REGISTERED NUMBER 451593

TELEGRAPH MEDIA GROUP LIMITED

REPORT AND ACCOUNTS FOR THE FINANCIAL YEAR ENDED

1 JANUARY 2012

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2012

The directors present their report and the audited financial statements of the Company, for the financial year ended 1 January 2012

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

The Company's operating profit before exceptional items for the financial year was £55 7m *(2010 £60 1m)* The profit for the financial year was £41 9m *(2010 £50 3m)* The results of the Company for the financial year are set out in the Profit and Loss Account on page 6 No dividends were declared *(2010 £nil)*

Although the UK economy has been impacted by weak consumer demand during 2011, our total revenues increased by £7 2m (+2 2%) with growth across our advertising, digital and consumer revenue categories Circulation revenues benefiting from cover price increases remained flat year on year The improved revenue performance was impacted by a significant increase in newsprint costs, however along with a continued focus on other costs and operational efficiencies during the year the Company has still delivered an acceptable operating profit performance in 2011

In a challenging market, the focus remained on maximising revenues and digital innovation The Telegraph titles increased both advertising and circulation volume market share, demonstrating both the resilience of the business and the strength of our brand to customers – advertisers, readers and viewers The Company has continued with significant investment in digital during 2011, increasing the range of publications with upgrades to it's paid for iPad and Kindle applications Telegraph co uk continues to see significant year on year growth in global and UK audiences

The directors remain cautious about the economic outlook thus anticipate a satisfactory performance for 2012

KEY PERFORMANCE INDICATORS

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

Financial	**2011**	**2010**
Turnover	£331 0m	£323 8m
Operating profit pre-exceptional items	£55 7m	£60 1m
Operating profit margin	16 8%	18 6%
Other		
Average ABC – Daily Telegraph – number of copies	620,947	672,874
Average ABC – Sunday Telegraph – number of copies	483,490	508,604
Average NRS Issue Readership – Daily Telegraph	1,584,000	1,680,000
Average NRS Issue Readership – Sunday Telegraph	1,420,000	1,442,000
Average ABCe Monthly Global Unique Users	39,526,625	31,766,128
Average ABCe Monthly UK Unique Users	13,940,165	10,013,718

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2012 – CONTINUED

FUTURE DEVELOPMENTS

The directors anticipate a difficult underlying trading environment during 2012 Advertising markets are expected to remain challenging given the weakness in consumer demand, although the Diamond Jubilee and Olympics are expected to stimulate the market With this in mind the directors will continue to take prudent and considered actions to manage the business through the next twelve months, focusing on delivering quality publications and experiences to customers, carefully assessing investment opportunities and tightly managing the costs and cash flow of the business to ensure that the Company is well positioned to maximise value when market conditions improve

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

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

The Company continues to make progressive changes to the structure of its business – with further integration of its print and digital operations – to ensure it is extremely well placed to take advantage of the structural changes taking place in the market

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

There is an ongoing process for the identification, evaluation and management of significant risks faced by the Company In common with most traditional newspaper publishers, the Company is comparatively reliant on advertising revenues, however the Telegraph titles have performed well in this competitive environment As noted in the section above on Future Developments, printed publications are increasingly supplemented by digital publications and audiences across web, tablet and mobile platforms The Company is in an extremely strong position to meet this opportunity as a result of its successful integration, and its growth as a digital publisher

FINANCIAL RISK MANAGEMENT

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

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

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

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2012 – CONTINUED

DONATIONS

During the financial year the Company made charitable donations of £125,950 *(2010 £103,375)*, principally to charities associated with the newspapers and their employees The Company made no political donations *(2010 £nil)*

DIRECTORS

The directors who held office during the financial year are as follows

A S Barclay – Chairman
M MacLennan – Chief Executive Officer
F P Ronayne – Chief Financial Officer
H M Barclay
D Cobley (appointed 1 January 2012)
R K Mowatt
P L Peters
M Seal
L Twohill

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

EMPLOYEES

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

The Company continues to offer career enhancement to its employees by way of management and personal development courses Information Technology training continues to offer a wide range of internal IT workshops to employees

