

BRISTOL NEWS & MEDIA LIMITED

Report and Financial Statements

4 October 2009

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REPORT AND FINANCIAL STATEMENTS 2009

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S Anderson-Dixon
C Coward (appointed 5 January 2009)
T Hawkins
M R Norton
M P Pelosi
D Stickler
F Stoddart
K Ward
A Wright

SECRETARY

P S Collins

REGISTERED OFFICE

Northcliffe Accounting Centre
PO Box 6795
St George Street
Leicester
LE1 1ZP

SOLICITORS

Foot Anstey
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
Devon
PL4 0BN

BANKERS

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

AUDITORS

Deloitte LLP
Bristol

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 ACTIVITY

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

The company's principal activity is the publishing of newspapers in Bristol. The directors are not aware, at the date of this report, of any likely changes in the company's activities in the next year. Following a review of the business of North Somerset News and Media Limited, a fellow subsidiary of Northcliffe Media limited, on 22 February 2009, the titles and assets of the company were transferred to Bristol News & Media Limited.

The performance of the Northcliffe Media division of Daily Mail and General Trust plc, which includes the company, is discussed in the group's Annual Report (available on www.dmgt.co.uk) which does not form part of this Report.

As shown in the company's profit and loss account on page 7, the company's sales have decreased by £10,199,000 (27%) over the prior year, approximately in line with industry declines, due to the economic climate. The main reasons for the decrease were lower recruitment (down 55%) and property (down 49%) advertising revenues, although other revenue streams showed less of a decrease. The operating result has decreased by £7,300,000, reflecting the lower sales and an impairment charge of £700,000 against the carrying value of the company's fixed asset investments, only partially offset by lower costs, in particular printing, distribution and staff costs.

The loss after taxation of the company for the financial year amounted to £1,298,000 (2008: profit of £3,989,000).

The directors have not paid a dividend for the year (2008: £nil).

The Board monitors the company's performance in a number of ways, including key performance indicators. The key performance indicators, together with the information for 2009 and 2008, are as follows:

	2009	2008	% movement
Advertising revenues	£18,275,000	£27,501,000	(33.5%)
Circulation revenues	£8,039,000	£8,536,000	(5.8%)
Other revenues	£710,000	£1,186,000	(40.1%)
Total turnover	£27,024,000	£37,223,000	(27.4%)
Operating (loss)/profit	(£1,555,000)	£5,745,000	(127.1%)
% operating (loss)/profit margin	(5.8%)	15.4%	(137.7%)
Employees (average number)	303	361	(16.1%)
Net assets	£5,284,000	£6,582,000	(19.7%)

The balance sheet on page 8 of the financial statements shows that the company's financial position at the year-end has deteriorated in net asset terms by £1,298,000, compared to the prior year. This was due to the loss for the year.

The company is financed by 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

The company has net current liabilities as at 4 October 2009 and is reliant on the support of its parent company, Daily Mail and General Trust Plc ("DMGT"), to be able to meet its liabilities as they fall due. This creates an uncertainty over the use of the going concern basis in the preparation of the financial statements. However, the directors consider that the company is an integral part of DMGT's structure and strategy and this is evidenced by a letter of support from DMGT, which states its intent to provide the necessary financial support to ensure that the company is a going concern for at least twelve months from the date of signing of these financial statements. After making enquiries and taking account of the factors noted above, the directors have a reasonable expectation that the company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS' REPORT (continued)**PRINCIPAL RISKS AND UNCERTAINTIES**

The business operates in highly competitive environments that can be subject to rapid change. Products and services, and their means of delivery, may be affected by technological innovations, changing legislation, competitor activity or changing customer behaviour. Further structural changes in the advertising market, resulting in significant advertising moving away from the company's traditional products to the internet, could significantly affect the results. The directors will continue to develop new opportunities and respond to threats, and will continue to invest in core brands and products and adapt in order to remain competitive.

