PRESS ACQUISITIONS LIMITED

REPORT AND ACCOUNTS

1 JANUARY 2006

REGISTERED NUMBER 5098596

DIRECTORS' REPORT

The directors present their report together with the audited financial statements, for the 52 week period ended 1 January 2006.

PRINCIPAL ACTIVITY AND FUTURE DEVELOPMENTS

The principal activity of the Group is the publication of national newspapers. No significant change to this activity is expected in the forthcoming year.

The Company was incorporated on 8 April 2004 and had no activity until 30 July 2004 when it acquired the entire issued share capital of Telegraph Group Limited ("Telegraph"), a newspaper publishing group.

On 3 January 2005 the Group sold its investment in its wholly owned subsidiary The Spectator (1828) Limited to May Corporation Limited, the Company's immediate parent company.

BUSINESS REVIEW

The results of the Company's principal subsidiary, the Telegraph, are reviewed in the directors' report of the Telegraph.

The consolidated operating profit before exceptional items for the period was £37.7 million *(2004: £20.4 million)*. After taking exceptional items, taxation and dividends into account, the retained loss was £30.7 million *(2004: profit of £4.0 million)* and this amount has been transferred to reserves. No dividends were declared during the period *(2004: nil)*. Rights to the dividend on the preference shares that accrued during the period were waived. The directors do not propose the payment of a final dividend on the ordinary shares.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the period were as follows:

A S Barclay
H M Barclay
R K Mowatt
P L Peters
M Seal

Under the Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985 directors of the Company are exempt from the obligation otherwise imposed by s324 Companies Act 1985 to notify the Company of an interest in shares in, or debentures of, the Company, or any other body corporate, being the Company's subsidiary or holding Company or a subsidiary of the Company's holding company, which is based overseas.

EMPLOYEES

The Company's subsidiary, the Telegraph, continues to offer career enhancement to its employees by way of management and personal development courses. Information Technology training continues to offer a wide range of internal IT workshops to employees.

Work experience students are offered placements during the summer. GCSE students are introduced to areas of the Telegraph's operations and undergraduates are employed for varying periods of time in different departments.

The Telegraph offers equal employment opportunities to disabled persons and suitable retraining is provided wherever practicable for employees who become disabled during service.

DIRECTORS' REPORT - CONTINUED

FINANCIAL INSTRUMENTS

The Group is exposed to interest rate risk. In view of the forecast low interest rate environment no debt is hedged at 1 January 2006. The Group seeks to maintain standard terms for all its financial covenants where possible. Currency transaction risk is not substantial as the majority of the Group's business is in sterling. The Group seeks to maintain standard terms for all its financial covenants where possible. The Group's covenants are monitored on an ongoing basis with formal testing at each quarter end.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the period the Group made charitable donations of £164,375 *(2004: £64,690)*, principally to charities associated with the newspaper and its employees. The Group made no political donations.

ELECTIVE RESOLUTION

Elective resolutions have been passed pursuant to the Companies Act 1985 on 9 December 2004:

i) as permitted by section 252 of the Act, to dispense with the laying of accounts and reports before the Company in general meeting;

ii) as permitted by section 366A of the Act, to dispense with the holding of annual general meetings; and

iii) as permitted by section 386 of the Act, to dispense with the obligation to appoint auditors annually.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss 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, 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 Group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board
For and on behalf of Broomfield Secretarial Services Limited in its capacity as secretary.

K K Mowcott

Director
28 June 2006

Independent auditors' report to the members of Press Acquisitions Limited

We have audited the group and parent company financial statements (the "financial statements") of Press Acquisitions Limited for the 52 week period ended 1 January 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the *Statement of Directors' Responsibilities.*

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 to you 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 1 January 2006 and of the group's loss and cash flows for the period then ended; and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP 28 June 2006
Chartered Accountants and Registered Auditors
London

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the 52 week period ended 1 January 2006

	Notes	Before Exceptional Items £m	Exceptional Items (*see note 4*) £m	Total 2005 £m	Before Exceptional Items £m	Exceptional Items (*see note 4*) £m	Total 2004 (restated – *see note 2*) £m
Turnover (including share of joint ventures)	2	439.8	-	439.8	177.3	-	177.3
Less: share of joint ventures' turnover		(116.9)	-	(116.9)	(43.9)	-	(43.9)
Turnover		322.9		322.9	133.4	-	133.4
Cost of sales		(219.2)	-	(219.2)	(88.7)	-	(88.7)
Gross profit		103.7	-	103.7	44.7	-	44.7
Distribution costs		(34.7)	-	(34.7)	(12.2)	-	(12.2)
Administrative expenses		(31.3)	(45.8)	(77.1)	(12.1)	(1.5)	(13.6)
Operating (loss)/profit		37.7	(45.8)	(8.1)	20.4	(1.5)	18.9
Share of operating profit in joint ventures	7	0.8	-	0.8	(1.2)	-	(1.2)
Interest receivable and similar income – other income		1.4	-	1.4	0.5	-	0.5
Share of interest receivable and similar income in joint venture		0.2	-	0.2	0.3	-	0.3
Interest payable and similar charges	8	(26.0)	-	(26.0)	(12.2)	-	(12.2)
Share of interest payable and similar charges in joint ventures		(1.2)	-	(1.2)	(0.4)	-	(0.4)
(Loss)/profit on ordinary activities before taxation	3	12.9	(45.8)	(32.9)	7.4	(1.5)	5.9
Tax on (loss)/profit on ordinary activities	9	(10.7)	12.9	2.2	(2.3)	0.4	(1.9)
Retained (loss)/profit for the period	21	2.2	(32.9)	(30.7)	5.1	(1.1)	4.0

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the 52 week period ended 1 January 2006

	Notes	2005 £m	2004 £m
(Loss)/profit for the period		(30.7)	4.0
Actuarial loss on defined benefit pension schemes		(2.0)	(1.3)
Tax on actuarial loss on defined benefit pension schemes		0.6	0.4
	20	(1.4)	(0.9)
Total (losses)/gains recognised in period		(32.1)	3.1

All the above results relate to continuing activities arising from the acquisition of Telegraph Group Limited.
The historical cost profit and loss is the same as that shown above.
The notes on pages 7 to 26 form part of these financial statements.

