REGISTERED NUMBER 00451593

TELEGRAPH MEDIA GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED

29 DECEMBER 2013

STRATEGIC REPORT FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2013

The directors present their strategic report of the Company for the financial year ended 29 December 2013.

BUSINESS REVIEW

The Company (Registered Number 451593) is a multi-platform publisher. At the core of the business is the UK's leading quality newspaper, The Daily Telegraph, as well as The Sunday Telegraph and The Telegraph, a weekly world edition. Telegraph.co.uk is the UK's foremost quality newspaper website.

The pleasing financial performance, in what remains a challenging market place, demonstrates the resilience of the business and the success of our strategy to expand the range of digital publications and services to readers, viewers and advertisers. The Telegraph print titles increased both their circulation and advertising volume market share and our digital audience and revenue continues to grow. The priority for the coming year will remain focused on investment in digital infrastructure and products to meet customer needs and accelerate growth in both audience and revenues.

The directors expect market conditions to remain challenging but anticipate a satisfactory performance for 2014.

PRINCIPAL RISKS AND UNCERTAINTIES

There is an ongoing process for the identification, evaluation and management of significant risks faced by the Company. The Company continues to recognise the challenges to its traditional business model from new technology and changing consumer behaviour.

The market for newspaper sales and readership continues to decline and the Company is addressing this by supplementing the print publications with innovative digital products across web, tablet and smartphone platforms to maximise audiences and revenues.

The Company is comparatively reliant on advertising revenues and the Telegraph titles continue to perform well in this competitive environment. Advertising spend has seen a shift from the traditional newspaper publishing sector to other media, predominantly digital. As noted above, the Company's strategy of pursuing a strong and innovative digital product offering is aimed at growing its total audience thereby offsetting the decrease in print advertising revenue with increased multi-stream revenues from its digital products.

The Company is in an extremely strong position to meet this opportunity as a result of its successful integration, and its growth as a digital publisher.

KEY PERFORMANCE INDICATORS

Management monitor financial and non-financial progress of the Company through the following KPIs:

Financial	**2013**	**2012**
Turnover	£325.2m	£327.5m
Operating profit before exceptional items	£61.2m	£58.5m
Operating profit margin before exceptional items	18.8%	17.9%

STRATEGIC REPORT FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2013 – CONTINUED

KEY PERFORMANCE INDICATORS - CONTINUED

Non - Financial	**2013**	**2012**
Average ABC – Daily Telegraph – number of copies	548,452	570,817
Average ABC – Sunday Telegraph – number of copies	431,074	449,882
Average NRS Issue Readership – Daily Telegraph	1,318,000	1,346,000
Average NRS Issue Readership – Sunday Telegraph	1,328,000	1,372,000
ABCe Monthly Global Unique User Browsers – December	60,977,459	56,624,847
ABCe Monthly UK Unique User Browsers – December	23,731,325	20,074,413

By order of the Board

R K Mowatt

R K Mowatt
for and on behalf of Telegraph Secretarial Services Limited in its capacity as Company Secretary.
3 April 2014

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2013

The directors present their report and the audited financial statements of the Company for the financial year ended 29 December 2013.

BUSINESS PERFORMANCE

The Company's operating profit before exceptional items for the financial year was £61.2m *(2012: £58.5m)*. The profit for the financial year was £44.9m *(2012: £43.4m)*. The results of the Company for the financial year are set out in the Profit and Loss Account on page 8. No dividends were declared *(2012: £nil)*.

FUTURE DEVELOPMENTS

The directors anticipate market conditions will remain challenging during 2014 as consumer preferences and advertising revenues shift to digital platforms. With this in mind the directors will continue to take prudent and considered actions to manage the business through the next twelve months, focusing on delivering quality publications and experiences to customers, carefully assessing investment opportunities and tightly managing the costs and cash flow of the business to ensure that the Company is well positioned to maximise value across all platforms.

The media landscape is changing rapidly as technology continues to fundamentally change the manner in which the consumer accesses news and information and in how they transact for goods and services. This is impacting on the business environment in which the industry operates in a number of ways:

- print advertising revenue is now supplemented on-line, as advertisers demand multi-media solutions to creative briefs; while
- print circulation volumes remain under pressure as readers seek their news and information from an increasing variety of sources.

