REGISTERED NUMBER 05098596

PRESS ACQUISITIONS LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED

28 DECEMBER 2014

STRATEGIC REPORT FOR THE FINANCIAL YEAR ENDED 28 DECEMBER 2014

The directors present their strategic report of the Company and the Group, for the financial year ended 28 December 2014.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

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

BUSINESS PERFORMANCE

The consolidated operating profit before exceptional items for the financial year was £54.4 million *(2013: £61.1 million)*. The profit for the financial year was £14.7 million *(2013: £23.0 million)*.The results for the Group for the financial year are set out on page 7. No dividends were declared *(2013: £nil)*.

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.

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 Telegraph Events

Financial	**2014**	**2013**
Turnover	£323.4m	£328.1m
Operating profit before exceptional items and amortisation	£54.4m	£61.1m
Operating profit margin before exceptional items and amortisation	16.8%	18.6%
Non – Financial	**2014**	**2013**
Average ABC – Daily Telegraph – number of copies	512,138	548,452
Average ABC – Sunday Telegraph – number of copies	405,118	431,074
Average NRS Issue Readership – Daily Telegraph	1,192,000	1,318,000
Average NRS Issue Readership – Sunday Telegraph	1,238,000	1,328,000
ABCe Monthly Global Unique User Browsers – December	72,018,659	60,977,459
ABCe Monthly UK Unique User Browsers – December	27,258,871	23,731,325

STRATEGIC REPORT FOR THE FINANCIAL YEAR ENDED 28 DECEMBER 2014 - CONTINUED

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.

On behalf of the Board

R K Mowatt

R K Mowatt
Director
31 March 2015

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 28 DECEMBER 2014

The directors present their directors' report, together with the audited consolidated financial statements of the Company and the Group, for the financial year ended 28 December 2014.

PRINCIPAL ACTIVITIES

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.

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.

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 were 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.

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.

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 28 December 2014. 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' REPORT FOR THE FINANCIAL YEAR ENDED 28 DECEMBER 2014 - CONTINUED

DONATIONS

During the financial year the Group made charitable donations of £1,015,200 *(2013: £1,014,310)*, of which £15,200 *(2013: £14,310)* was principally to charities associated with the newspapers and their employees and a £1.0 million *(2013: £1.0 million)* donation was made to The Barclay Foundation (charity registration number: 803696) which in turn donated it to the Great Ormond Street Hospital Children's Charity. The Company made no political donations *(2013: £nil)*.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 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.

On behalf of the Board

R K Mowatt

R K Mowatt
Director
31 March 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRESS ACQUISITIONS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, Press Acquisitions Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 28 December 2014 and of the group's profit and cash flows for the year 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.

WHAT WE HAVE AUDITED

Press Acquisitions Limited's financial statements comprise:

- the balance sheet as at 28 December 2014;
- the consolidated income statement for the year then ended;
- the consolidated cash flow statement for the year 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 ISAs (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

We primarily focus our work in these areas by assessing the director's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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 year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRESS ACQUISITIONS LIMITED - CONTINUED

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ADEQUACY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept 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.

DIRECTORS' 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 International Standards on Auditing (UK & Ireland) ("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 : 31 March 2015

CONSOLIDATED INCOME STATEMENT
for the financial year ended 28 December 2014

	Note	Total 2014 £m	Total 2013 £m
Turnover	2	**323.4**	328.1
Cost of sales		**(213.0)**	(205.4)
Gross profit		**110.4**	122.7
Distribution costs		**(15.7)**	(20.5)
Administrative expenses		**(64.7)**	(60.4)
Operating profit		**30.0**	41.8
Attributable to:			
Operating profit before exceptional items and amortisation		**54.4**	61.1
Amortisation of intangible fixed assets	9	**(15.9)**	(15.9)
Exceptional items	3	**(8.5)**	(3.4)
		30.0	41.8
Income from fixed asset investments	11	**0.5**	-
Interest payable and similar charges	6	**(6.8)**	(6.7)
Profit on ordinary activities before taxation	3	**23.7**	35.1
Tax on profit on ordinary activities	7	**(9.0)**	(12.1)
Profit for the financial year	17	**14.7**	23.0

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 22 form part of these financial statements.