BALANCE SHEET
at 1 January 2006

		The Group		The Company	
		2005	**2004**	**2005**	**2004**
	Notes	**£m**	**£m**	**£m**	**£m**
Fixed assets					
Intangible assets	11	**629.3**	629.3	-	-
Tangible assets	12	**14.3**	15.8	-	-
Investments	13				
Investments in joint ventures:					
Share of gross assets		**76.3**	68.7	-	-
Share of gross liabilities		**(67.2)**	(57.8)	-	-
		9.1	10.9	-	-
Loans to joint ventures		**1.5**	2.5	-	-
Total investment in joint ventures		**10.6**	13.4	-	-
Investments in subsidiary undertakings		-	-	**736.8**	736.5
Other investments		**0.1**	0.1	-	-
Total investments		**10.7**	13.5	**736.8**	736.5
		654.3	658.6	**736.8**	736.5
Current assets					
Investment held for resale	14	-	20.0	-	-
Debtors	15	71.7	57.6	**3.5**	8.2
Cash at bank and in hand		**36.7**	28.8	**25.2**	0.9
		108.4	106.4	**28.7**	9.1
Creditors: amounts falling due within one year	16	**(79.3)**	(96.1)	**(10.3)**	(19.0)
Net current assets/(liabilities)		29.1	10.3	**18.4**	(9.9)
Total assets less current liabilities		**683.4**	668.9	**755.2**	726.6
Creditors: *amounts falling due after more than one year*	17	**(251.5)**	(261.3)	**(359.4)**	(330.8)
Provisions for liabilities and charges	18	**(31.8)**	(0.4)	-	-
Net assets		**400.1**	407.2	**395.8**	395.8
Capital and reserves					
Called up share capital	19	**429.0**	404.0	**429.0**	404.0
Pensions reserve	20	**(2.3)**	(0.9)	-	-
Profit and loss account	21	**(26.6)**	4.1	**(33.2)**	(8.2)
Total shareholders' funds	22	**400.1**	407.2	**395.8**	395. 8
Attributable to equity shareholders		**400.1**	103.2	**395.8**	91. 8
Attributable to non-equity shareholders		-	304.0	-	304.0
Total shareholders' funds		**400.1**	407.2	**395.8**	395.8

These financial statements on pages 4 to 26 were approved by the board of directors on 28 June 2006 and were signed on its behalf by:

Director   **Director**

The notes on pages 7 to 26 form part of these accounts.

INFORMATION ON CONSOLIDATED CASH FLOWS

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATIONS

	2005 £m	2004 £m
Operating (loss)/profit	(8.1)	18.9
Exceptional items *(see note 4)*	45.8	1.5
Operating profit before exceptional items	37.7	20.4
Depreciation	4.1	2.0
	41.8	22.4
Exceptional items paid *(see note 4)*	(13.6)	(1.6)
Movement in:		
Debtors	1.4	1.2
Creditors	(2.5)	3.5
Provisions	(0.4)	-
Net cash inflow from operating activities	26.7	25.5

CONSOLIDATED CASH FLOW STATEMENT

for the 52 week period ended 1 January 2006

	2005		2004	
	£m	£m	£m	£m
Net cash inflow from operating activities		26.7		25.5
Dividends from joint ventures		-		4.1
Interest received	1.4		0.5	
Interest paid	(31.0)		(7.0)	
Returns on investments and servicing of income		(29.6)		(6.5)
Taxation		(3.2)		-
Purchase of tangible fixed assets	(2.0)		(1.2)	
Proceeds from sale of tangible fixed assets	0.1		-	
Repayment of loans to joint venture companies	-		1.5	
Capital expenditure and financial investment		(1.9)		0.3
Purchase of subsidiary company	-		(738.4)	
Price adjustment relating to purchase of subsidiary	1.9		-	
Cash acquired with subsidiary	-		69.8	
Acquisitions and disposals		1.9		(668.6)
Proceeds of share issue	25.0		404.0	
Net proceeds of bank loan	-		272.0	
Repayment of bank loan	(11.0)		-	
Repayment of lease financing	(0.5)		(0.5)	
Loan from parent company	0.2		-	
Loan from subsidiary excluded from consolidation	-		2.0	
Net proceeds/(repayments) of loans from joint venture companies	0.3		(3.5)	
Financing		14.0		674.0
Increase in cash and cash equivalents		7.9		28.8

The notes on pages 7 to 26 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of preparation

The Group financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

The Group financial statements consolidate the financial statements of Press Acquisitions Limited and its subsidiary undertakings (over which it exercises control) up to 1 January 2006 together with the joint venture undertakings to the extent of the Group's interest in those undertakings. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the profit are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

The 52 weeks to 1 January 2006 and balances at that date are referred to as relating to 2005 in these financial statements. The 38 weeks to 2 January 2005 and balances at that date are referred to as relating to 2004.