General economic conditions and the financial health of the company's customers affect the performance of the business. A significant proportion of the revenue is derived from advertising spending which has historically been cyclical, with companies spending less on advertising in times of economic slowdown. The company is also exposed to the risk that consumer and business spending patterns change. This may affect the demand for its products and services. Increasing unemployment levels, reducing house prices and a general lack of consumer confidence are all impacting adversely on the business. Unemployment claimant count has increased by 77% during the year. Although property prices began to increase towards the end of the financial year, the number of mortgage approvals, a lead indicator for the level of housing transactions, was 8% lower than in 2008 and 53% below the levels experienced in 2006 and 2007. The directors are actively looking to generate new revenue streams and to reduce costs to offset the impact of the economic downturn. Operating costs before impairment charges have been reduced by £3,599,000 (11.4%) during the year as the company sought to offset the significant decline in revenues experienced during the 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. Initiatives designed to minimise the company's net impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

DIRECTORS

The names of the current directors of the company, all of whom held office throughout the year, except as noted, are set out on page 1. In addition, M J Hindley resigned on 24 October 2008.

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

DIRECTORS' REPORT (continued)

POLITICAL AND CHARITABLE DONATIONS

Charitable donations made by the company in the year amounted to £1,120 (2008: £7,105) in support of local charities. There were no political donations made by the company in the year (2008: £nil).

SUPPLIER PAYMENT POLICY

As stated in note 12 to these financial statements, the company's purchase ledger is operated by A&N Media Finance Services Limited ("ANMFS"), a fellow subsidiary of Daily Mail and General Trust plc. Prior to July 2009, it was operated by Northcliffe Media Limited, the parent company. The policy of ANMFS, and companies using ANMFS's services, on supplier payments is to agree to terms of payment at the time of placing an order for goods or services. Unless different terms have been negotiated at the outset, the normal payment terms of the supplier will be accepted. The company makes every effort to abide by the terms agreed with each supplier.

Trade creditors for ANMFS as at 4 October 2009 were equivalent to 17 days (2008: Northcliffe Media Limited: 19 days) purchases, based on the average daily amount invoiced by suppliers during the year.

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



P S Collins
Secretary

11 December 2009

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 BRISTOL NEWS & MEDIA LIMITED

We have audited the financial statements of Bristol News & Media Limited for the year ended 4 October 2009 which comprise the profit and loss account, the balance sheet, the reconciliation of movement in shareholders' funds and the related notes 1 to 20. 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 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.

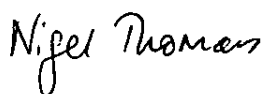
Opinion on other matter prescribed by the Companies Act 2006

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.



Nigel Thomas (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Bristol, United Kingdom
11 December 2009

PROFIT AND LOSS ACCOUNT
Year ended 4 October 2009

	Note	2009 £'000	2008 £'000
TURNOVER	2	<u>27,024</u>	<u>37,223</u>
OPERATING (LOSS)/PROFIT BEFORE EXCEPTIONALS	3	(855)	5,745
Impairment of fixed asset investments	9	<u>(700)</u>	<u>-</u>
OPERATING (LOSS)/PROFIT AND (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,555)	5,745
Tax on (loss)/profit on ordinary activities	6	<u>257</u>	<u>(1,756)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	15	<u>(1,298)</u>	<u>3,989</u>

All activities relate to continuing operations.

The company has no recognised gains and losses other than the loss for the current and profit for the prior financial year above and, accordingly, no separate statement of total recognised gains and losses has been presented.

There is no difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the current and prior financial year stated above, and their historical cost equivalents.

BALANCE SHEET
At 4 October 2009

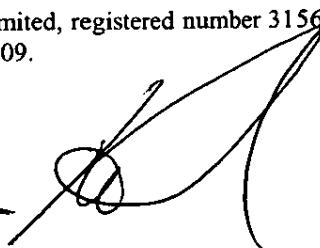
	Note	2009 £'000	2008 £'000
FIXED ASSETS			
Intangible assets	7	61	67
Tangible assets	8	3,929	4,556
Investments	9	2,157	2,857
		<u>6,147</u>	<u>7,480</u>
CURRENT ASSETS			
Debtors			
- amounts falling due within one year	10	202,004	145,490
- amounts falling due after more than one year	11	100	839
Cash at bank and in hand		18	79
		<u>202,122</u>	<u>146,408</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	<u>(202,930)</u>	<u>(147,101)</u>
NET CURRENT LIABILITIES		<u>(808)</u>	<u>(693)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,339	6,787
PROVISIONS FOR LIABILITIES	13	<u>(55)</u>	<u>(205)</u>
NET ASSETS		<u>5,284</u>	<u>6,582</u>
CAPITAL AND RESERVES			
Called up share capital	14	-	-
Profit and loss account	15	5,284	6,582
SHAREHOLDERS' FUNDS		<u>5,284</u>	<u>6,582</u>