The Company continues to make progressive changes to the structure of its business to ensure it is well positioned to navigate and monetise the digital transition taking place in the market.

The Company's strategy for a digital future is underpinned by the values of honesty, integrity and accuracy that are inherent in the Telegraph brand. The Company's plans for future growth are based on:

- making news, comment and insights under the Telegraph brand available to readers, listeners and viewers in the format most convenient to them – thereby ensuring not just maximum customer loyalty but also attracting new audiences seeking reliable and up to date information;
- expanding the range of digital publications and services available to Telegraph customers;
- offering advertisers and other commercial clients a constantly growing range of multi-media opportunities to reach a high quality, affluent and reliable audience;
- developing the relationships with the Company's extremely strong and loyal subscriber base in print and digital; and
- maintaining the Company's brand reputation for integrity and reliability.

DONATIONS

During the financial year the Company made charitable donations of £1,014,310 *(2012: £1,056,490)*, of which £14,310 *(2012: £56,490)* was principally to charities associated with the newspapers and their employees and a £1.0 million *(2012: £1.0 million)* donation was made to The Barclay Foundation (charity registration number: 803696) which in turn paid it to the Great Ormond Street Hospital Children's Charity. The Company made no political donations during the year *(2012: £nil)*.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2013 – CONTINUED

FINANCIAL RISK MANAGEMENT

The Company is not exposed to any significant interest rate risk. Currency transaction risk is not substantial as the majority of the Company's business is transacted in sterling.

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

Liquidity risk arises from timing differences between cash inflows and outflows. These risks are managed through maintaining adequate credit facilities. It is our policy to maintain sufficient cash balances and committed facilities to meet anticipated future requirements. These resources, together with the expected future cash flows to be generated by the business, are regarded as sufficient to meet the anticipated funding requirements of the Company for at least the next twelve months.

DIRECTORS OF THE COMPANY

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

A S Barclay – Chairman
M MacLennan – Chief Executive Officer
F P Ronayne – Chief Financial Officer
H M Barclay
R K Mowatt
P L Peters
M Seal
L Twohill

The Company has entered into qualifying third party indemnity arrangements for the benefit of all its directors, which were in force during the financial year and also at the approval date of the financial statements.

EMPLOYEES

The commitment, innovation and drive of our employees are core to the ongoing development and success of our business. The Company pursues a policy of equal opportunities for all employees and potential employees. The Company offers equal employment opportunities to disabled persons and suitable retraining is provided wherever practicable for employees who become disabled during service.

The Company continues to provide a competitive range of benefits to employees, including opportunity to join the company wide defined contribution pension scheme and other initiatives enabling employees greater flexibility in their work-life choices through our Benefits Xchange scheme.

The Company continues to offer career enhancement to its employees by way of relevant management and personal development courses with the aim of ensuring that our staff have the right skill to operate in the digital landscape.

Internships and work experiences policies are in place to ensure that the Company offers high quality opportunities to attract students from all backgrounds, to ensure fair and equitable access into our business.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account, within the limitations of commercial confidentiality, when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with all employees continues through management briefings, regular heads of department briefings, staff surveys and Telegraph intranet.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2013 – CONTINUED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the 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.

STATEMENT OF DIRECTORS' DISCLOSURE OF INFORMATION TO AUDITORS

So far as each of the directors is aware, there is no relevant audit information of which the Company's auditors are unaware. Each of the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

R K Mowatt

R K Mowatt
for and on behalf of Telegraph Secretarial Services Limited in its capacity as Company Secretary.
3 April 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TELEGRAPH MEDIA GROUP LIMITED

REPORT ON THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 29 December 2013 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

WHAT WE HAVE AUDITED

The financial statements, which are prepared by Telegraph Media Group Limited, comprise:

- the balance sheet as at 29 December 2013;
- the profit and loss account for the period then ended;
- the reconciliation of movements in total shareholders' funds for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAa (UK & Ireland)"). 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 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 financial statements 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TELEGRAPH MEDIA GROUP LIMITED - CONTINUED

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ADEQUACY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

