REGISTERED NUMBER 05098596

PRESS ACQUISITIONS LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED

29 DECEMBER 2013

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STRATEGIC REPORT
FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2013

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

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the Group is multi-platform publishing. The principal activity of the Company (Registered Number 05098596) is that of an investment holding company. No significant changes to these activities are expected in the forthcoming year.

BUSINESS REVIEW

The information that fulfils the requirements of Companies Act 2006 (Directors' Report) Regulations 2005 can be found in the financial statements of the Company's principal subsidiary, Telegraph Media Group Limited (Telegraph). The financial statements of the Telegraph may be obtained from its registered office, 111 Buckingham Palace Road, London SW1W 0DT.

PRINCIPAL RISKS AND UNCERTAINTIES

There is an ongoing process for the identification, evaluation and management of significant risks faced by the Company's subsidiary, the Telegraph. The Telegraph 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 Telegraph is addressing this by supplementing the print publications with innovative digital products across web, tablet and smartphone platforms to maximise audiences and revenues.

The Telegraph 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 Telegraph'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 Telegraph 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 principal subsidiaries through the following KPIs:

KPIs of principal trading subsidiaries – Telegraph and VOS Media

Financial	**2013**	**2012**
Turnover	£328.1m	£327.5m
Operating profit before exceptional items and amortisation	£61.1m	£58.5m
Operating profit margin before exceptional items and amortisation	18.6%	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
Director
3 April 2014

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2013

The directors present their directors' report, together with the audited consolidated financial statements of the Company and the Group, for the financial year ended 29 December 2013.

BUSINESS PERFORMANCE

The consolidated operating profit before exceptional items for the financial year was £61.1 million *(2012: £58.5 million)*. The profit for the financial year was £23.0 million *(2012: £21.4 million)*.The results for the Group for the financial year are set out on page 7. No dividends were declared *(2012: nil)*.

DONATIONS

During the financial year the Group 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 *(2012: £nil)*.

FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to interest rate risk. In view of the forecast low interest rate environment no debt is hedged at 29 December 2013. 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's covenants are monitored on an ongoing basis with formal testing at each quarter end.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Group balance sheet are net of allowances for doubtful receivables, 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 unutilised committed 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 Group for at least the next twelve months.

DIRECTORS

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
H M Barclay
R K Mowatt
P L Peters
M Seal

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

EMPLOYEES

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

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

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

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

EMPLOYEES (CONTINUED)

Consultation with Telegraph 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 Group as a whole. Communication with all Telegraph employees continues through management briefings, regular heads of department briefings, staff surveys and Telegraph intranet.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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 Group and Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including for the first time this year, Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

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 Group and the Company and of the profit or loss of the Group 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and 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 2006. 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.

STATEMENT OF DIRECTORS' DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when the Directors' Report is approved has conformed that

(a) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
(b) The directors have taken all reasonable steps 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
Director
3 April 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRESS ACQUISITIONS LIMITED

OUR OPINION

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Group's and the Company's affairs as at 29 December 2013 and of the Group's profit and cash flows for the 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 Group financial statements and Company financial statements (the "financial statements"), which are prepared by Press Acquisitions Limited, comprise:

- the balance sheet as at 29 December 2013;
- the consolidated income statement for the period then ended;
- the consolidated cash flow statement 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), including FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland";

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 Group's and 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 PRESS ACQUISITIONS LIMITED - CONTINUED

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 by the Company or the Group, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company or Group 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 Statement of Directors' Responsibilities set out on page 4, 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 (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date : 4 April 2014

CONSOLIDATED INCOME STATEMENT
for the financial year ended 29 December 2013

	Notes	Total 2013 £m	Total 2012 £m
Turnover	2	**328.1**	327.5
Cost of sales		**(205.4)**	(208.2)
Gross profit		**122.7**	119.3
Distribution costs		**(20.5)**	(21.9)
Administrative expenses		**(60.4)**	(54.7)
Operating profit		**41.8**	42.7
Attributable to:			
Operating profit before exceptional items and amortisation		**61.1**	58.5
Amortisation of intangible fixed assets	9	**(15.9)**	(15.7)
Exceptional items	3	**(3.4)**	(0.1)
		41.8	42.7
Interest payable and similar charges	6	**(6.7)**	(7.5)
Profit on ordinary activities before taxation	3	**35.1**	35.2
Tax on profit on ordinary activities	7	**(12.1)**	(13.8)
Profit for the financial year	20	**23.0**	21.4

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 23 form part of these financial statements.