BALANCE SHEETS
as at 28 December 2014
Company Registered Number: 05098596

		The Group		The Company	
		28 Dec 2014	29 Dec 2013	28 Dec 2014	29 Dec 2013
	Note	£m	£m	£m	£m
Fixed assets					
Intangible assets	9	**466.0**	481.9	-	-
Tangible assets	10	**19.1**	18.9	-	-
Investments	11	**0.1**	0.1	**481.1**	481.1
		485.2	500.9	**481.1**	481.1
Current assets					
Debtors	12	**199.0**	165.7	**137.8**	-
Cash at bank and in hand		**3.8**	1.9	**0.2**	0.1
		202.8	167.6	**138.0**	0.1
Creditors: amounts falling due within one year	13	**(129.8)**	(108.9)	**(106.1)**	(298.0)
Net current assets/(liabilities)		**73.0**	58.7	**31.9**	(297.9)
Total assets less current liabilities		**558.2**	559.6	**513.0**	183.2
Creditors: amounts falling due after more than one year	14	**(156.8)**	(172.9)	**(154.4)**	(169.0)
Provisions for liabilities	15	**(0.2)**	(0.2)	-	-
Net assets		**401.2**	386.5	**358.6**	14.2
Capital and reserves					
Called up share capital	16	**429.0**	429.0	**429.0**	429.0
Profit and loss account	17	**(27.7)**	(42.4)	**(70.4)**	(414.8)
Non controlling interest	18	**(0.1)**	(0.1)	-	- -
Total shareholders' funds	19	**401.2**	386.5	**358.6**	14.2

These financial statements on pages 7 to 22 were approved by the board of directors on 31 March 2015 and were signed on its behalf by:

M Seal
Director

R K Mowatt

R K Mowatt
Director

The notes on pages 10 to 22 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 28 DECEMBER 2014

	2014 £m	2013 £m
Operating profit before exceptional items and amortisation	**54.4**	61.1
Exceptional items	**(8.5)**	(3.4)
Depreciation	**6.2**	5.8
	52.1	63.5
Movement in:		
Debtors	**(0.6)**	(1.3)
Creditors	**7.5**	1.4
Net cash inflow from operations	**59.0**	63.6

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 28 DECEMBER 2014

	Note	2014 £m	2014 £m	2013 £m	2013 £m
Cash flows from operating activities					
Net cash inflow from operations		**59.0**		63.6	
Interest paid		**(6.3)**		(6.4)	
Taxation paid		**(11.8)**		(13.4)	
Net cash inflow from operating activities			**40.9**		43.8
Cash flows from investing activities					
Dividend received from investment		**0.5**		-	
Purchase of tangible fixed assets		**(6.4)**		(5.0)	
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)**		(5.9)
Cash flows from financing activities					
Net drawdown from bank loans		**1.0**		(5.0)	
Repayment of lease financing		**(1.6)**		(1.5)	
Loans paid to parent company		**(32.5)**		(34.5)	
Net cash outflow from financing activities			**(33.1)**		(41.0)
Net increase/(decrease) in cash and cash equivalents	22		**1.9**		(3.1)
Cash and cash equivalents at beginning of year			**1.9**		5.0
Cash and cash equivalents at 28 December 2014			**3.8**		1.9

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

The principal activities of the Group are multi-platform publishing. The principal activity of the Company is that of an investment holding company. The address of the Company's registered office and principal place of business is 2nd Floor, 14 St George Street, London W1S 1FE

(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 date of transition was 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 Group financial statements consolidate the financial statements of Press Acquisitions Limited and its subsidiary undertakings (over which it exercises control) up to 28 December 2014, 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 28 December 2014 and balances at that date are referred to as relating to 2014 in these financial statements. The 52 weeks to 29 December 2013 and balances at that date are referred to as relating to 2013.

(b) Turnover

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

(c) 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 102 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.

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(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:	
Short 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.