DIRECTOR' REMUNERATION

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Simon O'Brien

Simon O'Brien (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4 April 2014

PROFIT AND LOSS ACCOUNT
for the financial year ended 29 December 2013

	Notes	Total 2013 £m	Total 2012 £m
Turnover	2	**325.2**	327.5
Cost of sales		**(202.6)**	(208.2)
Gross profit		**122.6**	119.3
Distribution costs		**(20.5)**	(21.9)
Administrative expenses		**(44.3)**	(39.0)
Operating profit	3	**57.8**	58.4
Attributable to			
Operating profit before exceptional items		**61.2**	58.5
Exceptional items	3	**(3.4)**	(0.1)
		57.8	58.4
Interest payable and similar charges	6	**(0.8)**	(1.2)
Profit on ordinary activities before taxation	3	**57.0**	57.2
Tax on profit on ordinary activities	7	**(12.1)**	(13.8)
Profit for the financial year	15	**44.9**	43.4

All the above results are derived from continuing operations.
There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and the historical cost equivalents.

The notes on pages 10 to 18 form part of these financial statements.

The Company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

BALANCE SHEET
as at 29 December 2013
Company Registered Number: 00451593

	Notes	29 Dec 2013 £m	30 Dec 2012 £m
Fixed assets			
Tangible assets	8	**18.9**	19.7
Investments	9	**0.5**	0.1
		19.4	19.8
Current assets			
Debtors	10	**438.6**	391.4
Cash at bank and in hand		**1.5**	4.8
		440.1	396.2
Creditors: amounts falling due within one year	11	**(82.6)**	(82.4)
Net current assets		**357.5**	313.8
Total assets less current liabilities		**376.9**	333.6
Creditors: amounts falling due after more than one year	12	**(3.9)**	(5.5)
Provisions for liabilities	13	**(0.2)**	(0.2)
Net assets		**372.8**	327.9
Capital and reserves			
Called up share capital	14	**44.7**	44.7
Profit and loss account	15	**328.1**	283.2
Total shareholders' funds	16	**372.8**	327.9

These financial statements on pages 8 to 18 were approved by the board of directors on 3 April 2014 and were signed on its behalf by

M MacLennan
Director

Finbarr P. Ronayne

F P Ronayne
Director

The notes on pages 10 to 18 form part of these financial statements.

1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout all years presented, are set out below;

(a) *Basis of accounting*

The Company uses 52/53 week accounting periods and has drawn up its financial statements for the 52 weeks to 29 December 2013.

The 52 weeks to 29 December 2013 and balances at that date are referred to as relating to 2013 in these financial statements. The 52 weeks to 30 December 2012 and balances at that date are referred to as relating to 2012.

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

The Company is exempt under section 400 of the Act from the requirement to prepare group financial statements because it is a wholly owned subsidiary of Press Acquisitions Limited established under the law of a member state of the European Community. These financial statements present information about the Company as an individual undertaking.

The Company is exempt from the requirement of FRS 1 (Revised 1996) – "Cash Flow Statements" to prepare a cash flow statement as it is a subsidiary undertaking of Press Acquisitions Limited, whose consolidated financial statements are publicly available and include such a statement.

The Company has taken advantage of the exemption contained in FRS 8 – "Related Party Disclosure" and has not disclosed transactions or balances with entities which form part of the group or are disclosed in the group financial statements.

(b) *Turnover*

Turnover represents sales to third parties and is stated net of commissions and trade discounts, and excludes value-added tax and other sales taxes. Print advertising revenue is recognised on the date of publication. Circulation revenue is recognised at the time of sale. Digital advertising revenue is recognised over the period of the online campaign in accordance with the provision of services. Other revenue is recognised at the time of sale or provision of services.

(c) *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation. Cost represents the cost of acquisition or construction, including the direct costs of financing the acquisition or construction until the asset comes into use.

Depreciation is calculated so as to write off the cost, less residual value, of tangible fixed assets on a straight line basis over their expected useful economic lives which are as follows:

Buildings:	
Leasehold	50 years or the lease term if under 50 years
Plant and equipment:	
Computer equipment	3-5 years
Furniture and fittings	10 years
Other	3-10 years

(d) *Investments*

Investments acquired with the intention that they will be held for the long term are stated at cost less provision, if appropriate, for any permanent diminution in value.

1. **ACCOUNTING POLICIES – CONTINUED**

(e) Deferred income

Deferred income represents receipts from subscribers in advance of goods and services being provided and is classified as part of Creditors due within one year.