The Spectator (1828) Limited was sold on 3 January 2005 *(see note 14)* and was therefore excluded from consolidation in 2004 and shown in the consolidated financial statements as a current asset at its net realisable value.

The Company has adopted FRS21 - Events after the balance sheet date and FRS25 - Financial instruments: disclosure and presentation in these financial statements. The adoption of these accounting statements did not effect the current period or comparative figures.

(b) *Joint venture undertakings*

A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control. *The Group's share of the profits less losses of joint ventures is included in the consolidated profit and loss account, its* share of other gains and losses is included in the consolidated statement of total recognised gains and losses and its interest in their gross assets and liabilities is included in investments in the consolidated balance sheet.

(c) Turnover

Turnover represents sales to third parties of newspapers (net of returns), advertising space and related goods and services and is stated net of commissions and trade discounts, and excludes value-added tax and other sales taxes. Newspaper and advertising revenue is recognised on the date of publication.

(d) Intangible fixed assets

To give a true and fair view, the financial statements depart from the normal Companies Act requirement to amortise intangible fixed assets over a finite period. The Directors consider this departure to be necessary as they believe that the publishing titles owned by the Group have an indefinite useful economic life. They believe that the titles have demonstrated value over long periods and that, because of their position in the market, they will continue to do so for the foreseeable future, the *Telegraph* being established as a title in 1855 and trading successfully since that date. The Directors believe that the titles' position in the market means that the titles will continue to demonstrate value for the foreseeable future. Publishing titles are as a result included at cost less provision, if appropriate, for any permanent diminution in value. The holding value is reviewed annually using a discounted cash flow analysis to determine whether any impairment has occurred. It is not possible to quantify the impact of the departure from the normal Companies Act requirement as the Directors do not believe that the use of an alternative useful economic life for the purposes of comparison would be meaningful.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1. ACCOUNTING POLICIES - CONTINUED

(e) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost represents the cost of acquisition or construction. 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:	
Freehold	15-50 years
Leasehold	15-50 years or the lease term if under 50 years
Plant and machinery:	
Computer equipment	3-5 years
Furniture and fittings	10 years
Printing presses	15-20 years
Other	3-10 years

No depreciation is charged on freehold land.

(f) Investments

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

In the consolidated accounts, shares in joint ventures are accounted for using the equity method of accounting. The consolidated profit and loss account includes the Group's share of the pre-tax results and attributable taxation of the joint ventures. In the consolidated balance sheet, the shares in joint ventures are stated at the Group's share of the net asset value, excluding goodwill, of the joint ventures.

(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 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 over the life of the lease.

(i) Stocks

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1. ACCOUNTING POLICIES - CONTINUED

(j) Taxation

The charge for taxation is based on the result for the period 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 Group'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 period 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, including those relating to losses potentially available for relief in future years, are recognised only to the extent that it is considered more likely that not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(k) Pension costs

The Group's pension arrangements are explained in note 24.

Defined contribution schemes

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

Defined benefit scheme

The Group also participates in a defined benefit scheme. The assets of this scheme are measured at their market value at the balance sheet date. The liabilities are measured using the projected unit method and a discount rate equal to the rate of return on a AA corporate bond of equivalent term and currency. The extent to which the scheme's assets exceed its liabilities is shown as a surplus in the balance sheet to the extent that a surplus is recoverable by the Group. The extent to which the scheme's assets fall short of its liabilities is shown as a deficit in the balance sheet, net of the related deferred tax asset, to the extent that a deficit represents an obligation of the Group.

The following are charged to operating profit in the period:

(i) The increase in the present value of scheme liabilities arising from employee service in the period; and

(ii) Gains and losses arising on settlements/curtailments in the period.

In addition, any increase in the present value of scheme liabilities resulting from benefit improvements is recognised over the period during which such improvements vest.

A credit representing the expected return on the scheme's assets and a charge relating to the increase in the present value of the scheme's liabilities are included in other finance income.

Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1. ACCOUNTING POLICIES - CONTINUED

(l) Foreign currency translation

Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the day the transaction occurs. 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

Substantially all the Group turnover and operating profit arises from the publication of newspapers within the United Kingdom.

Allowances given to wholesalers for the insertion of sections into the Company's newspapers totalling £7.6 million *(2004: £8.0 million)* previously deducted from turnover have now been classified as distribution costs in these financial statements. The prior period figures have been amended accordingly. The directors believe that the revised treatment represents a fairer representation of the substance of the transactions.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

			2005	**2004**
			£m	**£m**
Operating lease rentals	– land and buildings		**6.0**	2.4
Depreciation	- owned tangible fixed assets		**3.8**	1.8
	- leased tangible fixed assets		**0.3**	0.2
			4.1	2.0
Auditor's remuneration	- audit services	- the Group	**0.2**	0.2
		- the Company	**-**	-
	- non-audit services		**-**	0.9

4. EXCEPTIONAL ITEMS

	2005	2004
	£m	£m
Charged to administrative expenses:		
Relocation costs *(see (a) below)*	**(32.2)**	-
Reorganisation costs *(see (b) below)*	**(13.6)**	(1.5)
	(45.8)	(1.5)

(a) Relocation costs

In December 2005, the Company's wholly owned subsidiary, Telegraph Group Limited ("Telegraph"), announced that during 2006 it planned to relocate its operations currently situated at Canary Wharf, London to premises in central London. The Telegraph will seek tenants for the space it currently leases at Canary Wharf and the costs shown above represent the discounted costs less proceeds of this lease.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

4. EXCEPTIONAL ITEMS - CONTINUED

(b) Reorganisation costs

The restructuring costs represent the cost of restructuring the operations of the Telegraph and include the costs of staff redundancies carried out to improve the efficiency and effectiveness of those operations.