Dividend income is recognised when the right to receive payment is established.

(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.

(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.

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(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:

			2014	2013
			£m	£m
Employment costs (including directors)			80.9	76.7
Operating lease rentals	- buildings		6.3	6.3
Amortisation	- *Telegraph* publishing titles		15.7	15.7
	- purchased goodwill		0.2	0.2
Depreciation	- owned tangible fixed assets		6.0	5.7
	- leased tangible fixed assets		0.2	0.1
Auditors' remuneration	- audit services	- the Group	0.1	0.1
		- the Company	-	-
	- other services		-	-
Exceptional items	- reorganisation costs *(see (a) below)*		8.6	5.6
	- release of accruals *(see (b) below)*		-	(2.1)
	- reduction in lease obligation *(see (c) below)*		(0.1)	(0.1)

(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. This has resulted from the Group continuing to make progressive changes to the structure of its business to ensure it is well positioned to navigate and monetise the digital transition taking place in the media industry.

(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 *(2013 - £nil)*.

5. EMPLOYEE INFORMATION

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

	2014 Number	2013 Number
Editorial and production	**662**	637
Selling, distribution and administration	**482**	464
	1,144	1,101

(b) Group employment costs (including directors):

	2014 £m	2013 £m
Wages and salaries	**67.9**	64.5
Social security costs	**8.0**	7.6
Other pension costs	**5.0**	4.6
Total direct costs of employment	**80.9**	76.7

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £m	2013 £m
Interest Payable - On loans repayable within five years and bank borrowings	**6.0**	6.1
Bank and other similar charges	**0.7**	0.5
Finance lease charges	**0.1**	0.1
	6.8	6.7

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £m	2013 £m
Analysis of charge for the financial year		
Current tax:		
UK corporation tax on profits for the financial year	**(9.2)**	(12.5)
Deferred tax:		
Origination and reversal of other timing differences	**0.2**	0.3
Adjustments in respect of previous years	**-**	0.1
Total other timing differences *(see note 12(b))*	**0.2**	0.4
Total deferred tax charge	**0.2**	0.4
Tax charge on profit on ordinary activities	**(9.0)**	(12.1)

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 higher *(2013: higher)* than the standard rate of corporation tax in the UK. The differences are explained below:

	2014 £m	2013 £m
Profit on ordinary activities before taxation	**23.7**	35.1
Current tax charge at 21.50% *(2013: 23.25%)*	**(5.1)**	(8.2)
Effects of:		
Expenses not deductible for tax purposes	**(3.9)**	(4.0)
Deemed interest on inter company loan balances	**(1.4)**	(1.0)
Depreciation in excess of capital allowances	**(0.2)**	(0.3)
Group relief for nil consideration	**1.4**	1.0
Total current tax charge	**(9.2)**	(12.5)

Factors affecting current and future tax charges

The main rate of corporation tax in the UK reduced from 23% to 21% with effect from 1 April 2014. Accordingly, the Group's profits for the accounting period to 28 December 2014 were taxed at an effective rate of 21.50%.

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 profit dealt with in the financial statements of the Company was £344.4 million *(2013: loss of £286.5 million).*

9. INTANGIBLE ASSETS

THE GROUP

	***Telegraph* Publishing Titles £m**	**Purchased Goodwill £m**	**Total £m**
Cost:			
Opening balance	629.3	1.0	630.3
Additions	-	-	-
Closing balance	629.3	1.0	630.3
Accumulated Amortisation:			
Opening balance	(148.2)	(0.2)	(148.4)
Amortisation	(15.7)	(0.2)	(15.9)
Closing balance	(163.9)	(0.4)	(164.3)
Net Book Value:			
Closing balance	465.4	0.6	466.0
Opening balance	481.1	0.8	481.9

9. INTANGIBLE 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 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	48.4	63.7
Additions	-	6.4	6.4
Disposals	-	(0.2)	(0.2)
Closing balance	15.3	54.6	69.9
Accumulated Depreciation:			
Opening balance	8.3	36.5	44.8
Charge for the financial year	1.0	5.2	6.2
Disposals	-	(0.2)	(0.2)
Closing balance	9.3	41.5	50.8
Net Book Value:			
Closing balance	**6.0**	**13.1**	**19.1**
Opening balance	7.0	11.9	18.9

The net book value of assets held under finance leases included in the above was £0.4m *(2013: £0.4m).*

THE COMPANY

The Company had no tangible fixed assets at 28 December 2014 *(2013: £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**

During the year the Group received an interim dividend of £0.5m *(2013: £nil)* from its investment in PA Group Limited (Press Association). No other dividends were received by the Group.