(f) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and the amount can be reliably estimated. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

(g) Finance leases

Where asset purchases are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright and recorded as fixed assets, and the corresponding liabilities are shown as obligations under finance leases.

Rental payments under finance leases are apportioned between capital and interest, the interest portion being charged to the profit and loss account and the capital portion reducing the obligations to the lessor.

(h) Operating leases

Rental costs arising under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

(i) Taxation

The charge for taxation is based on the result for the financial year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised for all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between the Company's taxable profit and loss and its results as stated in the financial statements. No deferred tax is recognised on permanent differences.

Deferred tax is measured at the average tax rates that are expected to apply in the financial year in which the timing differences are expected to reverse, based on tax rates and law that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(j) Pension costs

The costs of defined contribution schemes are charged to the profit and loss account as the obligation to pay arises.

(k) Foreign currency translation

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling on the day the transaction occurs. Monetary assets and liabilities denominated in a foreign currency are translated at the rate ruling on the balance sheet date ("the closing rate") or, if appropriate, at the forward contract rate. All exchange differences are taken to the profit and loss account.

2. TURNOVER

Turnover and operating profit arise from media publication activities within the United Kingdom and all relate to continuing operations.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

		2013 £m	2012 £m
Employment costs (including directors)		**75.8**	77.5
Operating lease rentals	- buildings	**6.3**	6.2
Depreciation	- owned tangible fixed assets	**5.7**	4.8
	- tangible fixed assets held under finance leases	**0.1**	0.2
Auditors' remuneration	- for the audit of the Company	**0.1**	0.1
	- other services	**-**	0.1
Exceptional items	- reorganisation costs *(see (a) below)*	**5.6**	3.4
	- release of accruals *(see (b) below)*	**(2.1)**	(2.8)
	- reduction in lease obligation *(see (c) below)*	**(0.1)**	(0.5)

(a) Reorganisation costs
This represents the costs of restructuring the Company's operations and includes the costs of staff redundancies carried out to improve the efficiency and effectiveness of the operations.

(b) Release of accruals
This relates to changes in accounting estimates for subscription voucher redemption values.

(c) Reduction in lease obligation
A finance lease obligation, on press assets which had no future economic benefit, and charged to exceptional items in prior years, has been reduced due to changes in the UK corporation tax rate.

4. DIRECTORS' EMOLUMENTS

(a) Emoluments of the Directors:

	2013 £m	2012 £m
Aggregate emoluments	**1.3**	1.2
Company contributions to defined contribution schemes	**0.1**	0.1
	1.4	1.3

The contributions made by the Company to defined contribution schemes were on behalf of two *(2012: two)* directors including the highest paid director.

(b) Emoluments of the highest paid director:

	2013 £m	2012 £m
Aggregate emoluments	**0.8**	0.8
Pension contributions	**0.1**	0.1
	0.9	0.9

5. EMPLOYEE INFORMATION

(a) Monthly average number of persons (including directors) employed by the Company during the financial year:

	2013 Number	2012 Number
Editorial and production	**602**	630
Selling, distribution and administration	**432**	440
	1,034	1,070

Almost all of the staff included above have contracts with Telegraph Publishing Limited, a subsidiary of the Company. As all charges under these contracts are met directly by the Company, for the purposes of the annual financial statements of the two companies, the directors regard these staff as being employed by Telegraph Media Group Limited.

(b) Employment costs (including directors):

	2013 £m	2012 £m
Wages and salaries	**63.5**	65.0
Social security costs	**7.6**	7.8
Other pension costs	**4.7**	4.7
Total	**75.8**	77.5

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £m	2012 £m
Interest payable On loans repayable within five years and bank borrowings	**0.2**	0.1
Bank and other similar charges	**0.5**	0.7
Finance lease charges	**0.1**	0.4
	0.8	1.2

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge for the financial year	2013 £m	2012 £m
Current tax:		
UK corporation tax on profits for the financial year	**(12.5)**	(13.7)
Deferred tax:		
Origination and reversal of timing differences	**0.3**	-
Adjustments in respect of previous years	**0.1**	(0.1)
Total timing differences *(see note 10(b))*	**0.4**	(0.1)
Total deferred tax credit / (charge)	**0.4**	(0.1)
Tax charge on profits on ordinary activities	**(12.1)**	(13.8)

