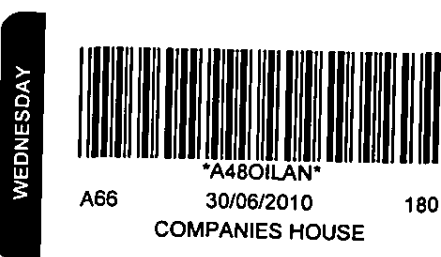


HARMSWORTH PRINTING (STAVERTON) LIMITED

Report and Financial Statements

4 October 2009



HARMSWORTH PRINTING (STAVERTON) LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Reconciliation of movement in shareholders' deficit	8
Notes to the financial statements	9

HARMSWORTH PRINTING (STAVERTON) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J G Bird
K Duncan
C Klafkowska
W K Richardson

SECRETARY

K Duncan

REGISTERED OFFICE

1 Surrey Quays Road
London
SE16 7ND

SOLICITORS

Reynolds Porter Chamberlain
Tower Bridge House
St Katherine's Way
London
E1W 1AA

BANKERS

The Royal Bank of Scotland plc
PO Box 34
15 Bishopsgate
London
EC2P 2AP

AUDITORS

Deloitte LLP
Bristol

HARMSWORTH PRINTING (STAVERTON) LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, the audited financial statements and auditors' report for the financial year ended 4 October 2009

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Daily Mail and General Trust plc and operates as part of the group's A&N Media division

The performance of the A&N Media division of the Daily Mail and General Trust plc, which includes the company, is discussed in the group's Annual Report which does not form part of this Report

Following the closure of the press operation in February 2008, the company has not traded during the period and this is not expected to change in the foreseeable future. Accordingly these financial statements have been prepared on a basis other than that of a going concern

As a result of the site no longer trading, turnover for the financial year was £nil, against £4,324,000 for 2008. However, despite not trading the site still attracts some costs and as a result the operating loss for the year was £487,000 compared to £1,664,000 in 2008. Full details of the company's trading activities are presented in the profit and loss account on page 6

The loss after taxation for the financial year amounted to £579,000 (2008: £1,171,000). The directors did not declare a dividend (2008: £nil), leaving £579,000 (2008: £1,171) to be transferred from reserves

The balance sheet on page 7 of the financial statements shows that the company's financial position in net asset terms has deteriorated compared to the prior year as a direct consequence of the loss incurred during the current year

Financing for the company has been from Sterling inter-company accounts and equity share capital under Daily Mail and General Trust plc Group arrangements. The Daily Mail and General Trust plc group has a centralised treasury function

GOING CONCERN

As stated above, the company ceased trading during the prior period and the financial statements have been prepared on a basis other than that of a going concern, which includes, where appropriate, writing down the company's assets to net realisable value. Provision has also been made for any onerous contractual commitments at the balance sheet date. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such were committed at the balance sheet date

PRINCIPAL RISKS AND UNCERTAINTIES

Following the closure of the company's trading operation on 15 February 2008, no production activity has been undertaken. The company no longer employs any staff and fixed assets have been written off. The directors therefore believe that the company faces limited additional risk in the coming year

ENVIRONMENT

The Daily Mail and General Trust plc Group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the group Annual Report which does not form part of this Report. Initiatives designed to minimise the company's net impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption

HARMSWORTH PRINTING (STAVERTON) LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

The names of the current directors of the company, all of whom held office throughout the year, are as set out on page 1. In addition, I D Pedley resigned on 30 June 2009.

No director of the company has or had a disclosable interest in any contract of significance at any time during the period or in the prior year.

EMPLOYEES

Details of the number of employees and related costs can be found in note 4 to the financial statements. Applications for employment by disabled people are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their interests.

POLITICAL AND CHARITABLE DONATIONS

No charitable donations were made by the company in the year (2008: £nil). There were no political donations made by the company in the year (2008: £nil).

AUDITORS

In the case of each of the persons who is a director of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to continue in office as the company's auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



K Duncan
Secretary

HARMSWORTH PRINTING (STAVERTON) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARMSWORTH PRINTING (STAVERTON) LIMITED

We have audited the financial statements of Harmsworth Printing (Staverton) Limited for the financial year ended 4 October 2009 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' deficit and the related notes 1 to 18. 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).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, 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 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 (APB's) Ethical Standards for Auditors.

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.

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 4 October 2009 and of its loss for the financial 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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements which explains that the financial statements have been prepared on a basis other than that of a going concern.

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.

