102,590)
TOTAL ASSETS LESS CURRENT LIABILITIES			569,082		588,825
PROVISIONS FOR LIABILITIES AND CHARGES	11		(12,336)		(9,575)
NET ASSETS EXCLUDING PENSION SCHEMES' LIABILITIES			556,746		579,250
PENSION SCHEMES' LIABILITIES	12		(126,770)		(49,560)
NET ASSETS INCLUDING PENSION SCHEMES' LIABILITIES			429,976		529,690
EQUITY CAPITAL AND RESERVES					
Called up share capital	13		114,456		114,456
Share premium account	14		259,572		259,572
Profit and loss account	14		55,948		155,662
TOTAL SHAREHOLDERS' FUNDS			429,976		529,690

The balance sheet as at 30 December 2001 has been restated for the adoption of FRS 17 (see note 19).

These financial statements were approved by the Board of Directors on 30 September 2003.

Signed on behalf of the Board of Directors

T M DIRECTORS LIMITED

NOTES TO THE ACCOUNTS
Year ended 29 December 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

The financial statements reflect the adoption of FRS 17.

The profit and loss account, statement of total recognised gains and losses, balance sheet and reconciliation of movements in shareholders' funds have been amended to reflect the adoption of FRS 17. The prior year figures have been restated to reflect the removal of the pension costs under SSAP 24 and to include the cost, liability and asset position under FRS 17. There is no impact on the cash flow due to the adoption of FRS 17.

Under FRS 17 pension schemes are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability. Each pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full and presented on the face of the balance sheet. The movement in the scheme surplus/deficit is split between operating and financing items in the profit and loss account and the statement of total recognised gains and losses.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied.

Consolidated financial statements and cash flows

Group financial statements are not prepared for the Company and its subsidiaries as the Company is a wholly owned subsidiary of a company incorporated in Great Britain. As the Company is a wholly owned subsidiary, the cash flows of the Company are included in the consolidated cash flow statement of its parent undertaking. Consequently the Company is exempt under the provisions of Financial Reporting Standard 1, "Cash Flow Statements", from publishing a separate cash flow statement.

Exceptional items

Exceptional items are those that need to be disclosed by virtue of their size or incidence. Such items are included within operating profit unless they represent profits or losses on the sale or termination of an operation, costs of a fundamental reorganisation or restructuring having a material effect on the nature and focus of the company, or the profit or losses on the disposal of fixed assets. In these cases, separate disclosure is provided on the face of the profit and loss account after operating profit.

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. The company has elected not to discount the deferred tax assets and liabilities.

Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis in order to write off the tangible fixed assets over their expected useful lives. No depreciation is provided on freehold land, neither is it provided on new plant and machinery where the asset is not in use. Provision is made if appropriate for any impairment in value. Set out below is a summary of the useful lives on which depreciation rates are based:

Freehold buildings	67 years
Leasehold land and buildings	Over the period of the lease

NOTES TO THE ACCOUNTS (continued)
Year ended 29 December 2002

1. ACCOUNTING POLICIES (CONTINUED)

Fixed asset investments

Fixed asset investments are stated at cost less impairment in value.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company has no employees.

The corporate director received no remuneration from the company (2001: all directors £Nil), is not a member of any pension scheme (2001: two directors were members of the group's defined benefit pension arrangements) and has no options or interests in the company or its ultimate parent (2001: no directors exercised part of their share options in the ultimate parent company).

3. EXCEPTIONAL ITEMS

	Year ended 29 December 2002 £'000	Year ended 30 December 2001 £'000
Write down of investment in subsidiary undertaking (a)	-	(200,129)
Recovery from Maxwell Works Pension Scheme (b)	-	2,049
Birmingham circulation issue receipt (c)	1,400	-
Maxwell related recoveries (d)	5,605	-
Restructuring costs (e)	(683)	-
	6,322	(198,080)

(a) As a consequence of a group reorganisation in 2001, the company's investment in Midland Independent Newspapers Limited was written down by £200,129,000 to reflect the net asset value of the subsidiary.

(b) In 1992 Mirror Group loaned the Trustees of the Maxwell Works Pension Scheme sufficient money to pay the benefits due under that scheme. Mirror Group was the principal company under the scheme's trust. The terms of the loan specified that it would only be repaid when the scheme had settled all of its other debts, including monies owed to the government. Mirror Group wrote off the loan in 1992. In December 2001, a repayment of £2,049,000 was made by the scheme.

(c) During the year, the company received compensation of £1,400,000 (net of costs) in relation to outstanding issues following the identification of errors in the circulation for the Birmingham titles in 1999.