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

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

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2012 – CONTINUED

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

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

STATEMENT OF DIRECTORS' DISCLOSURE OF INFORMATION TO AUDITORS

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

By order of the Board

R K Mowatt

R K Mowatt
for and on behalf of Telegraph Secretarial Services Limited in its capacity as secretary
21 March 2012

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

We have audited the financial statements of Telegraph Media Group Limited for the year ended 1 January 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 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)

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement 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 and 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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 1 January 2012 and of its profit 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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Simon O'Brien (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 March 2012

PROFIT AND LOSS ACCOUNT
for the financial year ended 1 January 2012

	Notes	Total 2011 £m	Total 2010 £m
Turnover	2	**331 0**	323 8
Cost of sales		**(212 7)**	(201 2)
Gross profit		**118.3**	122 6
Distribution costs		**(25 1)**	(28 0)
Administrative expenses		**(37 5)**	(34 5)
Operating profit		**55.7**	60 1
Interest receivable and similar income – bank interest		**0.1**	0 1
Interest payable and similar charges	6	**(1 3)**	(1 3)
Profit on ordinary activities before taxation	3	**54.5**	58 9
Tax on profit on ordinary activities	7	**(12 6)**	(8 6)
Profit for the financial year	15	**41 9**	50 3

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 8 to 15 form part of these accounts

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

BALANCE SHEET
as at 1 January 2012
Company Registered Number: 451593

	Notes	1 Jan 2012 £m	2 Jan 2011 £m
Fixed assets			
Tangible assets	8	**19 5**	21 3
Investments	9	**0 1**	0 1
		19.6	21 4
Current assets			
Debtors	10	**352 3**	271 8
Cash at bank and in hand		**20 8**	38 4
		373 1	310 2
Creditors amounts falling due within one year	11	**(100.7)**	(79 8)
Net current assets		**272 4**	230 4
Total assets less current liabilities		**292 0**	251 8
Creditors amounts falling due after more than one year	12	**(7 3)**	(8 8)
Provisions for liabilities and charges	13	**(0 2)**	(0 4)
Net assets		**284 5**	242 6
Capital and reserves			
Called up share capital	14	**44 7**	44 7
Retained earnings	15	**239 8**	197 9
Total shareholders' funds	16	**284 5**	242 6

These financial statements on pages 6 to 15 were approved by the board of directors on 21 March 2012 and were signed on its behalf by

M MacLennan
Director

Finbarr P. Ronayne

F P Ronayne
Director

The notes on pages 8 to 15 form part of these accounts

1. ACCOUNTING POLICIES

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

(a) *Basis of accounting*

The Company uses 52/53 week accounting periods and has drawn up its accounts for the 52 weeks to 1 January 2012

The 52 weeks to 1 January 2012 and balances at that date are referred to as relating to 2011 in these financial statements The 52 weeks to 2 January 2011 and balances at that date are referred to as relating to 2010

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

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

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

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

(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 Advertising revenue is recognised on the date of publication Circulation revenue is recognised at the time of sale Digital revenue is recognised over the period of the online campaign in accordance with the provision of services Other revenue is recognised at the time of sale or provision of services

(c) *Tangible fixed assets*

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

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

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

(d) *Investments*

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

1. ACCOUNTING POLICIES – CONTINUED

(e) Deferred income

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

(f) Provisions

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

(g) Finance leases

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

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

(h) Operating leases

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

(i) Taxation

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

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

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

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

(j) Pension costs

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

(k) Foreign currency translation

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

2. TURNOVER

Turnover and operating profit arise from media publication activities within the United Kingdom and all relate to continuing operations Accordingly one segment is reported

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging

		2011 £m	2010 £m
Employment costs (including directors)		**77.8**	75 4
Operating lease rentals	- buildings	**5.5**	4 3
Depreciation	- owned tangible fixed assets	**4.8**	5 0
	- tangible fixed assets held under finance leases	**0.2**	0 3
Auditors' remuneration	- for the audit of the Company	**0.1**	0 1
	- other services	**0.1**	0 1

4. DIRECTORS' EMOLUMENTS

(a) Emoluments of the Directors:

	2011 £m	2010 £m
Aggregate emoluments	**1.1**	1 0
Company contributions to defined contribution schemes	**0.1**	0 2
	1.2	1 2