The financial statements of Bristol News & Media Limited, registered number 3156223, were approved by the Board of Directors and authorised for issue on 11 December 2009.

Signed on behalf of the Board of Directors



S Anderson-Dixon
Director



K Ward
Director

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
Year ended 4 October 2009

	2009 £'000	2008 £'000
(Loss)/profit for the financial year	(1,298)	3,989
Net (decrease)/increase in shareholders' funds	(1,298)	3,989
Opening shareholders' funds	6,582	2,593
Closing shareholders' funds	<u>5,284</u>	<u>6,582</u>

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 accounting policies, which have been applied consistently throughout the current and the prior financial year, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

The directors have considered the use of the going concern basis in the preparation of the financial statements in light of the net current liability position on the balance sheet as at 4 October 2009 and concluded that it is appropriate. More information is provided in the Directors' Report.

The financial statements contain information about Bristol News & Media Limited as an individual company and do not contain consolidated information of the group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the group is included by full consolidation in the consolidated financial statements of its ultimate United Kingdom parent, Daily Mail and General Trust plc, a company registered in England and Wales.

Leases

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

Rental income

Rental income is credited to the profit and loss account equally over the period of the rental agreement.

Tangible fixed assets

Tangible fixed assets, with the exception of investment properties, are stated at historical cost less accumulated depreciation. 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:

Buildings	10 to 50 years
Fixtures, plant, equipment, and motor vehicles	4 to 15 years

Freehold land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 4 October 2009

1. ACCOUNTING POLICIES (continued)

Investments

Fixed asset and other investments are held at cost, less amounts charged for any impairment in value. Impairment reviews are undertaken annually.

Intangible fixed assets

Intangible fixed assets comprise acquired publishing titles and franchise fees, and are stated in the balance sheet at the directors' assessment of the purchase consideration which should be apportioned to the intangible assets based on discounted cash flow valuations of the titles within the newspaper industry. Publishing rights and franchise fees are amortised over a period of 20 years and 5 years respectively. Impairment reviews are undertaken annually.

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.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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 year.

Defined Contribution Scheme

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

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 flows of Daily Mail and General Trust plc. Consequently, the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 4 October 2009

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 on the publication of advertising or on the sale of newspapers. Other revenue is recognised as the goods or 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)/PROFIT

	2009		2008	
	£'000	£'000	£'000	£'000
Turnover		27,024		37,223
Other operating charges	(15,449)		(18,898)	
Auditors' remuneration – audit fees	(48)		(45)	
Amounts paid under operating leases:				
- plant and machinery	(138)		(77)	
- land and buildings	(981)		(973)	
Loss on disposal of tangible fixed assets	(29)		-	
Rent receivable	307		152	
Total other operating charges	(16,338)		(19,841)	
Staff costs	(9,550)		(10,647)	
Depreciation and other amounts written off tangible and intangible fixed assets				
- depreciation – owned assets	(869)		(623)	
- amortisation – intangible assets	(6)		(6)	
Impairment of fixed asset investments	(700)		-	
Staff severance costs	(1,116)		(361)	
		(28,579)		(31,478)
Operating (loss)/profit		(1,555)		5,745

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of Daily Mail and General Trust plc are required to disclose such fees on a consolidated basis.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 4 October 2009

4. EMPLOYEES

	2009	2008
	No.	No.
Average number of persons employed by the company by activity:		
Publishing	<u>303</u>	<u>361</u>
 Total staff costs comprised:	2009	2008
	£'000	£'000
Wages and salaries	8,111	9,051
Social security costs	663	742
Pension costs	<u>776</u>	<u>854</u>
	<u>9,550</u>	<u>10,647</u>

Staff costs and employee numbers include directors, except as disclosed in note 5.