BALANCE SHEET
as at 29 December 2013
Company Registered Number: 05098596

		The Group		The Company	
		29 Dec 2013	30 Dec 2012	**29 Dec 2013**	30 Dec 2012
	Notes	**£m**	£m	**£m**	£m
Fixed assets					
Intangible assets	9	**481.9**	496.8	**-**	-
Tangible assets	10	**18.9**	19.7	**-**	-
Investments	11	**0.1**	0.1	**481.1**	761.8
		500.9	516.6	**481.1**	761.8
Current assets					
Debtors	12	**165.7**	128.0	**-**	-
Cash at bank and in hand		**1.9**	5.0	**0.1**	0.2
		167.6	133.0	**0.1**	0.2
Creditors: amounts falling due within one year	13	**(108.9)**	(101.7)	**(298.0)**	(282.7)
Net current assets/(liabilities)		**58.7**	31.3	**(297.9)**	(282.5)
Total assets less current liabilities		**559.6**	547.9	**183.2**	479.3
Creditors: amounts falling due after more than one year	14	**(172.9)**	(184.1)	**(169.0)**	(178.6)
Provisions for liabilities and charges	15	**(0.2)**	(0.2)	**-**	-
Net assets before minority interests		**386.5**	363.6	**14.2**	300.7
Minority interests – equity due	16	**0.1**	-	**-**	-
Net assets after minority interests		**386.6**	363.6	**14.2**	300.7
Capital and reserves					
Called up share capital	17	**429.0**	429.0	**429.0**	429.0
Profit and loss account	18	**(42.4)**	(65.4)	**(414.8)**	(128.3)
Total shareholders' funds	19	**386.6**	363.6	**14.2**	300.7

These financial statements on pages 7 to 23 were approved by the board of directors on 3 April 2014 and were signed on its behalf by:

M Seal
Director

R K Mowatt
Director

The notes on pages 10 to 23 form part of these financial statements.

INFORMATION ON CONSOLIDATED CASH FLOWS

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATIONS FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2013

	2013 £m	2012 £m
Operating profit before exceptional items and amortisation	**61.1**	58.5
Exceptional items	**(3.4)**	(0.1)
Depreciation	**5.8**	5.0
	63.5	63.4
Movement in:		
Debtors	**(1.3)**	(12.1)
Creditors	**1.4**	(4.3)
Net cash inflow from operations	**63.6**	47.0

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2013

	Notes	2013 £m	2013 £m	2012 £m	2012 £m
Cash flows from operating activities					
Net cash inflow from operations		**63.6**		47.0	
Interest paid		**(6.4)**		(6.7)	
Taxation paid		**(13.4)**		(12.6)	
Net cash inflow from operating activities			**43.8**		27.7
Cash flows from investing activities					
Purchase of tangible fixed assets		**(5.0)**		(5.2)	
Purchase of subsidiaries		**(0.6)**		-	
Cash acquired with subsidiaries		**0.4**		-	
Loans acquired with subsidiaries		**(0.7)**		-	
Net cash outflow from investing activities			**(5.9)**		(5.2)
Cash flows from financing activities					
Net repayment of bank loans		**(5.0)**		(16.0)	
Repayment of lease financing		**(1.5)**		(2.4)	
Loans paid to parent company		**(34.5)**		(20.0)	
Net cash outflow from financing activities			**(41.0)**		(38.4)
Net decrease in cash and cash equivalents	24		**(3.1)**		(15.9)
Cash and cash equivalents at beginning of year			**5.0**		20.9
Cash and cash equivalents at 29 December 2013			**1.9**		5.0

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

The address of the Company's registered office and principal place of business is 3rd Floor, 20 St James's Street, London SW1A 1ES. The principal activities of the Group are multi-platform publishing. The principal activity of the Company is that of an investment holding company

(a) Basis of preparation

These financial statements have been prepared on the going concern basis and in accordance with the Companies Act 2006. The Company and the Group has adopted FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") in advance of the mandatory implementation date and has applied the reduced disclosure framework as set out in Section 1 of FRS102. The disclosures required by FRS 102 concerning the transition from existing UK GAAP to FRS 102 are given in notes 21 and 22.The date of transition is 2 January 2012.

The financial statements have been prepared in Sterling (rounded to the nearest hundred thousand pounds), which is the presentation currency of the Company and the Group and under the historical cost convention. A summary of the more important accounting policies which have been applied consistently are set out below.