7. TAX ON PROFIT ON ORDINARY ACTIVITIES - CONTINUED

Factors affecting the tax charge for the financial year

The current tax charge for the financial year is lower *(2012: lower)* than the standard rate of corporation tax in the UK. The differences are explained below:

	2013 £m	2012 £m
Profit on ordinary activities before taxation	**57.0**	57.2
Current tax charge at 23.25% *(2012: 24.50%)*	**(13.2)**	(14.0)
Effects of:		
Expenses not deductible for tax purposes	**(0.4)**	(0.6)
Deemed interest on intercompany loan balances	**(4.2)**	(3.9)
Depreciation in excess of capital allowances	**(0.3)**	-
Other timing differences	**-**	0.1
Group relief for nil consideration	**5.6**	4.7
Total current tax charge	**(12.5)**	(13.7)

Factors affecting current and future tax charges

The main rate of corporation tax in the UK reduced from 24% to 23% with effect from 1 April 2013. Accordingly, the company's profits for the accounting period to 29 December 2013 were taxed at an effective rate of 23.25%. Further rate reductions to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015 were substantively enacted on 2 July 2013 and therefore any relevant deferred tax balances have been measured at this rate.

8. TANGIBLE FIXED ASSETS

	Buildings – short leasehold £m	Plant and Equipment £m	Total £m
Cost:			
Opening balance	15.3	57.7	73.0
Additions	-	5.2	5.2
Disposals	-	(0.4)	(0.4)
Closing balance	15.3	62.5	77.8
Accumulated depreciation:			
Opening balance	7.0	46.3	53.3
Charge for the financial year	1.3	4.5	5.8
Disposals	-	(0.2)	(0.2)
Closing balance	8.3	50.6	58.9
Net book value:			
Closing balance	**7.0**	**11.9**	**18.9**
Opening balance	8.3	11.4	19.7

The net book value of assets held under finance leases included in the above was £0.4m *(2012: £0.6m)*

9. INVESTMENTS

	Unlisted Shares £m	Subsidiaries £m	Total £m
Cost:			
Opening balance	0.1	-	0.1
Additions	-	0.4	0.4
Closing balance	0.1	0.4	0.5

The additions in subsidiary investments of £0.4m relates to the purchase of 900 shares in VOS Media Limited ("VOS") on 1 February 2013. This represents 90% of the share capital of the company. A call option over the remaining 10% of the total issued share capital of VOS has also been issued.

10. DEBTORS

	2013 £m	2012 £m
Trade debtors	**46.7**	45.5
Amounts owed by parent and fellow subsidiary companies *(see (a) below)*	**380.4**	334.2
Other taxation and social security	**0.2**	0.2
Other debtors	**1.2**	1.0
Other prepayments and accrued income	**9.4**	10.2
Deferred Tax asset *(see (b) below)*	**0.7**	0.3
	438.6	391.4

(a) Amounts owed by parent and fellow subsidiary companies

Amounts owed by parent and fellow subsidiary companies include £273.9 million *(2012: £263.4 million)* due from Press Acquisitions Limited ("PAL"), the Company's immediate parent company, £105.3 million *(2012: £70.8 million)* due from May Corporation Limited ("May"), the parent company of PAL and £1.2 million *(2012: £nil)* due from VOS Media Limited ("VOS"), a subsidiary company of TMGL. These loans have no fixed terms of repayment and none of the balances bear interest. They are all denominated in sterling.

(b) Deferred taxation

	2013 £m	2012 £m
Deferred Tax asset:		
Capital allowances	**0.6**	0.2
Other timing differences	**0.1**	0.1
Deferred tax asset	**0.7**	0.3
Movements in the financial year:		
Opening net deferred tax asset	**0.3**	0.4
Credited / (Charged) to profit on ordinary activities *(see note 7)*	**0.4**	(0.1)
Closing net deferred tax asset	**0.7**	0.3

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£m	£m
Trade creditors	**24.0**	20.1
Obligations under finance leases *(see note 12)*	**1.6**	1.5
Other taxation and social security	**4.8**	4.9
Other creditors	**1.5**	1.3
Corporation tax	**6.6**	7.5
Accruals and deferred income	**44.1**	47.1
	82.6	82.4

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013	2012
	£m	£m
Obligations under finance leases	**3.9**	5.5

	2013	2012
	£m	£m
Repayable:		
Within one year	**1.8**	1.8
In more than one year but less than five years	**4.2**	6.0
Total obligations	**6.0**	7.8
Less: future finance charges included in obligations	**(0.5)**	(0.8)
Net obligations	**5.5**	7.0
Less: classified as a current creditor *(see note 11)*	**(1.6)**	(1.5)
Net long term obligations	**3.9**	5.5

These obligations are secured on the assets leased which includes £5.1m *(2012:£6.6m)* secured against press assets. The Company believes that these press assets have no future economic benefit and accordingly the carrying value is £nil *(2012:£nil)*.