5. DIRECTORS' EMOLUMENTS

The directors received no emoluments from the Company or its subsidiaries during the period.

None of the directors who held office at the end of the period had any disclosable interest in the shares of the Company or any other UK based group company.

6. EMPLOYEE INFORMATION

(a) Average number of persons (including directors) employed by the Group during the period:

	2005	2004
Editorial and production	**573**	645
Selling, distribution and administration	**498**	586
	1,071	1,231

The Company had no employees at any time during the period *(2004: nil)*.

(b) Group employment costs (including directors):

		2005 £m	2004 £m
Wages and salaries		**51.6**	23.8
Social security costs		**6.1**	2.8
Pension costs *(see note 24)*	- defined contribution schemes	**3.5**	1.7
	- current service cost of defined benefit schemes	**1.0**	0.4
	- ex gratia increase	**0.8**	-
Total direct costs of employment		**63.0**	28.7

7. SHARE OF OPERATING PROFIT/(LOSS) IN JOINT VENTURE COMPANIES

	2005 £m	2004 £m
West Ferry Printers Limited	**(1.6)**	(1.7)
Trafford Park Printers Limited	**2.3**	0.4
Paper Purchase & Management Limited	**0.1**	0.1
	0.8	(1.2)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

8. INTEREST PAYABLE AND SIMILAR CHARGES

		2005	2004
		£m	£m
Interest payable	On loans repayable within five years and bank borrowings	**24.7**	11.9
	To subsidiary excluded from consolidation	-	0.1
	To joint ventures	**0.2**	0.2
	Other	**0.7**	-
		25.6	12.2
Exchange loss		**0.4**	-
		26.0	12.2

9. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2005	2004
	£m	£m
Analysis of credit/(charge) in period		
Current tax:		
UK corporation tax on (loss)/profit for the period	-	(2.0)
Adjustments in respect of previous periods *(see below)*	**1.6**	(0.1)
Share of joint venture companies' current tax credit	**(0.4)**	0.2
Total current tax credit/(charge)	**1.2**	(1.9)
Deferred tax:		
Origination and reversal of pensions timing differences *(see note 24)*	**(0.2)**	-
Origination and reversal of other timing differences	**1.2**	(0.1)
Adjustments in respect of previous periods	**(0.4)**	-
Total other timing differences *(see note 15)*	**0.8**	(0.1)
Share of joint venture companies' deferred tax credit	**0.4**	0.1
Total deferred tax	**1.0**	-
Tax credit/(charge) on (loss)/profit on ordinary activities	**2.2**	(1.9)

The adjustments relating to previous period's current taxation in 2005 relate largely to consortium relief received for which no charge will be made to the Group.

Factors affecting the tax credit/(charge) for the current period
The current tax credit for the period is lower than the corporation tax in the UK (30%). The differences are explained below:

	2005	2004
	£m	£m
(Loss)/profit on ordinary activities before taxation	**(32.9)**	5.9
Current tax at 30%	**9.9**	(1.8)
Effects of:		
Expenses not deductible for tax purposes	**(1.3)**	(0.4)
Unutilised tax losses	**(8.8)**	-
Capital allowances in excess of depreciation	**(0.2)**	-
Other timing differences	-	0.4
Adjustments in respect of previous periods	**1.6**	(0.1)
Total current tax credit/(charge)	**1.2**	(1.9)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

10. RETAINED LOSS FOR THE PERIOD

As permitted by section 230 of the Companies Act 1985, no profit and loss account and related notes of the Company are presented. The loss dealt with in the accounts of the Company was £25.0 million *(2004: £8.2 million).*

11. INTANGIBLE FIXED ASSETS

The intangible assets represent the publishing titles owned by the Group. These titles were acquired as part of the purchase of Telegraph Group Limited.

12. TANGIBLE FIXED ASSETS

THE GROUP

	Land & Buildings £m	Plant & Machinery £m	Total £m
Cost:			
Opening balance	**8.0**	**9.8**	**17.8**
Additions	**0.5**	**2.3**	**2.8**
Disposals	**-**	**(0.3)**	**(0.3)**
Closing balance	**8.5**	**11.8**	**20.3**
Depreciation:			
Opening balance	**0.2**	**1.8**	**2.0**
Charge for the period	**0.5**	**3.6**	**4.1**
Disposals	**-**	**(0.1)**	**(0.1)**
Closing balance	**0.7**	**5.3**	**6.0**
Net Book Value:			
Owned assets	**7.8**	**5.2**	**13.0**
Assets held under finance leases	**-**	**1.3**	**1.3**
Closing balance	**7.8**	**6.5**	**14.3**
Opening balance	7.8	8.0	15.8

Land and buildings at net book value as above:

	2005 £m	2004 £m
Freehold land	**1.3**	1.3
Long leasehold buildings	**4.2**	4.6
Short leasehold buildings	**2.3**	1.9
	7.8	7.8

THE COMPANY

The Company had no tangible fixed assets at 1 January 2006 or at any time during the period.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

13. INVESTMENTS

THE GROUP

	Joint Venture Companies - see (a) below £m	Loans to Joint Venture Companies £m	Other £m	Total £m
Opening balance	**10.9**	**2.5**	**0.1**	**13.5**
Repayments	**-**	**(1.0)**	**-**	**(1.0)**
Share of losses	**(0.2)**	**-**	**-**	**(0.2)**
Actuarial loss on joint venture company's defined benefit pension schemes *(see note 20)*	**(1.6)**	**-**	**-**	**(1.6)**
Closing balance	**9.1**	**1.5**	**0.1**	**10.7**

The loans to joint venture companies have no fixed terms of repayment and do not bear interest.