The contributions made by the Company to defined contribution schemes were on behalf of two *(2010 two)* directors including the highest paid director

(b) Emoluments of the highest paid director:

	2011 £m	2010 £m
Aggregate emoluments	**0.7**	0 6
Pension contributions	**0.1**	0 2
	0.8	0 8

5. EMPLOYEE INFORMATION

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

	2011	2010
Editorial and production	**627**	619
Selling, distribution and administration	**428**	385
	1,055	1,004

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

(b) Employment costs (including directors):

	2011 £m	2010 £m
Wages and salaries	**65.2**	63 0
Social security costs	**7.9**	7 5
Pension costs - defined contribution schemes	**4.7**	4 9
Total direct costs of employment	**77.8**	75 4

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £m	2010 £m
Interest payable On loans repayable within five years and bank borrowings	**0.1**	-
Bank and other similar charges	**0.8**	0 7
Finance lease charges	**0.4**	0 6
	1.3	1 3

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge for the financial year	2011 £m	2010 £m
Current tax		
UK corporation tax on profits for the financial year	**(12.2)**	(9 2)
Adjustments in respect of previous years	**(0.2)**	0 4
Total current tax	**(12.4)**	(8 8)
Deferred tax		
Origination and reversal of timing differences	**(0.1)**	0 2
Adjustments in respect of previous years	**(0.1)**	-
Total timing differences *(see note 10(b))*	**(0.2)**	0 2
Total deferred tax (charge) / credit	**(0.2)**	0 2
Tax charge on profits on ordinary activities	**(12.6)**	(8 6)

7. TAX ON PROFIT ON ORDINARY ACTIVITIES - CONTINUED

Factors affecting the tax charge for the financial year

The current tax charge for the financial year is lower *(2010 lower)* than the standard rate of corporation tax in the UK The differences are explained below

	2011 £m	2010 £m
Profit on ordinary activities before tax	**54.5**	58 9
Current tax charge at 26 5% *(2010 28 0%)*	**(14.4)**	(16 5)
Effects of		
Expenses not deductible for tax purposes	**(0.5)**	(0 5)
Deemed interest on intercompany loan balances	**(2 5)**	(2 0)
Depreciation in excess of capital allowances	**(0 1)**	(0 1)
Other timing differences	**0.2**	(0 2)
Adjustments to tax charge in respect of previous years	**(0.2)**	0 4
Group relief for nil consideration	**5.1**	10 1
Total current tax charge	**(12.4)**	(8 8)

Factors affecting current and future tax charges

During the year, as a result of the changes in the UK main corporation tax rate to 26% that was substantively enacted on 29 March 2011 (effective 1 April 2011), and to 25% that was substantively enacted on 5 July 2011 (effective 1 April 2012), the relevant deferred tax balances have been re-measured

8. TANGIBLE FIXED ASSETS

	Buildings – short leasehold £m	Plant and Equipment £m	Total £m
Cost:			
Opening balance	15 0	50 1	65 1
Additions	0 3	3 0	3 3
Disposals	-	(0 4)	(0 4)
Closing balance	15 3	52 7	68 0
Accumulated depreciation:			
Opening balance	4 2	39 6	43 8
Charge for the financial year	1 4	3 6	5 0
Disposals	-	(0 3)	(0 3)
Closing balance	5 6	42 9	48 5
Net book value:			
Closing balance	**9.7**	**9.8**	**19.5**
Opening balance	10 8	10 5	21 3

The net book value of assets held under finance leases included in the above was £0 6m *(2010 £0 6m)*

9. INVESTMENTS

Investment in unlisted shares	**Total £m**
Opening and closing balance	**0.1**

10. DEBTORS

	2011	2010
	£m	£m
Trade debtors	**35.6**	31 2
Amounts owed by parent and fellow subsidiary companies *(see (a) below)*	**307.2**	231 0
Other taxation and social security	**0.2**	0 3
Other debtors	**1.4**	1 7
Other prepayments and accrued income	**7.5**	7 0
Deferred Tax asset *(see (b) below)*	**0.4**	0 6
	352.3	271 8