13. PROVISIONS FOR LIABILITIES

	2013	2012
	£m	£m
Opening and closing balance	**0.2**	0.2

This provision represents the ongoing costs of an unused printing press.

14. CALLED UP SHARE CAPITAL

	2013	2012
	£m	£m
Authorised:		
1,703,000,000 *(2012: 1,703,000,000)* ordinary shares of £1 each	**1,703.0**	1,703.0
Issued, called up and fully paid:		
44,747,466 *(2012: 44,747,466)* ordinary shares of £1 each	**44.7**	44.7

15. PROFIT AND LOSS ACCOUNT

	Total £m
Opening balance	**283.2**
Profit for the financial year	**44.9**
Closing balance	**328.1**

16. RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS

	2013 £m	2012 £m
Profit for the financial year	**44.9**	43.4
Opening total shareholders' funds	**327.9**	284.5
Closing total shareholders' funds	**372.8**	327.9

17. COMMITMENTS

	2013 £m	2012 £m
At 29 December 2013 annual commitments under non-cancellable land and building leases which expire:		
Between one to five years	**0.3**	0.1
After five years	**5.7**	5.9
	6.0	6.0

18. GUARANTEES

The Company has guaranteed certain bank borrowings of its parent company, Press Acquisitions Limited. At 29 December 2013 these borrowings amounted to £194.0 million *(2012: £199.0 million)*. Charges in favour of the lender exist over all the Company's assets.

19. PENSIONS

The Company operates the Telegraph Staff Pension Plan ("the Plan") which is a defined contribution scheme and which covers the majority of the Company's employees.

At 29 December 2013 contributions of £nil *(30 December 2012: £nil)* were due to the Plan.

20. RELATED PARTIES

The Group has taken advantage of the exemption granted by paragraph 3(a) FRS 8 – Related Party Disclosures – not to disclose details of transactions with other wholly owned group companies within the Press Holdings Limited group.

RELATED PARTY TRANSACTIONS WITH SUBSIDIARY

	2013	2012
	£m	£m
VOS Media Limited		
Loans advanced to subsidiary	**1.2**	-

RELATED PARTY BALANCES RECEIVABLE FROM SUBSIDIARY

	2013	2012
	£m	£m
Included in debtors: amounts owed by parent and fellow subsidiary companies		
VOS Media Limited	**1.2**	-

There was one other related party transaction during the year which was a £1.0m charity donation to The Barclays Foundation (charity registration number: 803696) which in turn paid it to the Great Ormond Street Hospital Children's Charity *(2012: £1.0m).*

21. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's immediate parent company is Press Acquisitions Limited, incorporated in Great Britain, which the directors regard as being ultimately controlled by Sir David and Sir Frederick Barclay's Family Settlements.

The largest and smallest group in which the results of the Company are consolidated and publicly available is that of which Press Acquisitions Limited is the parent company. The consolidated financial statements of Press Acquisitions Limited may be obtained from its registered office, 3rd Floor, 20 St James's Street, London SW1A 1ES.

22. SUBSIDIARY COMPANIES

As at 29 December 2013 the subsidiary companies, which were incorporated in England and Wales, were:

Subsidiary Companies	Nature of business	Class and proportion of nominal value and voting rights of issued shares held
The Sunday Telegraph Limited	Dormant	Ordinary shares – 100%
The Evening Post Limited	Dormant	Ordinary shares – 100%
The Morning Post Limited	Dormant	Ordinary shares – 100%
Telegraph Publishing Limited	Dormant	Ordinary shares – 100%
Telegraph Secretarial Services Limited	Dormant	Ordinary shares – 100%
VOS Media Limited	Active	Ordinary shares – 90%