(d) In 2002, the company recovered £5,605,000 from the liquidators of Maxwell related companies for claims outstanding since 1992.

(e) Restructuring costs of £683,000 relate primarily to costs incurred in the formulation and implementation of strategic and profit improvement plans, including cost reduction measures and ongoing restructuring of the Group's finance systems.

NOTES TO THE ACCOUNTS (continued)
Year ended 29 December 2002

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 29 December 2002 £'000	Year ended 30 December 2001 £'000
Interest on bank loans and loan notes	65	3,850
Other interest payable	12	-
	77	3,850

5. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	Year ended 29 December 2002 £'000	Year ended 30 December 2001 £'000
Depreciation of tangible assets		
- owned assets	736	739
Write down of investment in subsidiary undertaking	-	200,129
Operating lease rentals - plant and machinery	-	-
- other	5,697	5,435
Rent receiveable - operating lease	(3,260)	(3,181)

The auditors' remuneration for the current and previous year has been borne and not recharged by a fellow subsidiary undertaking of the company.

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 29 December 2002 £'000	Year ended 30 December 2001 (restated) £'000
Tax credit in year		
Loss on ordinary activities before tax	(47,334)	(42,540)
Current tax:		
Group relief receivable	(17,209)	(2,021)
Adjustment to prior year	(3,096)	(116)
Deferred tax:		
Deferred tax credit for current year	(1,123)	(401)
Adjustment to prior year	(112)	225
Tax credit in year	(21,540)	(2,313)

Included within the deferred tax credit for the year is a FRS 17 credit of £1,410,000 (2001: £720,000).

NOTES TO THE ACCOUNTS (continued)
Year ended 29 December 2002

6. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

Reconciliation of current tax credit

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2001 - 30%). The current tax credit for the year is more than 30% (2001 - was less than 30%) for the reasons set out in the following reconciliation:

	2002	2001 (restated)
UK standard rate of corporation tax	30.0%	30.0%
Permanent items	3.8%	(20.1)%
Capital allowances in excess of depreciation	1.0%	(2.0)%
Other short term timing differences	1.6%	(3.2)%
Prior year adjustment	6.5%	0.3%
Total current tax credit for year	42.9%	5.0%

7. TANGIBLE FIXED ASSETS

	Freehold land £'000	Freehold buildings £'000	Total £'000
Cost			
At beginning of year	3,438	57,600	61,038
Disposals	-	(7)	(7)
At end of year	3,438	57,593	61,031
Depreciation			
At beginning of year	-	9,246	9,246
Charge for the year	-	736	736
At end of year	-	9,982	9,982
Net book value			
At 29 December 2002	3,438	47,611	51,049
At 30 December 2001	3,438	48,354	51,792

At 29 December 2002 the company had capital expenditure contracted for but not provided amounting to £Nil (year ended 30 December 2001 - £Nil).

NOTES TO THE ACCOUNTS (continued)
Year ended 29 December 2002

8. INVESTMENTS IN GROUP UNDERTAKINGS

	Investment in subsidiary undertakings £'000	Investment in associated undertakings £'000	Total £'000
Cost			
At beginning and end of year	1,004,911	7,950	1,012,861
Provisions			
At beginning and end of year	(373,238)	-	(373,238)
Net book value			
At 29 December 2002	631,673	7,950	639,623
At 30 December 2001	631,673	7,950	639,623

The other principal subsidiary undertakings of the Company at 29 December 2002 are as follows

Company	Activity	% holding of ordinary share capital	Country of registration and principal operation
MGN Limited	Newspaper publishing	100	England and Wales
Mirror Colour Print Limited	Contract printing	100	England and Wales
Mirror Colour Print (Watford) Limited*	Contract printing	100	England and Wales
Mirror Colour Print (Oldham) Limited*	Contract printing	100	England and Wales
Scottish Daily Record and Sunday Mail Limited	Newspaper publishing	100	Scotland
Saltire Press Limited*	Contract printing	100	Scotland
Midland Independent Newspapers Limited	Newspaper publishing	100	England and Wales
Midland Newspapers Limited*	Newspaper publishing	100	England and Wales
MirrorTel Limited	Dormant	100	England and Wales
Live TV Limited*	Dormant	100	England and Wales

* Owned indirectly

NOTES TO THE ACCOUNTS (continued)
Year ended 29 December 2002

9. DEBTORS

	29 December 2002 £'000	30 December 2001 £'000
Amounts owed by subsidiary undertakings		
Fellow subsidiaries	369,119	393,078
Corporation tax recoverable	-	405
Prepayments and accrued income	5,291	4,201
Other debtors	701	675
	375,111	398,359

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	29 December 2002 £'000	30 December 2001 £'000
Bank loans and overdrafts	-	336
Amounts owed to subsidiary undertakings		
Ultimate parent company	201,796	-
Fellow subsidiaries	270,585	473,321
Other creditors including tax and social security	16,534	19,006
Corporation tax payable	64	-
Accruals and deferred income	7,806	8,370
	496,785	501,033

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Other provisions £'000	Deferred taxation £'000	Total £'000
At beginning of year	916	8,659	9,575
Movement during the year	2,586	175	2,761
At end of year	3,502	8,834	12,336

Other provisions comprise of property provisions amounting to £3,252,000 and a £250,000 provision relating to PAYE on distribution staff.