(a) Amounts owed by parent and fellow subsidiary companies

Amounts owed by parent and fellow subsidiary companies include £256 4 million *(2010 £215 2 million)* due from Press Acquisitions Limited ("PAL"), the Company's immediate parent company and £50 8 million *(2010 £15 8 million)* due from May Corporation Limited ("May"), the parent company of PAL The PAL loan is repayable in 2016, the May loan has no fixed term of repayment and none of the balances bear interest They are all denominated in sterling

(b) Deferred taxation

	2011	2010
	£m	£m
Deferred Tax asset:		
Capital allowances	**0.2**	0 1
Other timing differences	**0.2**	0 5
Deferred tax asset	**0.4**	0 6
Movements in the financial year:		
Opening net deferred tax asset	**0.6**	0 4
(Charged) / credited to profit on ordinary activities *(see note 7)*	**(0.2)**	0 2
Closing net deferred tax asset	**0.4**	0 6

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£m	£m
Bank Loan *(see (a) below)*	**15.0**	-
Trade creditors	**22.7**	21 6
Obligations under finance leases *(see note 12)*	**1.7**	1 8
Other taxation and social security	**5.1**	3 9
Other creditors	**1.1**	2 5
Corporation Tax	**6.3**	3 9
Accruals and deferred income	**48.8**	46 1
	100.7	79 8

(a) Bank loan

The Bank loan is denominated in sterling and bears interest at LIBOR plus a 1 75% margin Charges in favour of the lender exist over all the Company's assets

12. CREDITORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	2011 £m	2010 £m
Obligations under finance leases	**7.3**	8 8

	2011 £m	2010 £m
Repayable		
Within one year	**2.2**	2 2
In more than one year but less than five years	**7.2**	7 3
In more than five years	**0.9**	2 6
Total obligations	**10.3**	12 1
Less future finance charges included in obligations	**(1.3)**	(1 5)
Net obligations	**9.0**	10 6
Less classified as a current creditor *(see note 11)*	**(1.7)**	(1 8)
Net long term obligations	**7.3**	8 8

These obligations are secured on the assets leased £8 5m *(2010 £10 1m)* of these leases are secured against press assets The Company believes that these press assets have no future economic benefit and accordingly the carrying value is £nil *(2010 £nil)*

13. PROVISIONS FOR LIABILITIES AND CHARGES

	2011 £m	2010 £m
Opening balance	**0.4**	0 7
Utilisation	**(0.2)**	(0 3)
Closing balance	**0.2**	0 4

This provision represents the ongoing costs of an unused printing press

14. CALLED UP SHARE CAPITAL

	2011 £m	2010 £m
Authorised:		
1,703,000,000 *(2010 1,703,000,000)* ordinary shares of £1 each	**1,703.0**	1,703 0
Issued, called up and fully paid:		
44,747,466 *(2010 44,747,466)* ordinary shares of £1 each	**44.7**	44.7

15. RETAINED EARNINGS

	Total £m
Opening balance	**197.9**
Profit for the financial year	**41.9**
Closing balance	**239.8**

16. RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS

	2011 £m	2010 £m
Retained profit for the financial year	**41.9**	50 3
Opening total shareholders' funds	**242.6**	192 3
Closing total shareholders' funds	**284.5**	242 6

17. COMMITMENTS

	2011 £m	2010 £m
At 1 January 2012 annual commitments under non-cancellable land and building leases which expire:		
Within one year	**0.1**	0 2
Between one to five years	**-**	0 1
After five years	**5.9**	5 7
	6.0	6 0

18. GUARANTEES

The Company has guaranteed certain bank borrowings of its parent company, Press Acquisitions Limited At the year end these borrowings amounted to £215 0 million *(2010 £210 0 million)* Charges in favour of the lender exist over all the Company's assets

19. PENSIONS

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

At 1 January 2012 contributions of £nil *(2 January 2011 £nil)* were due to the Plan

20 RELATED PARTIES

As all of the Company's voting rights are controlled within the group headed by Press Acquisitions Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group or are disclosed in the group accounts

There were no other related party transactions in the year (2010 £nil)

21. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

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

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

22. SUBSIDIARY COMPANIES

As at 1 January 2012 the subsidiary companies, which were incorporated in England and Wales, were

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