Nigel Thomas

Nigel Thomas (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

Bristol, United Kingdom

29 June 2010

HARMSWORTH PRINTING (STAVERTON) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 4 October 2009

	Notes	2009 £'000	2008 £'000
TURNOVER	2	-	4,324
OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(487)	(1,664)
Tax on loss on ordinary activities	6	(92)	493
LOSS FOR THE FINANCIAL YEAR	13	(579)	(1,171)

All activities relate to discontinued operations

There is no difference between the loss on ordinary activities before taxation and the loss for the current and prior financial year stated above and their historical cost equivalent

There have been no recognised gains and losses for the current or prior financial year other than as stated in the profit and loss account and, accordingly, no separate statement of total recognised gains and losses is presented

HARMSWORTH PRINTING (STAVERTON) LIMITED

BALANCE SHEET As at 4 October 2009

	Notes	2009 £'000	2008 £'000
FIXED ASSETS			
Tangible assets	7	-	-
CURRENT ASSETS			
Debtors			
- amounts falling due within one year	8	94,885	83,707
- amounts falling after one year	9	22	179
		<u>94,907</u>	<u>83,886</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(103,981)</u>	<u>(92,381)</u>
NET CURRENT LIABILITIES, BEING NET LIABILITIES		<u>(9,074)</u>	<u>(8,495)</u>
CAPITAL AND RESERVES			
Called up share capital	12	201	201
Profit and loss account	13	<u>(9,275)</u>	<u>(8,696)</u>
SHAREHOLDERS' DEFICIT		<u>(9,074)</u>	<u>(8,495)</u>

The financial statements of Harmsworth Printing (Staverton) Limited, registered number 242217, were approved by the Board of Directors and authorised for issue on **29 June 2010**

Signed on behalf of the Board of Directors



K Duncan
Director

HARMSWORTH PRINTING (STAVERTON) LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

Year ended 4 October 2009

	2009 £'000	2008 £'000
Loss for the financial year	<u>(579)</u>	<u>(1,171)</u>
Net decrease in shareholders' deficit	(579)	(1,171)
Opening shareholders' deficit	<u>(8,495)</u>	<u>(7,324)</u>
Closing shareholders' deficit	<u><u>(9,074)</u></u>	<u><u>(8,495)</u></u>

HARMSWORTH PRINTING (STAVERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 4 October 2009

1. ACCOUNTING POLICIES

The company's financial year is the 53-week period ended 4 October 2009. The comparative figures are for the 52-week period ended 28 September 2008. The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the accounting policies, which have been applied consistently throughout the year and in the prior year, is set out below.

Basis of accounting

The financial statements have been prepared on a basis other than that of a going concern, which includes, where appropriate, writing down the company's assets to net realisable value. Provision has also been made for any onerous contractual commitments at the balance sheet date. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such were committed at the balance sheet date.

Leased assets

Rentals payable relating to all other leases are charged to the profit and loss account equally over the lease term.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and provision for impairment. Impairment reviews are undertaken annually.

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation

Depreciation is calculated to amortise the cost of tangible fixed assets by equal annual instalments over their estimated useful lives as follows:

Freehold buildings	50 years
Fixtures, plant, equipment, and motor vehicles	4 to 25 years

Freehold land is not depreciated.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Pension costs

Defined Benefit Scheme

The company participates in a defined benefit pension scheme which includes members from other companies within the Daily Mail and General Trust plc group. The company is unable to identify its share of the underlying assets and liabilities within the scheme and accounts for the scheme as a defined contribution scheme. In the opinion of the directors, the company's membership of the scheme falls within the multi-employer provisions of FRS 17 "Retirement benefits" and will be accounted for as if it were a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs is the contribution payable for the period.

Defined Contribution Scheme

The amount charged to the profit and loss in respect of pension costs is the contribution payable for the period.

HARMSWORTH PRINTING (STAVERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 4 October 2009

1 ACCOUNTING POLICIES (continued)

Cash flow statement

The company is a wholly owned subsidiary of Daily Mail and General Trust plc and the cash flows of the Company are included in the consolidated cash flow statement of Daily Mail and General Trust plc

Consequently, the company has taken advantage of the exemption available in FRS No 1 not to publish a cash flow statement

2. TURNOVER

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied and is stated after the deduction of trade discounts Revenue is recognised as the printing services are provided

Turnover consists entirely of sales made in the United Kingdom and is attributable to the principal activity of the company

3. OPERATING LOSS

	2009		2008
	£'000	£'000	£'000
Turnover		-	4,324
Other operating charges	(280)		(2,052)
Amounts paid under operating leases			
- plant and machinery	(5)		(7)
- land and buildings	(200)		(208)
Auditors' remuneration – audit fees	-		(10)
	<hr/>		<hr/>
Total other operating charges	(485)		(2,277)
Raw materials and consumables	-		(2,171)
Staff costs	-		(1,069)
Depreciation	(2)		(264)
Impairment of tangible fixed assets			
Owned assets	-		(363)
Severance costs	-		156
	<hr/>		<hr/>
		(487)	(5,988)
Operating loss		<hr/>	<hr/>
		(487)	(1,664)