The amounts for deferred tax provided in the accounts are as follows:

	29 December 2002 £'000	30 December 2001 £'000
Capital allowances for the period in excess of depreciation	9,756	9,286
Other short term timing differences	(922)	(627)
	8,834	8,659

NOTES TO THE ACCOUNTS (continued)
Year ended 29 December 2002

12. PENSIONS

Pension schemes

In November 2000 the Accounting Standards Board issued FRS 17, 'Retirement Benefits', replacing SSAP 24, 'Accounting for Pension Costs'. On 2 July 2002, the Accounting Standards Board announced its intention to defer the full implementation of FRS 17. However, the Company continued with full adoption.

The company is the sponsoring company for Mirror Group Pension Scheme and MGN Pension Scheme. During the year, the decision was taken to close the Mirror Group Pension Scheme. In 2003, employer's contributions to the MGN Scheme increased by 1% to 10%.

Valuations have been performed by an independent actuary in accordance with the requirements of FRS 17 as at 29 December 2002. Schemes' liabilities have been calculated using a consistent projected unit valuation method and compared to the schemes' assets at their 29 December 2002 market value.

Based on actuarial advice, the financial assumptions used in calculating the schemes' liabilities and the total value of those liabilities under FRS 17 are:

	Assumptions as at 29 December 2002 (%)	**Assumptions as at 30 December 2001 (%)**	**Assumptions as at 31 December 2000 (%)**
Discount rate	5.60	5.75	5.90
Inflation rate	2.30	2.50	2.50
Pension increases:			
Pre 6 April 1997 pensions	2.30 to 5.00	2.50 to 5.00	2.50 to 5.00
Post 6 April 1997 pensions	2.30 to 3.00	2.50	2.50
Salary progression	4.05	4.25	4.25
Actuarial value of schemes' liabilities (£'000)	**776,500**	**739,600**	**703,600**

The market value of the company's schemes and the expected rates of return on each class of assets are:

	Expected rate of return at 29 December 2002 (%)	**Market value at 29 December 2002 £'000**	**Expected rate of return at 30 December 2001 (%)**	**Market value at 30 December 2001 £'000**	**Expected rate of return at 31 December 2000 (%)**	**Market value at 31 December 2000 £'000**
UK equities	8.40	184,800	7.90	172,000	7.40	188,100
US equities	8.40	28,300	7.90	30,000	7.40	32,900
Other overseas equities	8.70	54,800	8.10	51,600	7.60	60,000
Corporate bonds	5.60	1,400	5.75	-	5.90	-
Fixed-interest gilts	4.50	305,100	5.00	386,800	4.75	420,700
Index-linked gilts	4.50	7,800	5.00	9,400	4.50	10,600
Cash	4.30	13,200	4.50	19,000	4.50	12,800
		595,400		**668,800**		**725,100**

NOTES TO THE ACCOUNTS (continued)
Year ended 29 December 2002

12. PENSIONS (continued)

The overall net deficit between the assets of the company's defined benefit pension schemes and actuarial liabilities of those schemes at 29 December 2002 is as follows:

	Total as at 29 December 2002 £'000	Total as at 30 December 2001 £'000	Total as at 31 December 2000 £'000
Fair value of schemes' assets	595,400	668,800	725,100
Actuarial value of schemes' liabilities	(776,500)	(739,600)	(703,600)
Schemes' (deficit)/surplus	(181,100)	(70,800)	21,500
Deferred tax	54,330	21,240	(6,450)
Net schemes' liabilities	(126,770)	(49,560)	15,050

The amounts included within operating profit for the year under FRS 17 are as follows:

	29 December 2002 £'000	30 December 2001 (restated) £'000
Current service cost	10,200	9,400
Past service cost	800	-
Total included within operating profit	11,000	9,400

The amounts included as other finance income for the year under FRS 17 are as follows:

	29 December 2002 £'000	30 December 2001 (restated) £'000
Expected return on pension schemes assets	(40,200)	(41,500)
Interest cost on pension schemes liabilities	41,700	40,700
Net finance charge/(income)	1,500	(800)