The preparation of financial statements in conformity with FRS 102 requires the directors to make judgements, estimates and assumptions that affect the application of policies and the reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed on page 12.

The Group financial statements consolidate the financial statements of Press Acquisitions Limited and its subsidiary undertakings (over which it exercises control) up to 29 December 2013, as they use 52/53 week accounting periods. 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 financial year 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 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.

(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.

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(c) Intangible fixed assets

i) *Telegraph* Publishing titles

Publishing titles for the *Telegraph,* are initially recognised as an asset at fair value. These assets are amortised using the straight-line method over the expected life over which these assets will generate revenues and profits for the Group. The Directors believe that these particular publishing titles owned by the Group have a finite useful economic life of forty years. They believe that these titles have demonstrated value over long periods and that because of their position in the market they will continue to do so, the *Telegraph* being established as a title in 1855 and trading successfully since that date.

ii) Purchased Goodwill

With respect to the purchased goodwill, this has been calculated as the amounts by which the fair value of the purchased consideration exceeded the aggregated fair values of their identifiable assets and liabilities at the dates of acquisition. Those fair values are determined by applying the rules in FRS 7 and they are used as the carrying amounts for the newly acquired assets and liabilities in the financial statements to give a true and fair view. Purchased Goodwill is capitalised and amortised over its estimated useful economic life of five years, the period over which the Group expects to benefit from company reputations, contacts and skills, using the straight-line method.

(d) 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:	
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

(e) 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.

(f) 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.

(g) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group 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.

(h) 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 income statement and the capital portion reducing the obligations to the lessor.

1. **REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

(i) Operating leases

Rental costs arising under operating leases are charged to the income statement on a straight line basis over the life of the lease.

(j) 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 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 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, including those relating to losses potentially available for relief in future years, 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.

(k) Pension costs

The costs of defined contribution schemes are charged to the income statement as the obligation to pay arises.

(l) 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 into sterling 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 income statement as a financing cost.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with generally accepted accounting principals requires the Directors to make estimates and assumptions in certain circumstances that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. In this regard, the Directors believe the critical accounting policies where judgements or estimations are necessarily applied are summarised below.

Trade Receivables

The Company and Group reviews trade receivables and makes judgements on the recoverability of these receivables with reference to the age of the outstanding amounts, credit status of the counterparty and the status of any outstanding dispute.

Depreciation and residual values

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular the useful economic life and residual values of plant and equipment and intangible assets, and have concluded that asset lives and residual values are appropriate.

2. TURNOVER

Substantially all the Group turnover and operating profit arises from media publication activities within the United Kingdom. Accordingly only one segment is reported.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

			2013	2012
			£m	£m
Employment costs (including directors)			**76.7**	77.5
Operating lease rentals	- buildings		**6.3**	6.2
Amortisation	-*Telegraph* publishing titles		**15.7**	15.7
	- purchased goodwill		**0.2**	-
Depreciation	- owned tangible fixed assets		**5.7**	4.8
	- leased tangible fixed assets		**0.1**	0.2
Auditors' remuneration	- audit services	- the Group	**0.1**	0.1
		- the Company	**-**	-
	- 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 Group'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

The directors received no emoluments for their services rendered to the Company or its subsidiaries during the financial year *(2012 - £nil)*.

5. EMPLOYEE INFORMATION

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

	2013 Number	2012 Number
Editorial and production	**602**	630
Selling, distribution and administration	**457**	440
	1,059	1,070

(b) Group employment costs (including directors):

	2013 £m	2012 £m
Wages and salaries	**64.3**	65.0
Social security costs	**7.7**	7.8
Other pension costs	**4.7**	4.7
Total direct costs of employment	**76.7**	77.5

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £m	2012 £m
Interest Payable – On loans repayable within five years and bank borrowings	**6.1**	6.4
Bank and other similar charges	**0.5**	0.7
Finance lease charges	**0.1**	0.4
	6.7	7.5

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2013 £m	2012 £m
Analysis of charge for the financial year		
Current tax:		
UK corporation tax on profits for the financial year	**(12.5)**	(13.7)
Adjustments in respect of previous years	**-**	-
Total current tax charge	**(12.5)**	(13.7)
Deferred tax:		
Origination and reversal of other timing differences	**0.3**	-
Adjustments in respect of previous years	**0.1**	(0.1)
Total other timing differences *(see note 12(b))*	**0.4**	(0.1)
Total deferred tax charge	**0.4**	(0.1)
Tax charge on profit on ordinary activities	**(12.1)**	(13.8)