Audit fees of £6,250 (2008 £6,500) were borne by Harmsworth Printing Limited, a fellow subsidiary Company of Daily Mail and General Trust plc There were no non-audit fees paid in either year

HARMSWORTH PRINTING (STAVERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 4 October 2009

4 EMPLOYEES

	2009 No	2008 No
Average number of persons (excluding directors) employed by the company by activity		
Printing (the site closed on 15 February 2008, at the year-end total staff equalled nil)	-	25
Total staff costs comprised		
	2009 £'000	2008 £'000
Wages and salaries	-	871
Social security costs	-	91
Pension costs	-	107
	-	1,069

5. DIRECTORS' EMOLUMENTS

There were no emoluments paid to the directors of the company in either period

As no directors at 4 October 2009 received emoluments during the period, retirement benefits were not accrued under a defined benefit scheme (2008 nil directors)

The emoluments of W K Richardson were paid by Harmsworth Printing (Bristol) Limited. It is not practicable to split his remuneration between the services provided to Harmsworth Printing (Bristol) Limited and fellow subsidiary companies. W K Richardson is a director of Harmsworth Printing (Bristol) Limited and his remuneration is fully disclosed in the financial statements of that company.

The emoluments of J G Bird were paid by Associated Newspapers Limited. It is not practicable to split his remuneration between the services provided to Associated Newspapers Limited and fellow subsidiary companies. J G Bird is a director of Associated Newspapers Limited and his remuneration is fully disclosed in the financial statements of that company.

The emoluments of K Duncan, I Pedley (to date of resignation) and C Klafkowska were paid by Harmsworth Printing Limited. It is not practicable to split their remuneration between the services provided to Harmsworth Printing Limited and fellow subsidiary companies. Their remuneration is fully disclosed in the financial statements of Harmsworth Printing Limited.

HARMSWORTH PRINTING (STAVERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 4 October 2009

6 TAX ON LOSS ON ORDINARY ACTIVITIES

	2009 £'000	2008 £'000
Corporation tax		
Corporation tax credit for the period	(35)	(573)
Over-provision in respect of prior years	(81)	(161)
Total current tax credit	(116)	(734)
Deferred tax		
Timing differences, origination and reversal	208	241
Total tax charge/(credit)	92	(493)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 28% (2008 29%). The current tax credit for the year was less than 28% (2008 was more than 29%) for the reasons set out in the following reconciliation

	2009 £'000	2008 £'000
Loss on ordinary activities before taxation	(487)	(1,664)
Tax on loss on ordinary activities at standard rate	(136)	(483)
Factors affecting the charge		
Disallowable expenditure	-	50
Capital allowances timing differences	92	(230)
Other short-term timing differences	9	90
Over-provision in prior years	(81)	(161)
	(116)	(734)

HARMSWORTH PRINTING (STAVERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 4 October 2009

7 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Fixtures, plant, equipment and motor vehicles £'000	Total £'000
Cost			
At 29 September 2008	453	16,438	16,891
Additions	-	2	2
Disposals	-	(471)	(471)
Reclassification of assets	(78)	78	-
At 4 October 2009	375	16,047	16,422
Accumulated depreciation			
At 29 September 2008	453	16,438	16,891
Charge for the year	-	2	2
Disposals	-	(471)	(471)
Reclassification of assets	(78)	78	-
At 4 October 2009	375	16,047	16,422
Net book value			
At 4 October 2009 and 28 September 2008	-	-	-

HARMSWORTH PRINTING (STAVERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 4 October 2009

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£'000	£'000
Amounts owed by group undertakings	94,353	81,684
Group relief recoverable	474	1,661
Deferred taxation asset (note 11)	-	208
Other debtors	23	-
Prepayments and accrued income	35	154
	<u>94,885</u>	<u>83,707</u>

9 DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009	2008
	£'000	£'000
Amounts owed by group companies	<u>22</u>	<u>179</u>

10 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£'000	£'000
Amounts owed by group undertakings	103,981	92,294
Other taxation and social security	-	76
Accruals and deferred income	-	11
	<u>103,981</u>	<u>92,381</u>

HARMSWORTH PRINTING (STAVERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 4 October 2009

11. DEFERRED TAXATION ASSET

	£'000
At 29 September 2008 (see debtors – note 8)	208
Prior year movement – depreciation and other timing differences	(208)
	<u> </u>
At 4 October 2009	<u> </u>

There is no unprovided deferred taxation. A deferred tax asset of £nil has been recognised at 4 October 2009 (2008 £208,000).