THE COMPANY

	Shares in Subsidiary Companies £m
Opening balance	**736.5**
Adjustments to the cost of the Telegraph *(purchased during 2004)*	**0.3**
Closing balance	**736.8**

a) Details of Significant Investments in Joint Venture Companies:

The amount included in respect of joint ventures comprises the following:

	2005		2004	
	£m	*£m*	*£m*	*£m*
Share of assets				
Share of fixed assets	**59.3**		53.8	
Share of current assets	**17.0**		14.9	
Share of gross assets		**76.3**		68.7
Share of liabilities				
Due within one year	**(14.1)**		(11.6)	
Due after one year	**(30.2)**		(22.0)	
Provisions for liabilities and charges				
Deferred taxation	**(8.9)**		(10.5)	
Pensions provision	**(14.0)**		(13.7)	
Share of gross liabilities		**(67.2)**		(57.8)
		9.1		10.9

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

13. INVESTMENTS – CONTINUED

The Group's share of the results and net assets of its principal joint venture companies, adjusted to reflect the accounting policies of the Group, are disclosed below.

West Ferry Printers Limited

	2005 £m	2004 £m
Turnover	**32.0**	11.6
Loss before tax	**(1.8)**	(1.7)
Taxation	**0.5**	0.5
Loss after tax	**(1.3)**	(1.2)
Fixed assets	**26.7**	29.7
Current assets	**6.1**	6.4
Liabilities due within one year	**(3.5)**	(3.2)
Liabilities due after more than one year	**(7.0)**	(7.6)
Provisions for liabilities and charges		
Deferred taxation	**(7.6)**	(8.6)
Pensions provision	**(11.9)**	(11.1)
Net assets	**2.8**	5.6

Trafford Park Printers Limited

	2005 £m	2004 £m
Turnover	**14.0**	5.4
Profit before tax	**1.5**	0.4
Taxation	**(0.5)**	-
Profit after tax	**1.0**	0.4
Fixed assets	**32.6**	24.1
Current assets	**2.4**	2.4
Liabilities due within one year	**(3.7)**	(3.8)
Liabilities due after more than one year – including finance lease obligations *(see below)*	**(21.7)**	(12.9)
Provisions for liabilities and charges		
Deferred taxation	**(1.3)**	(1.9)
Pensions provision	**(2.1)**	(2.6)
Net assets	**6.2**	5.3

Net rentals under finance leases

	2005 £m	2004 £m
Due within one year	**2.0**	1.4
Due within two to five years	**6.8**	5.1
Due after five years	**10.7**	7.0
	19.5	13.5

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

13. INVESTMENTS – CONTINUED

Paper Purchasing & Management Limited

	2005 £m	2004 £m
Turnover	**70.9**	26.9
Profit before tax	**0.1**	0.1
Taxation	**-**	-
Profit after tax	**0.1**	0.1
Current assets	**8.5**	6.1
Liabilities due within one year	**(6.9)**	(4.6)
Liabilities due after more than one year	**(1.5)**	(1.5)
Net assets	**0.1**	-

b) Details of the Group's principal subsidiary and joint venture companies

The directors have not shown the share capital and reserves of all subsidiary and joint venture companies as this would lead to a statement of excessive length and all of the companies' accounts are available from Companies House. As at 1 January 2006 the principal subsidiaries and joint venture companies were:

Name	Nature of business	Class and proportion of nominal value and voting rights of issued shares held
Subsidiaries		
Telegraph Group Limited	Publisher	Ordinary shares – 100%
Joint venture companies		
Trafford Park Printers Limited	Printer	A Ordinary shares – 100%
West Ferry Printers Limited	Printer	A Ordinary shares – 100%
Paper Purchase & Management Limited	Newsprint supplier	A Ordinary shares – 100%

Each of the joint venture companies is a joint venture between Telegraph Group Limited and a third party holding 50% each of the aggregate issued ordinary share capital.

With the exception of Telegraph Group Limited, all investments were held through subsidiaries.

14. INVESTMENT HELD FOR RESALE

The investment held for resale in 2004 related to the Group's wholly owned subsidiary, The Spectator (1828) Limited. On 3 January 2005, this investment was sold to May Corporation Limited, the Company's immediate parent holding company, for £20.0 million the period end balance sheet value.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

15. DEBTORS

	The Group		The Company	
	2005	2004	2005	2004
	£m	£m	£m	£m
Trade debtors	**41.2**	40.0	-	-
Amounts owed by parent and fellow subsidiary companies	**15.9**	-	**3.5**	-
Amounts owed by subsidiary excluded from consolidation	-	1.0	-	7.4
Corporation tax recoverable	-	1.3	-	-
Deferred taxation *(see below)*	**4.6**	3.8	-	-
Other taxation and social security	**0.4**	-	-	-
Other debtors	**1.5**	2.5	-	0.8
Pension asset *(see note 24)*	**0.3**	-	-	-
Prepayments and accrued income	**7.8**	9.0	-	-
	71.7	57.6	**3.5**	8.2

Deferred taxation

THE GROUP	2005	2004
	£m	£m
Amount provided:		
Capital allowances	**1.8**	2.3
Other timing differences	**2.8**	1.5
	4.6	3.8