7. TAX ON PROFIT ON ORDINARY ACTIVITIES – (CONTINUED)

Factors affecting the tax charge for the current financial year

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

	2013	2012
	£m	£m
Profit on ordinary activities before taxation	**35.1**	35.2
Current tax charge at 23.25% *(2012: 24.5%)*	**(8.2)**	(8.6)
Effects of:		
Expenses not deductible for tax purposes	**(4.0)**	(4.5)
Deemed interest on inter company loan balances	**(1.0)**	(0.7)
Depreciation in excess of capital allowances	**(0.3)**	-
Other timing differences	**-**	0.1
Group relief for nil consideration	**1.0**	-
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 Group'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. RETAINED PROFIT FOR THE FINANCIAL YEAR

As permitted by section 408 of the Companies Act 2006, no income statement and related notes of the Company are presented. The loss dealt with in the financial statements of the Company was £286.5 million *(2012: £6.3 million)*.

9. INTANGIBLE FIXED ASSETS

THE GROUP

	***Telegraph* Publishing Titles £m**	**Purchased Goodwill £m**	**Total £m**
Cost:			
Opening balance	629.3	-	629.3
Additions	-	1.0	1.0
Closing balance	629.3	1.0	630.3
Accumulated Amortisation:			
Opening balance	(132.5)	-	(132.5)
Amortisation	(15.7)	(0.2)	(15.9)
Closing balance	(148.2)	(0.2)	(148.4)
Net Book Value:			
Closing balance	481.1	0.8	481.9
Opening balance	496.8	-	496.8

9. INTANGIBLE FIXED ASSETS (CONTINUED)

The *Telegraph* Publishing Titles were acquired as part of the purchase of Telegraph Media Group Limited. The Directors believe that these titles' are positioned in the market to continue to demonstrate value for the foreseeable future and are amortised using the straight-line method over forty years.

Purchased Goodwill in the year arose on the acquisition of 90% of VOS Media Limited ("VOS"). VOS also acquired 100% of QP Magazine Limited during the year. The purchased goodwill relates to the market positions of the companies and the experience of their staff. It is being amortised over its estimated useful economic life of five years, the period over which the Group expects to benefit from the value of industry reputation, contacts and skills, using the straight-line method.

10. TANGIBLE FIXED ASSETS

THE GROUP

	Buildings – short leasehold £m	Plant & Equipment £m	Total £m
Cost:			
Opening balance	15.3	43.6	58.9
Additions	-	5.2	5.2
Disposals	-	(0.4)	(0.4)
Closing balance	15.3	48.4	63.7
Accumulated Depreciation:			
Opening balance	7.0	32.2	39.2
Charge for the financial year	1.3	4.5	5.8
Disposals	-	(0.2)	(0.2)
Closing balance	8.3	36.5	44.8
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)*.

THE COMPANY

The Company had no tangible fixed assets at 29 December 2013 *(2012: £nil)* or at any time during the financial year.

11. INVESTMENTS

THE GROUP – INVESTMENTS IN UNLISTED SHARES	Total £m
Cost:	
Opening and closing balance	**0.1**

11. INVESTMENTS (CONTINUED)

THE COMPANY	Shares in Subsidiary Companies £m
Cost:	
Opening balance and Closing Balance	761.8
Provision:	
Opening balance	-
Charge in the financial year *(see (a) below)*	(280.7)
Closing balance	(280.7)
Net Book Value:	
Closing balance	**481.1**
Opening balance	761.8

(a) The charge in the financial year relates to the amount written off the investment in Subsidiary Companies and charged to the income statement in the financial year. The Directors believe that the carrying value of investment in Subsidiary Companies is supported by their underlying value in use.