Deferred taxation is expected to reverse at 28% (2008 28%). Deferred taxation assets provided in the financial statements are analysed as follows:

	2009 £'000	2008 £'000
Accelerated capital allowances	-	252
Short-term timing differences	-	(44)
	<u> </u>	<u> </u>
	-	208
	<u> </u>	<u> </u>

12. SHARE CAPITAL

	2009 £'000	2008 £'000
Authorised		
300,000 ordinary shares of £1 each	<u> </u>	<u> </u>
	300	300
Allotted, called up and fully paid		
201,360 ordinary shares of £1 each	<u> </u>	<u> </u>
	201	201
	<u> </u>	<u> </u>

13. STATEMENT OF MOVEMENT ON RESERVES

	£'000
Profit and loss account	
At 29 September 2008	(8,696)
Loss for the financial year	(579)
	<u> </u>
At 4 October 2009	<u> </u>

HARMSWORTH PRINTING (STAVERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 4 October 2009

14. FINANCIAL COMMITMENTS

At 4 October 2009 and 28 September 2008 the company had annual commitments under non-cancellable operating leases as follows

	2009		2008	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring				
- within one year	202	-	-	-
- between one and two years inclusive	-	-	202	-
- between two and five years inclusive	-	-	-	5
	<u>202</u>	<u>-</u>	<u>202</u>	<u>5</u>

15. CONTINGENT LIABILITIES

Certain undertakings within the Associated Newspapers Group are included in a group VAT registration. The contingent liability of Harmsworth Printing (Staverton) Limited under the group VAT registration at 4 October 2009 was £6,744,000 (2008 £4,833,258)

The company, as part of an interest set-off arrangement, has guaranteed the overdraft facilities of a number of fellow subsidiaries of the Daily Mail and General Trust plc Group. The maximum liability under the guarantee is limited to the credit balances on those bank accounts, which are part of the interest set-off arrangement, together with the proceeds of any items in the course of collection for the credit of such bank accounts. At 4 October 2009 the potential liability was £nil (2008 £nil)

16. PENSION ARRANGEMENTS

The company operates AN PensionSaver, a group personal pension arrangement under which contributions are paid by the employer and employees. It also participates in defined benefit pension schemes operated by Daily Mail and General Trust plc.

AN PensionSaver

AN PensionSaver was launched on 1 October 2007 and, since 1 April 2008, has been the principal pension arrangement offered to employees of the company.

Assets of the plan are invested in funds selected by members and held independently from the company's finances. The investment and administration of the plan is undertaken by Fidelity Pension Management.

Harmsworth Pension Scheme

The Harmsworth Pension Scheme is a defined benefit scheme providing service-related benefits based on final pensionable salary. The assets of the scheme are held independently from the company's finances and are administered by a trustee company. The most recent actuarial valuation of the scheme, upon which the current contributions are based, was carried out as at 31 March 2007 using the projected unit credit method.

HARMSWORTH PRINTING (STAVERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 4 October 2009

16. PENSION ARRANGEMENTS (continued)

On 14 September 2009, Daily Mail and General Trust plc announced a number of changes affecting the Harmsworth Pension Scheme, the principal defined benefit scheme for the group, that are designed to help secure the financial health of this scheme into the future and to control the cost to the group of its operation. Daily Mail and General Trust plc decided that the scheme would remain open for future accrual of pension benefits for current employees. However, from 1 October 2009 new employees will no longer be offered the option to transfer from PensionSaver plans to the Harmsworth Pension Scheme after five years' service. Existing members of the scheme will continue to be able to earn additional pension benefits in the scheme but their pay increases counting towards pension will be limited to those at or below the prevailing rate of inflation, with inflation capped at 5%. In addition, the group plans to introduce a series of measures principally designed to limit the group's exposure to people living longer than is currently expected. The measures will be discussed with scheme trustees and a formal process of employee consultation will begin as soon as the proposals have been finalised.

The funding strategy agreed with the Trustee of the principal scheme made allowance for assumed future investment returns on the scheme's assets of 3.3% p.a. above price inflation, compared with the real return of some 2.6% p.a. implicit within the calculation of the Technical Provisions (i.e. the value of the scheme's benefit liabilities). Daily Mail and General Trust plc agreed with the Trustee that this margin would be covered by a contingent asset and the Group has put in place a letter of credit (to be updated annually) of an amount sufficient to cover any potential shortfall in this additional investment return arising prior to the next triennial valuation. As at 4 October, 2009, the letter of credit had a value of £32.1 million (2008: £21.8 million).