11. INVESTMENTS (CONTINUED)

THE COMPANY	**Shares in Subsidiary Companies £m**
Cost:	
Opening balance and Closing balance	761.8
Provision:	
Opening balance and Closing balance	(280.7)
Net Book Value:	
Closing balance	**481.1**
Opening balance	481.1

During the year the Company received a dividend of £350.0m *(2013: £nil)* from its investment in a subsidiary company. No other dividends were received by the Company. 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 companies

As at 28 December 2014 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%
Telegraph Events Limited and its subsidiary;	Active	Ordinary shares – 90% Call option over Ordinary Shares -10%
QP Magazine Limited	Dormant	Ordinary shares – 100%

12. DEBTORS

	The Group		The Company	
	2014	2013	**2014**	2013
	£m	£m	**£m**	£m
Trade debtors	**49.1**	47.9	-	-
Amounts owed by parent company *(see (a) below)*	**137.8**	105.3	**137.8**	-
Other taxation and social security	**0.3**	0.2	-	-
Other debtors	**1.3**	2.5	-	-
Prepayments and accrued income	**9.6**	9.1	-	-
Deferred taxation asset *(see (b) below)*	**0.9**	0.7	-	-
	199.0	165.7	**137.8**	-

(a) Amounts owed by parent company

Amounts owed by parent company are denominated in sterling, do not bear interest and have no fixed repayment terms.

(b) Deferred taxation

THE GROUP	**2014**	2013
	£m	£m
Amount provided:		
Capital allowances	**0.8**	0.6
Other timing differences	**0.1**	0.1
Deferred tax asset	**0.9**	0.7
Movements on the deferred tax:		
Opening balance	**0.7**	0.3
Charged to profit on ordinary activities *(see note 7)*	**0.2**	0.4
Closing balance	**0.9**	0.7

In addition, the Company has unutilised tax losses totalling £51.4m *(2013: £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	
	2014	2013	**2014**	2013
	£m	£m	**£m**	£m
Bank loans *(see note 14(a))*	**40.0**	24.0	**40.0**	24.0
Trade creditors	**22.4**	24.7	-	-
Amounts owed to group undertakings *(see (a) below)*	-	-	**66.0**	273.9
Obligations under finance leases *(see note 14(b))*	**1.5**	1.6	-	-
Other taxation and social security	**6.3**	4.9	-	-
Other creditors	**1.7**	1.5	-	-
Corporation tax	**4.1**	6.6	-	-
Accruals and deferred income	**53.8**	45.6	**0.1**	0.1
	129.8	108.9	**106.1**	298.0

a) Amounts owed to group undertakings

Amounts owed to group undertakings represents a loan of £66.0 million *(2013: £273.9 million)* due to a subsidiary company. 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	
	2014	2013	**2014**	2013
	£m	£m	**£m**	£m
Bank loans *(see (a) below)*	**154.4**	169.0	**154.4**	169.0
Obligations under finance leases *(see (b) below)*	**2.4**	3.9	**-**	-
	156.8	172.9	**154.4**	169.0

a) Bank loan

	2014	2013
	£m	£m
Repayable:		
Within one year	**40.0**	24.0
Between one and two years	**155.0**	15.0
Between two and five years	**-**	155.0
	195.0	194.0
Less: Unamortised arrangement fee	**(0.6)**	(1.0)
	194.4	193.0
Less: classified as a current creditor *(see note 13)*	**(40.0)**	(24.0)
Long term creditor	**154.4**	169.0