Details of the group's subsidiary

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

Name	Nature of business	Class and proportion of nominal value and voting rights of issued shares held
Telegraph Media Group Limited and its subsidiaries;	Publisher	Ordinary shares – 100%
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 and its subsidiary;	Active	Ordinary shares – 90% Call Option over Ordinary Shares – 10%
QP Magazine Limited	Active	Ordinary shares – 100%

12. DEBTORS

	The Group		The Company	
	2013	2012	**2013**	2012
	£m	£m	**£m**	£m
Trade debtors	**47.9**	45.5	-	-
Amounts owed by parent company *(see (a) below)*	**105.3**	70.8	-	-
Other taxation and social security	**0.2**	0.2	-	-
Other debtors	**2.5**	1.0	-	-
Prepayments and accrued income	**9.1**	10.2	-	-
Deferred taxation asset *(see (b) below)*	**0.7**	0.3	-	-
	165.7	128.0	-	-

(a) Amounts owed by parent company

Amounts owed by parent company represents £105.3 million *(2012: £70.8 million)* due from May Corporation Limited. The loan is denominated in sterling, does not bear interest and has no fixed repayment terms.

(b) Deferred taxation

THE GROUP	**2013**	2012
	£m	£m
Amount provided:		
Capital allowances	**0.6**	0.2
Other timing differences	**0.1**	0.1
Deferred tax asset	**0.7**	0.3
Movements on the deferred tax:		
Opening balance	**0.3**	0.4
Charged to profit on ordinary activities *(see note 7)*	**0.4**	(0.1)
Closing balance	**0.7**	0.3

In addition, the Company has unutilised tax losses totalling £51.4m *(2012: £51.4m)* 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 recognised in these financial statements.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2013	2012	**2013**	2012
	£m	£m	**£m**	£m
Bank loans *(see note 14(a))*	**24.0**	19.0	**24.0**	19.0
Trade creditors	**24.7**	20.1	-	-
Obligations under finance leases *(see note 14(b))*	**1.6**	1.5	-	-
Other taxation and social security	**4.9**	4.9	-	-
Other creditors	**1.5**	1.3	-	-
Corporation tax	**6.6**	7.5	-	-
Accruals and deferred income	**45.6**	47.4	**0.1**	0.3
Amounts owed to subsidiary company *(see (a) below)*	-	-	**273.9**	263.4
	108.9	101.7	**298.0**	282.7

a) Amounts owed to subsidiary company

Amounts owed to subsidiary company represents a loan of £273.9 million *(2012: £263.4 million)* due to Telegraph Media Group Limited. The loan is denominated in sterling, does not bear interest and has no fixed repayment terms.

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

	The Group		The Company	
	2013	2012	**2013**	2012
	£m	£m	**£m**	£m
Bank loans *(see (a) below)*	**169.0**	178.6	**169.0**	178.6
Obligations under finance leases *(see (b) below)*	**3.9**	5.5	**-**	-
	172.9	184.1	**169.0**	178.6

a) Bank loan

	2013	2012
	£m	£m
Repayable:		
Within one year	**24.0**	19.0
Between one and two years	**15.0**	10.0
Between two and five years	**155.0**	170.0
	194.0	199.0
Less: Unamortised arrangement fee	**(1.0)**	(1.4)
	193.0	197.6
Less: classified as a current creditor *(see note 13)*	**(24.0)**	(19.0)
Long term creditor	**169.0**	178.6

The Bank Loan is denominated in sterling and bears interest at LIBOR plus a margin. The margin is 1.75% on £144.0 million and 3.50% on £50.0 million which is due between two and five years. Charges in favour of the lender exist over all the Group's assets.

b) Obligations under finance leases

	2013	2012
Repayable:	**£m**	£m
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 13)*	**(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 Group believes that these press assets have no future economic benefit and accordingly the carrying value is £nil *(2012:£nil)*.

15. PROVISIONS FOR LIABILITIES AND CHARGES

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

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

16. MINORITY INTEREST – EQUITY DUE

THE GROUP

	Total £m
Opening balance	-
Amount transferred to minority interest during the year	0.1
Closing balance	0.1

The amount transferred to minority interest - equity during the year relates to the minority interest (10%) of VOS Media Limited's profit for the financial year and retained earnings acquired during the year.

THE COMPANY

The Company itself has no minority interests during the year.