Cash contributions paid by the company to the Harmsworth Pension Scheme as required by the schedule of contributions remain at the level of 18.0% of members' scheme salaries (2008: 18.0%) with employees contributing either 5% or 7.5% depending on which section of the scheme they are in. However, since 1 January 2009 a majority of members has agreed to a salary sacrifice arrangement whereby the company pays the equivalent of the employee's contribution in exchange for a corresponding reduction in salary. In addition, Daily Mail and General Trust plc agreed to make a series of funding payments amounting to £3.17 million over a period of 27 months commencing in September 2009 in exchange for which the Trustees agreed to accept the cancellation of letters of credit that had been provided by Daily Mail and General Trust plc following the merger of the two main pension schemes of the group in November 2007. The first payment of £1 million under this agreement was made on 29 September 2009.

Other key financial assumptions adopted were as follows:

Long-term assumed rate of	
Price inflation	3.0% pa
Salary increases	4.3% pa
Pension increases (on excess over Guaranteed Minimum Pension)	3.0% pa
Discount rate for accrued liabilities	
Pre-retirement	6.4% pa
Post-retirement	4.8% pa

The financial assumptions shown above, used in the most recent actuarial valuation, were selected to provide a basis for funding the schemes and are not intended to reflect the company's experience or policy regarding pay in any one financial year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 4 October 2009

16. PENSION ARRANGEMENTS (continued)

The valuation of the principal scheme showed that the combined accumulated assets of the scheme as at 31 March 2007 represented 99% of the scheme's Technical Provisions in respect of past service benefits. However, in common with the majority of defined benefit schemes, there was a sharp deterioration over the following 12 months, with the equivalent funding level falling to 84% as at 31 March 2008.

Members are able to make additional voluntary contributions (AVCs) into unit-linked funds held within each scheme. No benefit obligation arises to the Daily Mail and General Trust plc, or the company, from these AVCs and the related unit-linked AVC assets have been excluded from the valuation of assets and liabilities reported below.

The pension charge for the year ended 4 October 2009 totalled £nil (2008: £107,000).

The company is unable to identify its share of the underlying assets and liabilities in the defined benefit schemes in which it participates. The schemes are operated on an aggregate basis with no segregation of the assets to individual participating employers and, therefore, the same contribution rate is charged to all participating employers (i.e. the contribution rate charged to each employer is affected by the experience of the schemes as a whole). The schemes are therefore accounted for as defined contribution schemes by the company. This means that the pension charge reported in these financial statements is the same as the cash contributions due in the period.

The ultimate parent company, Daily Mail and General Trust plc, is required to account for defined benefit schemes under International Accounting Standard 19 "Employee Benefits" ("IAS 19"). The IAS 19 disclosures in the Annual Report and Accounts of Daily Mail and General Trust plc have been based on calculations performed as part of the work carried out for the formal valuation of the main schemes as at 31 March 2007, and adjusted to 4 October 2009 by the actuary. The calculations are adjusted to allow for the assumptions and actuarial methodology required by IAS 19. These showed that the market value of the principal scheme's assets was £1,228.4 million (2008: £1,322.5m) and that the actuarial value of these assets represented 78% (2008: 99%) of the benefits that had accrued to members (also calculated in accordance with IAS 19) resulting in a reported deficit of £339.4 million at 4 October 2009 (2008: £16.5m deficit). The size of the surplus or deficit in the schemes, as measured for funding purposes, impacts on the calculations undertaken by the actuary to determine the cash funding (contributions) required from the companies that participate in the schemes. The valuations and disclosures required under IAS 19 for the financial statements of Daily Mail and General Trust plc are not materially different to the valuations and disclosures required under FRS 17.

Stakeholder pensions

The company provides access to a stakeholder pension plan for relevant employees who are not eligible for other pension schemes operated by the group.

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by FRS 8 31(C) revised 'Related party disclosures', and has not disclosed transactions with other group companies which are 100% owned by the same parent company.

HARMSWORTH PRINTING (STAVERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 4 October 2009

18 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is 100% owned by Harmsworth Printing Limited

The directors regard the ultimate parent company as Rothermere Continuation Limited, a company incorporated in Bermuda. The ultimate controlling party is The Viscount Rothermere, the Chairman of Daily Mail and General Trust plc.

The largest and smallest group of which the company is a member and for which group financial statements are drawn up is that of Daily Mail and General Trust plc, incorporated in Great Britain and registered in England and Wales. Copies of the report and accounts are available from

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