The Bank Loan is denominated in sterling and bears interest at LIBOR plus a margin. The margin is 1.75% on £145.0 million of which £40.0m is due within one year and £105.0m which is due between one and two years, and 3.50% on £50.0 million which is due between one and two years. Charges in favour of the lender exist over all the Group's assets.

b) Obligations under finance leases

	2014	2013
Repayable:	**£m**	£m
Within one year	**1.3**	1.8
In more than one year but less than five years	**2.9**	4.2
Total obligations	**4.2**	6.0
Less: future finance charges included in obligations	**(0.3)**	(0.5)
Net obligations	**3.9**	5.5
Less: classified as a current creditor *(see note 13)*	**(1.5)**	(1.6)
Net long term obligations	**2.4**	3.9

These obligations are secured on the assets leased which includes £3.6m *(2013: £5.1m)* secured against press assets. The Group believes that these press assets have no future economic benefit and accordingly the carrying value is £nil *(2013:£nil)*.

15. PROVISIONS FOR LIABILITIES

	2014	2013
	£m	£m
Opening and closing provision	**0.2**	0.2

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

16. CALLED UP SHARE CAPITAL

THE GROUP AND COMPANY

	2014 £m	2013 £m
Authorised:		
500,000,000 *(2013: 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 *(2013: 429,000,000)* ordinary shares of £1 each	**429.0**	429.0
	429.0	429.0

17. PROFIT AND LOSS ACCOUNT

THE GROUP

	Total £m
Opening balance	**(42.4)**
Profit for the financial year	**14.7**
Closing balance	**(27.7)**

THE COMPANY

	Total £m
Opening balance	**(414.8)**
Profit for the financial year	**344.4**
Closing balance	**(70.4)**

18. NON CONTROLLING INTEREST

THE GROUP

	Total £m
Opening balance	**0.1**
Amount transferred to minority interest for the financial year	**-**
Closing balance	**0.1**

The minority interest relates to a 10% holding in Telegraph Events Limited.

THE COMPANY

The Company itself has no minority interests during the year *(2013: £nil)*.

19. RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS

	The Group £m	The Company £m
Profit for the financial year	**14.7**	344.4
Net movement in equity shareholders' funds	**14.7**	344.4
Opening total shareholders' funds	**386.5**	14.2
Closing total shareholders' funds	**401.2**	358.6

20. COMMITMENTS

THE GROUP

Future payments under non-cancellable land and building operating leases for each of the following periods:

	2014	2013
	£m	£m
Not later than one year	**6.0**	6.0
Later than one year and not later than five years	**23.8**	23.9
Later than five years	**11.5**	17.4
	41.3	47.3

THE COMPANY

The Company had no commitments at the year end *(2013: £nil)*.

21. 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 28 December 2014 contributions of £nil *(29 December 2013: £nil)* were due to the Plan.

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

	2014	2013
	£m	£m
Increase / (Decrease) in cash and cash equivalents in the financial year	**1.9**	(3.1)
Amortisation of bank loan arrangement fee	**(0.4)**	(0.4)
Loan paid to parent company	**32.5**	34.5
Repayment of lease obligations	**1.6**	1.5
Net repayment of bank loan	**(1.0)**	5.0
Movement on net debt in the financial year	**34.6**	37.5
Opening net debt	**(91.3)**	(128.8)
Closing net debt	**(56.7)**	(91.3)

23. ANALYSIS OF NET DEBT

	29 December 2013 £m	**Cash flow £m**	**Other changes £m**	**28 December 2014 £m**
Cash at bank and in hand	1.9	1.9	-	3.8
Bank loans	(193.0)	(1.0)	(0.4)	(194.4)
Finance lease obligations	(5.5)	1.6	-	(3.9)
Loan to parent companies	105.3	32.5	-	137.8
	(91.3)	35.0	(0.4)	(56.7)

24. RELATED PARTY TRANSACTIONS

The Group has taken advantage of the exemption contained in FRS 102 paragraph 33.1(a) 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 donated it to the Great Ormond Street Hospital Children's Charity *(2013: £1.0m)*.

25. 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.