17. CALLED UP SHARE CAPITAL

THE GROUP AND COMPANY

	2013 £m	2012 £m
Authorised:		
500,000,000 *(2012: 500,000,000)* ordinary shares of £1 each	500.0	500.0
	500.0	500.0
	£m	£m
Issued, called up and fully paid:		
429,000,000 *(2012: 429,000,000)* ordinary shares of £1 each	429.0	429.0
	429.0	429.0

18. PROFIT AND LOSS ACCOUNT

THE GROUP

	Total £m
Opening balance	(65.4)
Profit for the financial year	23.0
Closing balance	(42.4)

THE COMPANY

	Total £m
Opening balance	(128.3)
Loss for the financial year	(286.5)
Closing balance	(414.8)

19. RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS

	The Group £m	The Company £m
Profit/(Loss) for the financial year	23.0	(286.5)
Net movement in equity shareholders' funds	23.0	(286.5)
Opening total shareholders' funds	363.6	300.7
Closing total shareholders' funds	386.6	14.2

20. TRANSITION TO FRS102 – INCOME STATEMENT

FRS 102 has been early adopted by the Company at 29 December 2013. The date of transition is 2 January 2012. The result of this adoption can be seen below.

Intangible Fixed Assets – Telegraph publishing titles

Under existing UK GAAP, the Company previously departed from the Companies Act requirement to amortise these specific intangible fixed assets over a finite period. Under FRS 102, all intangible fixed assets are considered to have a finite life. After initial recognition, these specific intangible fixed assets are carried at cost less accumulated amortisation. The Directors believe the useful life is forty years and these intangible fixed assets are amortised on a systematic basis over this life.

The Company is required to establish its FRS 102 accounting policies for the year ended 29 December 2013 and apply these retrospectively to determine its opening balance sheet at transition date of 2 January 2012 and the comparative information for the year ended 30 December 2012.

Due to the Company adopting FRS 102 in preparing these financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with existing UK GAAP. Amortisation on these specific intangible fixed assets has been charged in the Group consolidated accounts from the acquisition date of Telegraph Media Group Limited, being 30 July 2004. This change in accounting policy has resulted in an amortisation charge of £15.7m to the 2012 Consolidated Income Statement.

The application of FRS 102 has also changed the presentation of the cash flow statement which now shows cash flows derived from three types of activities - operating, investing and financing. In addition under FRS 102 the cash flow includes all cash flows in respect of cash and cash equivalents.

THE GROUP

Reconciliation of the Group 2012 profit for the financial year	**Total £m**
2012 profit for the financial year (as previously stated)	**37.1**
Amortisation of Intangible fixed assets	**(15.7)**
Profit for the financial year (as restated)	**21.4**

21. TRANSITION TO FRS102 – RESERVES

THE GROUP

Reconciliation of capital and reserves	**As at 30 December 2012 £m**	**As at 1 January 2012 £m**
Capital and reserves (as previously stated)	**496.1**	**459.0**
Amortisation of Intangible fixed assets (a)	**(15.7)**	**(15.7)**
Prior year adjustment (b)	**(116.8)**	**(101.1)**
Capital and reserves (as restated)	**363.6**	**342.2**

(a) Under UK GAAP, the previous accounting framework, the Company departed from the requirement to amortise intangible fixed assets. Under FRS 102, amortisation of the Telegraph publishing titles is to be applied on a straight line basis from the date of acquisition, being 30 July 2004, over a finite estimated useful life of forty years.

(b) A prior year adjustment was made to the opening retained earnings to reflect the impact of accumulated amortisation of intangible assets.

22. COMMITMENTS

THE GROUP

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

	2013 £m	2012 £m
Within one year	**-**	-
Between one to five years	**0.3**	0.1
After five years	**5.7**	5.9
	6.0	6.0

THE COMPANY

The Company had no commitments at the year end *(2012: nil)*.

23. PENSIONS

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

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

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

	2013 £m	2012 £m
Decrease in cash and cash equivalents in the financial year	**(3.1)**	(15.9)
Amortisation of bank loan arrangement fee	**(0.4)**	(0.4)
Loan paid to parent company	**34.5**	20.0
Repayment of lease obligations	**1.5**	2.0
Net repayment of bank loan	**5.0**	16.0
Movement on net debt in the financial year	**37.5**	21.7
Opening net debt	**(128.8)**	(150.5)
Closing net debt	**(91.3)**	(128.8)

25. ANALYSIS OF NET DEBT

	30 December 2012 £m	Cash flow £m	Other changes £m	29 December 2013 £m
Cash at bank and in hand	5.0	(3.1)	-	1.9
Bank loans	(197.6)	5.0	(0.4)	(193.0)
Finance lease obligations	(7.0)	1.5	-	(5.5)
Loan to parent companies	70.8	34.5	-	105.3
	(128.8)	37.9	(0.4)	(91.3)

26. RELATED PARTY TRANSACTIONS

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.

There was one 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)*.

27. ULTIMATE CONTROLLING PARTY

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

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