Movements on the deferred tax asset:	
Opening balance	**3.8**
Credited to profit on ordinary activities *(see note 9)*	**0.8**
Closing balance	**4.6**

In addition, the Company has unutilised tax losses totalling £7.5m *(2004: nil)* available for set off against future taxable profits of the Company. The directors cannot foresee when this recovery will be made and so this asset has not been included in these accounts.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2005	2004	2005	2004
	£m	£m	£m	£m
Current portion of obligations under finance leases *(see note 17(c) below)*	**0.4**	0.4	-	-
Current portion of bank loan *(see note 17(a))*	**10.0**	9.0	**10.0**	9.0
Trade creditors	**21.6**	21.1	-	-
Amounts owed to parent company *(see (b) below)*	**2.1**	2.7	**0.2**	2.7
Amounts owed to subsidiary excluded from consolidation *(see (a) below)*	-	4.2	-	-
Amounts owed to joint venture companies *(see (c) below)*	**8.2**	6.7	-	-
Corporation tax	**0.5**	-	-	-
Other taxation and social security	**2.3**	5.5	-	-

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

Other creditors	**4.1**	9.2	**-**	-
Accruals and deferred income	**30.1**	37.3	**0.1**	7.3
	79.3	96.1	**10.3**	19.0

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - CONTINUED

(a) Amounts owed to subsidiary excluded from consolidation

Amounts owed to subsidiary excluded from consolidation in 2004 included a balance due to The Spectator (1828) Limited of £4.2 million. This loan was settled on 3 January 2005 by set off against the £20.0 million due from May Corporation Limited arising from the sale of Spectator to May on that same day.

(b) Amounts owed to parent company

Amounts owed to parent company include an interest free loan of £0.2 million *(2004: nil)*. There are no fixed terms of repayment.

(c) Amounts owed to joint venture companies

Amounts owed to joint venture companies include a loan due to West Ferry Printers Limited of £0.3 million *(2004: nil)* with interest charged at base rate plus 2%. There are no fixed terms of repayment. All other balances are current accounts and are interest free.

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

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	£m	**£m**	**£m**	**£m**
Bank loan *(see (a) below)*	**250.8**	260.8	**250.8**	260.8
Obligations under finance leases *(see (c) below)*	**0.7**	0.5	**-**	-
Amounts owed to subsidiary company *(see (b) below)*	**-**	-	**108.6**	70.0
	251.5	261.3	**359.4**	330.8

a) Bank loan

	2005	**2004**
	£m	**£m**
Repayable:		
Within one year	**12.0**	11.0
Between one and two years	**252.0**	264.0
	264.0	275.0
Less: Unamortised arrangement fee	**(3.2)**	(5.2)
	260.8	269.8
Less: classified as a current creditor	**(10.0)**	(9.0)
Long term creditor	**250.8**	260.8

The Bank Loan relates to a term loan facility entered into for the purpose of funding the acquisition of the investment in Telegraph Group Limited. The facility is denominated in sterling and bears interest at LIBOR plus a margin. Charges in favour of the lender exist over all the Group's assets.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - CONTINUED

b) Amounts owed to subsidiary company

Amounts owed to subsidiary company represents an interest free loan of £108.6 million *(2004: £70.0 million)* due to Telegraph Group Limited under a loan agreement. The loan is repayable in 2007.

c) Obligations under finance leases

	2005 £m	2004 £m
Repayable:		
Within one year	**0.4**	0.4
In more than one year but less than five years	**0.8**	0.6
Total obligations	**1.2**	1.0
Less: future finance charges included in obligations	**(0.1)**	(0.1)
Net obligations	**1.1**	0.9
Less: classified as a current creditor	**(0.4)**	(0.4)
Net long term obligations	**0.7**	0.5

These obligations are secured on the assets leased.

18. PROVISIONS FOR LIABILITIES AND CHARGES

	2005 £m	2004 £m
Lease provision *(see below)*	**31.8**	-
Pensions provision *(see note 24)*	**-**	0.4
	31.8	0.4

Provision for losses on lease

	£m
Opening balance	**-**
Charged to profit on ordinary activities	**32.2**
Payments made in the period	**(0.4)**
Closing balance	**31.8**

In December 2005, the Company's wholly owned subsidiary, the Telegraph, announced that during 2006 it planned to relocate its operations currently situated at Canary Wharf, London to premises in central London. The Telegraph will seek tenants for the space it currently leases at Canary Wharf and the provision shown above represents the discounted costs less proceeds of this lease. The provision covers the period to the expiry of the Canary Wharf lease in 2017.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

19. SHARE CAPITAL

THE GROUP AND COMPANY

	2005 £m	2004 £m
Authorised:		
500,000,000 *(2004: 100,000,000)* ordinary shares of £1 each	500.0	100.0
Nil *(2004: 304,000,000)* 10% cumulative redeemable preference shares of £1 each	-	304.0
	500.0	404.0
	£m	£m
Issued, called up and fully paid:		
429,000,000 (2004: 100,000,000) ordinary shares of £1 each	429.0	100.0
Nil *(2004: 304,000,000)* 10% cumulative redeemable preference shares of £1 each	-	304.0
	429.0	404.0

On the 21 December 2005:

(i) At a meeting of the board of directors, the 304,000,000 issued and fully paid redeemable preference shares of £1 each were converted into 304,000,000 ordinary shares of £1, ranking *pari passu* with the existing ordinary shares of £1 each of the Company.

(ii) At an Extraordinary General Meeting, the Company's authorised share capital was increased from £404.0m to £500.0m by the creation of 96.0m ordinary shares of £1 each.