5. DIRECTORS' EMOLUMENTS

	2009	2008
	£'000	£'000
The emoluments of the directors of the company were as follows:		
Aggregate emoluments (including benefits)	<u>991</u>	<u>796</u>

Included within the aggregate emoluments figure above are £141,000 (2008: £76,000) of performance related bonuses payable to certain directors by Northcliffe Media Limited, the parent company. These costs are not recharged to the company. Of the directors at 4 October 2009 who received emoluments during the year, retirement benefits are accruing to eight under a defined benefit scheme (2008: seven).

The emoluments of M P Pelosi and M J Hindley (to date of resignation) were paid by Northcliffe Media Limited and are excluded from the details above. It is not practicable to split their remuneration between the services provided to Northcliffe Media Limited and its subsidiary companies. Their remuneration is fully disclosed in the financial statements of Northcliffe Media Limited.

	2009	2008
	£'000	£'000
Highest paid director		
Aggregate emoluments	<u>355</u>	<u>247</u>
	£'000	£'000
Accrued pension under a defined benefit scheme	<u>87</u>	<u>77</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 4 October 2009

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

	2009 £'000	2008 £'000
Corporation tax		
Corporation tax (credit)/charge for the year	(132)	1,855
Under- provision in respect of prior years	25	23
	<u>(107)</u>	<u>1,878</u>
Deferred tax		
Timing differences, origination and reversal	(150)	(122)
	<u>(257)</u>	<u>1,756</u>
Tax on profit on ordinary activities		

The current tax rate for the year is 28% (2008: 29%). The current tax credit for the year is less than 28% (2008: charge more than 29%) for the reasons set out in the following reconciliation:

	£'000	£'000
(Loss)/profit on ordinary activities before taxation	<u>(1,555)</u>	<u>5,745</u>
Tax on (loss)/profit on ordinary activities at standard rate	(435)	1,666
Factors affecting the charge:		
Disallowable expenses	19	25
Capital allowances - timing differences	74	(84)
Short-term timing differences	23	248
Under- provision in respect of prior years	25	23
Loss on disposal of tangible fixed assets (non-taxable)	(8)	-
Impairment of fixed asset investments not deductible for tax	195	-
	<u>(107)</u>	<u>1,878</u>

7. INTANGIBLE FIXED ASSETS

	Publishing rights £'000	Franchise fees £'000	Total £'000
Cost			
At 29 September 2008 and 4 October 2009	154	53	207
Accumulated amortisation			
At 29 September 2008	87	53	140
Charge for the year	6	-	6
At 4 October 2009	93	53	146
Net book value			
At 4 October 2009	61	-	61
At 28 September 2008	67	-	67

NOTES TO THE FINANCIAL STATEMENTS
Year ended 4 October 2009

8. TANGIBLE FIXED ASSETS

	Long leasehold, freehold land and buildings £'000	Fixtures, plant, equipment, and motor vehicles £'000	Total £'000
Cost			
At 29 September 2008	3,185	11,084	14,269
Additions	-	566	566
Disposals	-	(1,761)	(1,761)
Transfers from fellow group companies	-	22	22
Transfers to fellow group companies	(181)	-	(181)
	<hr/>	<hr/>	<hr/>
At 4 October 2009	3,004	9,911	12,915
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 29 September 2008	2,490	7,223	9,713
Charge for the year	15	854	869
Disposals	-	(1,596)	(1,596)
	<hr/>	<hr/>	<hr/>
At 4 October 2009	2,505	6,481	8,986
	<hr/>	<hr/>	<hr/>
Net book value			
At 4 October 2009	499	3,430	3,929
	<hr/>	<hr/>	<hr/>
At 28 September 2008	695	3,861	4,556
	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 4 October 2009

9. FIXED ASSET INVESTMENTS

	£'000
Cost	
At 29 September 2008 and 4 October 2009	2,857
Provision for impairment	
At 29 September 2008	-
Impairment of Venue Publishing Limited	700
At 4 October 2009	700
Net book value	
At 4 October 2009	2,157
At 28 September 2008	2,857

An impairment charge of £700,000 was made during the year (2008: £nil) against the carrying value of the company's fixed asset investments. The carrying values at 4 October 2009 were based on the value of future discounted cash flows based on an annual profit growth of 3.0% and a discount rate of 11.5%.