NOTES TO THE ACCOUNTS (continued)
Year ended 29 December 2002

12. PENSIONS (continued)

The movement in the deficit during the year is analysed below:

	29 December 2002 £'000	30 December 2001 £'000
Opening (deficit)/surplus in the scheme	(70,800)	21,500
Current service cost	(10,200)	(9,400)
Contributions	7,800	6,200
Past service costs	(800)	-
Finance income	(1,500)	800
Actuarial losses	(105,600)	(89,900)
Closing deficit in the pension scheme	(181,100)	(70,800)

The history of experience gains and losses has been:

	29 December 2002 £'000	30 December 2001 £'000
Difference between the expected and actual return on assets	(89,500)	(80,500)
Percentage of scheme assets	(15.0%)	(12.0%)
Experience gains and losses on scheme liabilities	(4,000)	4,500
Percentage of scheme liabilities	(0.5%)	0.6%
Total amount recognised in statement of total recognised gains and losses	(105,600)	(89,900)
Percentage of scheme liabilities	(13.6%)	(12.2%)

The profit and loss reserve is analysed below:

	29 December 2002 £'000	30 December 2001 £'000
Profit and loss reserve excluding pension reserve	182,718	205,222
Pension reserve	(126,770)	(49,560)
Profit and loss reserve	55,948	155,662

13. CALLED UP SHARE CAPITAL

	29 December 2002 £'000	30 December 2001 £'000
Authorised		
718,200,000 ordinary shares of 25p each	179,550	179,550
Allotted, called up, and fully paid		
457,823,273 ordinary shares of 25p each	114,456	114,456

NOTES TO THE ACCOUNTS (continued)
Year ended 29 December 2002

14. RESERVES

	Share premium £'000	Profit and loss account (restated) £'000
At beginning of year – as previously reported	259,572	205,222
Implementation of FRS 17	-	(49,560)
At beginning of the year – as restated	259,572	155,662
Retained loss for the financial year	-	(25,794)
Other net recognised gains and losses in the period	-	(73,920)
At end of year	259,572	55,948

15. CONTINGENT LIABILITIES

The Company, together with certain of its fellow subsidiaries in the United Kingdom, has guaranteed the loans (including loan notes issued through the US Private Placement market) and bank overdraft of the ultimate parent company with certain of the group's bankers. At 29 December 2002 this amounted to £614m (30 December 2001 - £689m). Consequently, the Company is dependent on the support of Trinity Mirror plc.

16. *OPERATING LEASE COMMITMENTS*

At 29 December 2002 the company was committed to making the following payments during the next year in respect of operating leases:

	29 December 2002 Land and buildings £'000	29 December 2002 Other £'000	29 December 2001 Land and buildings £'000	30 December 2001 Other £'000
Between one and five years	-	119	-	-
After five years	7,089	-	6,902	-
	7,089	119	6,902	-

17. ULTIMATE PARENT COMPANY AND IMMEDIATE PARENT UNDERTAKING

In the opinion of the sole director, the company's ultimate parent company and controlling entity and immediate parent undertaking at 29 December 2002 was Trinity Mirror plc, a company registered in England and Wales. Copies of the group financial statements are available from its registered office at One Canada Square, Canary Wharf, London, E14 5AP.

18. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary within the Group, and utilises the exemption contained in Financial Reporting Standard 8 - "Related Party Disclosures", not to disclose any transactions with entities that are part of the Group. The address at which the Group consolidated financial statements are publicly available is shown in Note 17.

NOTES TO THE ACCOUNTS (continued)
Year ended 29 December 2002

19. RESTATEMENT OF COMPARATIVES

The adoption of FRS 17 has required full disclosure of the fair value of assets and liabilities arising from retirement benefit obligations and any related funding. Operating costs relating to salaries are recognised in the accounting period in which they are incurred and, in addition, the gains, losses, assets and liabilities arising from the provisions discussed above are disclosed.

As a result of these changes in accounting policy, the comparatives have been restated as follows:

(a) Balance sheet

	Pension schemes' assets £'000	Pension schemes' liabilities £'000	Share-holders' funds £'000
2001 as previously reported	-	-	579,250
Adoption of FRS 17	-	(49,560)	(49,560)
	-	**(49,560)**	**529,690**

(b) Profit and loss account

	Net operating expenses £'000	Other finance income £'000	Taxation £'000
Year to 30 December 2001 as previously reported	(217,383)	-	1,593
Adoption of FRS 17	(3,200)	800	720
	(220,583)	**800**	**2,313**