(iii) The Company allotted 25.0m ordinary shares of £1 each at par fully paid.

Rights to the dividend accruing on the preference shares during the period were waived.

20. PENSIONS RESERVE

THE GROUP

	2005 £m	2004 £m
Actual returns less expected return on pension assets in the period	**1.2**	0.9
Experience gain on pension liabilities in the period	**0.3**	0.1
Loss due to changes in assumptions underlying the valuation of liabilities in the period	**(1.3)**	(1.2)
	0.2	(0.2)
Deferred tax at 30%	**-**	-
	0.2	(0.2)
Share of actuarial gains/(losses) on defined benefit pension schemes of joint venture companies in the period	**(1.6)**	(0.7)
Charged to consolidated statement of total recognised gains and losses	**(1.4)**	(0.9)
Opening balance	**(0.9)**	-
Closing balance	**(2.3)**	(0.9)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

21. PROFIT AND LOSS ACCOUNT

	The Group £m	The Company £m
Opening balance	4.1	(8.2)
Retained loss for the period	(30.7)	(25.0)
Closing balance	(26.6)	(33.2)

22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	The Group £m	The Company £m
Issue of ordinary shares of £1 each	25.0	25.0
Retained loss for the period	(30.7)	(25.0)
Actuarial loss on defined benefit pension section	(2.0)	-
Deferred tax on actuarial loss on defined benefit pension section	0.6	-
Net movement in equity shareholders' funds	(7.1)	-
Opening shareholders' funds	407.2	395.8
Closing shareholders' funds	400.1	395.8

23. COMMITMENTS

THE GROUP

Annual commitments under non-cancellable land and buildings operating leases which expire:

	2005 £m	2004 £m
Within one year	**0.7**	-
Between one to five years	**0.2**	1.0
After five years	**5.4**	5.4
	6.3	6.4

THE COMPANY

The Company had no commitments at the period end *(2004: nil)*.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

24. PENSIONS

The Group operates two pension schemes. The first, the Telegraph Staff Pension Plan ("the Plan") is a hybrid pension scheme, being part defined contribution and part defined benefit, and covers the majority of the Group's employees. The second, The Telegraph Executive Pension Scheme ("TEPS"), is a defined contribution scheme, which provides benefits for senior executives.

Benefits from the Defined Contribution Section of the Plan and from TEPS arise directly as a result of contributions paid by members and the Group, and from the investment performance of assets into which contributions were invested.

The Defined Benefit Section of the Plan is made up of the Insurance Fund and the Protected Fund as follows:

- The Insurance Fund is used to pay benefits in respect of active members who die in-service or take ill-health early retirement. In addition it also meets the final salary promise which was given to a closed group of former members of The Daily Telegraph Group Pension Fund ("the Group Fund") who transferred to the Plan. Expenses of the Plan are also met from this section.

- The Protected Fund is used to pay the benefits in respect of a closed group of deferred pensioners from the Group Fund who transferred to the Plan in 1998 following the wind-up of the Group Fund.

Triennially a qualified actuary performs a valuation of the arrangements. The most recent valuation of the Plan was carried out at 31 March 2003 using the Projected Unit Method and involved calculation of a funding target which was then compared to the actual assets held. Contributions are then calculated in order to meet and maintain this target in the future.

The benefits arising from the Defined Contributions Section of the Plan and from TEPS are exactly balanced by the assets held and thus do not contribute towards any surplus or deficit within the Plan; the funding target is equal to the assets held.

The funding target for the Protected Fund and that of the promise provided under the Insurance Fund was set as the estimated cost of purchasing annuities from an insurance company using an approximate basis provided by an insurer. The funding target for the ill-health pensioners was calculated assuming an investment return of 1% pa above gilts.

An appropriate allowance in the future contribution rate is made for future benefits in respect of the defined benefit promise, ill-health retirement, death in service and expenses.

The most recent actuarial valuation showed that the market value of the Plan's assets was £72.7 million at 31 March 2003 and that the value of those assets represented 96% of the funding target. The Group's contributions in excess of those paid to the Defined Contribution Section were increased from 2.0% to 2.5% of basic salaries with effect from 1 January 2004 and further increased to 3.5% on 1 June 2005.

At 1 January 2006 contributions of £0.4m were due to the Plan *(2004: £0.5m)*.

During the period, the Telegraph granted an *ex gratia* increase on certain pensions on payment. The capital cost of this increase was estimated to be £0.8m *(2004: nil)* of which £0.7m used to purchase increased annuities during the period. The remaining amount outstanding of £0.1m *(2004: nil)* is included in accruals and deferred income.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

24. PENSIONS - CONTINUED

THE GROUP

Protected Fund and Insurance Fund

The full actuarial valuation of the Protected Fund and the Insurance Fund carried out as at 31 March 2003 has been updated to 1 January 2006 by a qualified actuary on the basis required by FRS17. The pension (provision)/asset using these assumptions was:

	2005		2004	
	Actuary's Expected Return	Value £m	Actuary's Expected Return	Value £m
Equities	**7.3%**	**3.0**	8.0%	2.4
Gilts	**4.0%**	**12.1**	4.6%	11.8
Other	**4.2%**	**0.2**	4.5%	0.2
Total market value of assets		**15.3**		14.4
Present value of liabilities		**(14.9)**		(14.9)
Surplus/(deficit) in the Plan		**0.4**		(0.5)
Related deferred tax at 30% *(see below)*		**(0.1)**		0.1
Net pension asset /(provision)		**0.3**		(0.4)

Movements on the related deferred tax asset:

	£m
Opening balance	**0.1**
Charged to profit on ordinary activities *(see note 9)*	**(0.2)**
Closing balance	**(0.1)**

In valuing the Protected Fund and the Insurance Fund the major assumptions used by the actuary were:

	2005	2004
Inflation	**2.8%**	2.9%
Discount rate	**4.8%**	5.3%
Rate of increase in pensions in payment	**2.8%**	2.7%
Rate of increase in salaries	**3.8%**	3.9%

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

24. PENSIONS - CONTINUED

Movement in the Protected Fund and the Insurance Fund deficit during the period

	2005 £m	2004 £m
Deficit acquired on purchase of Telegraph Group Limited	-	(0.4)
Charged to operating profit for the period - current service cost	(1.0)	(0.4)
Contributions	1.7	0.5
Estimated actuarial loss (included in the consolidated statement of total recognised gains and losses)		
Actual returns less expected return on pension assets	1.2	0.9
Experience gain on pension liabilities	0.3	0.1
Loss due to changes in assumptions underlying the valuation of liabilities	(1.3)	(1.2)
	0.2	(0.2)
Opening deficit	(0.5)	-
Closing surplus/(deficit)	0.4	(0.5)

History of experience gains and losses

	2005 £m	2004 £m
Actual return less expected return on scheme assets	1.2	0.9
Percentage of scheme assets	*8%*	*6%*
Experience gains on scheme liabilities	0.3	0.1
Percentage of the present value of the scheme liabilities	*2%*	*1%*
Gains/(losses) recognised in the consolidated statement of total recognised gains and losses	0.2	(0.2)
Percentage of the present value of the scheme liabilities	*2%*	*1%*

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

25. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2005 £m	2004 £m
Increase in cash and cash equivalents in the period	**7.9**	28.8
Acquired with subsidiary		
Finance lease obligations	-	(0.9)
Loans from subsidiary excluded from consolidation	-	(2.2)
Loans from joint venture companies	-	(3.5)
	-	(6.6)
Net proceeds of bank loans	-	(272.0)
Less: Outstanding arrangement fee payable	-	3.0
	-	(269.0)
Amortisation of bank loan arrangement fee	**(2.0)**	(0.8)
Loan from parent company	**(0.2)**	-
Repayment of/(loans from) subsidiary excluded from consolidation	**4.2**	(2.0)
Loans from joint venture companies	**(3.8)**	(4.3)
Proceeds of lease financing	**(0.7)**	(0.4)
Repayment of bank loan	**11.0**	-
Repayment of lease obligations	**0.5**	0.4
Receipt of dividend from joint venture company by cancellation of loan payable	**-**	4.1
Receipt of printing rebate from joint venture company by cancellation of loan payable	**3.5**	3.7
Movement on net debt in period	**20.4**	(246.1)
Opening net debt	**(246.1)**	-
Closing net debt	**(225.7)**	(246.1)

26. ANALYSIS OF NET DEBT

	At start of period £m	Cash flow £m	Other changes £m	At end of period £m
Cash at bank and in hand	28.8	7.9	-	36.7
Bank loans	(269.8)	11.0	(2.0)	(260.8)
Finance lease obligations	(0.9)	0.5	(0.7)	(1.1)
Loans from parent companies	-	(0.2)	-	(0.2)
Loans from subsidiary excluded from consolidation	(4.2)	-	4.2	-
Loans from joint venture companies	-	(3.8)	3.5	(0.3)
	(246.1)	15.4	5.0	(225.7)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

27. RELATED PARTY TRANSACTIONS

The Group has taken advantage of the exemption granted by FRS8 – Related Party Transactions – not to disclose details of transactions with subsidiary companies. The disclosures below relate to the Group's parent companies and joint ventures.

RELATED PARTY TRANSACTIONS

	2005 £m	2004 £m
Press Holdings Limited (parent company)		
Management fee payable	**1.0**	0.3
May Corporation Limited (immediate parent company)		
Group taxation relief (receivable)/payable	**(0.8)**	2.7
West Ferry Printers Limited (joint venture company)		
Printing charges payable	**15.5**	5.5
Dividends receivable	**-**	4.1
Interest payable	**0.2**	0.1
Loans advanced to Company	**4.5**	4.3
Loans repaid to joint venture	**4.2**	7.8
Trafford Park Printers Limited (joint venture company)		
Printing charges payable	**11.5**	4.3
Loans repaid to Company	**1.0**	-
Paper Purchase & Management Limited (joint venture company)		
Newsprint and magazine paper charges payable	**62.5**	24.8

RELATED PARTY BALANCES RECEIVABLE AND PAYABLE

	2005 £m	2004 £m
Included in Investments - Loans to joint venture companies		
Trafford Park Printers Limited	**-**	1.0
Paper Purchase & Management Limited	**1.5**	1.5
	1.5	2.5
Included in Creditors: Amounts falling due within one year – Amounts owed to parent company		
May Corporation Limited	**2.1**	2.7
Included in Creditors: Amounts falling due within one year - Amounts owed to joint venture companies		
West Ferry Printers Limited	**2.0**	1.3
Trafford Park Printers Limited	**-**	0.8
Paper Purchase & Management Limited	**6.2**	4.6
	8.2	6.7

28. ULTIMATE CONTROLLING PARTY

The Company's immediate holding company is May Corporation Limited, incorporated in Jersey, which the Directors regard as being ultimately controlled by the Trustees of the David and Frederick Barclay Family Settlements.

The results of the Company are not consolidated into any other company's accounts that are publicly available.