In the opinion of the directors, the value of the investments in subsidiaries is not less than their book value.

All trading subsidiaries are engaged in the publishing of newspapers, operate principally within the United Kingdom and are registered in England and Wales.

Subsidiaries

The subsidiaries held at 4 October 2009 and at 28 September 2008 of which the ordinary shares are 100% owned, except as stated, are as follows:

100% directly owned

Trading

Venue Publishing Limited

Non-trading

Bristol Evening Post and Press Limited
 Brunel Press Limited
 Chew Valley Gazette Limited
 Bristol Evening Post Limited
 BUP Properties Limited
 News of the West Limited
 Western Media FPC Limited

95% owned non-trading

Fine Line Films and Television Limited

NOTES TO THE FINANCIAL STATEMENTS
Year ended 4 October 2009

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£'000	£'000
Trade debtors	6,970	3,362
Amounts owed by group undertakings	194,469	140,366
Other debtors	200	501
Prepayments and accrued income	365	1,261
	<u>202,004</u>	<u>145,490</u>

The company operates the sales ledger for several fellow subsidiary companies of Northcliffe Media Limited.

11. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009	2008
	£'000	£'000
Amounts owed by group undertakings	<u>100</u>	<u>839</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£'000	£'000
Trade creditors	-	40
Amounts owed to group undertakings	197,820	141,146
Corporation tax	1,722	4,152
Other taxation and social security	1,790	409
Other creditors	70	12
Accruals and deferred income	1,528	1,342
	<u>202,930</u>	<u>147,101</u>

At the 2009 balance sheet date, the purchase ledger was operated by A&N Media Finance Services Limited, a fellow subsidiary of Daily Mail and General Trust plc (2008: operated by Northcliffe Media Limited).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 4 October 2009

13. PROVISIONS FOR LIABILITIES

	£'000
Deferred taxation	
At 29 September 2008	205
Prior year movement – excess of depreciation over capital allowances	(53)
Current year movement – depreciation and other timing differences	(97)
	<u>55</u>
At 4 October 2009	<u>55</u>

Deferred taxation provided in the financial statements is analysed as follows:

	2009 £'000	2008 £'000
Excess of depreciation over capital allowances	55	182
Pension fund contributions	-	23
	<u>55</u>	<u>205</u>

There is no unprovided deferred taxation.

Deferred taxation is expected to reverse at 28% (2008: 28%).

14. CALLED UP SHARE CAPITAL

	2009 £'000	2008 £'000
Authorised		
100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>
	£'000	£'000
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>-</u>	<u>-</u>

15. STATEMENT OF MOVEMENTS IN RESERVES

	£'000
Profit and loss account	
At 29 September 2008	6,582
Loss for the financial year	(1,298)
	<u>5,284</u>
At 4 October 2009	<u>5,284</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 4 October 2009

16. 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	-	12	-	-
- between one and two years	-	68	-	-
- between two and five years	-	62	35	73
- after five years	948	-	938	-
	<u>948</u>	<u>142</u>	<u>973</u>	<u>73</u>

17. CONTINGENT LIABILITIES

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 £46,000 (2008: £236,000).

Certain undertakings within the Northcliffe Media group are included in a group VAT registration. The contingent liability of Bristol News & Media Limited under the group VAT registration at 4 October 2009 was £4,974,000 (2008: £4,501,000).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 4 October 2009

18. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 4 October 2009

18. PENSION ARRANGEMENTS (continued)

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.

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 £776,000 (2008: £854,000)

Northcliffe Media Limited and its subsidiary companies are 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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 4 October 2009

19. 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.

20. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is 100% owned by Northcliffe Media 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, registered in England and Wales. Copies of the report and financial statements are available from:

The Company Secretary
Daily Mail and General Trust plc
Northcliffe House
2 Derry Street
Kensington
London
W8 5TT