

CLEVEDON NEWSPAPERS LIMITED

Report and Financial Statements

1 October 2006



REPORT AND FINANCIAL STATEMENTS 2006

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S Anderson-Dixon	(appointed 28 April 2006)
M J Hindley	(appointed 3 April 2006)
M P Pelosi	(appointed 3 April 2006)

SECRETARY

P S Collins

REGISTERED OFFICE

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

SOLICITORS

Foot Anstey
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BANKERS

The Royal Bank of Scotland plc
PO Box 34
15 Bishopsgate
London
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AUDITORS

Deloitte & Touche LLP
London

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, the audited financial statements and auditors' report for the year ended 1 October 2006

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 Northcliffe Newspapers division

The company's principal activity is the publishing of newspapers in Clevedon. The directors are not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming financial year

The performance of the Northcliffe Newspapers division of 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

As shown in the company's profit and loss account on page 7, the company's sales have decreased by £458,000 (14.6%) over the prior year. Operating profit and profit before taxation have both decreased by £9,000 (3.1%). Profit before tax was adversely affected by a 14.4% decrease in advertising revenue, together with increased newsprint and energy charges. These were offset by headcount reductions and other cost savings. In addition, in 2005 a special payment of £140,000 was made to the Harmsworth Senior Executive Pension Fund (2006: £nil).

The profit of the company after taxation for the financial year amounted to £193,000 (2005 restated: £200,000)

The directors paid a dividend of £596,000 (2005: £nil) for the year

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 2006 and 2005, are as follows:

	2006	2005 (restated)	% movement
Advertising revenues	£2,433,000	£2,841,000	(14.4%)
Other revenues	£240,000	£290,000	(17.2%)
Total turnover	£2,673,000	£3,131,000	(14.6%)
Operating profit	£280,000	£289,000	(3.1%)
% operating profit margin	10.5%	9.2%	1.3%
Employees (average number)	33	46	(28.3%)
Net assets	£105,000	£508,000	(79.3%)

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, compared to the prior year. This was due to dividends being declared and paid during the year, partly out of reserves built up in prior financial years.

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.

PRINCIPAL RISKS AND UNCERTAINTIES

Our business operates in highly competitive environments that can be subject to rapid change. Our products and services, and their means of delivery, may be affected by technological innovations, changing legislation, competitor activity or changing customer behaviour. A structural change in the advertising market, resulting in significant advertising moving away from our traditional products to the Internet, could significantly affect our results. We 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 our customers affect the performance of our business. A significant proportion of our revenue is derived from advertising spending which has historically been cyclical, with companies spending less on advertising in times of economic slowdown. We are also exposed to the risk that consumer and business spending patterns change. This may affect the demand for our products and services.

DIRECTORS' REPORT (continued)**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 AND THEIR INTERESTS

The names of the current directors of the company, with dates of appointment, are set out on page 1. In addition, A R J Calvert resigned on 6 April 2006.

Options to subscribe for 'A' ordinary non-voting shares of Daily Mail and General Trust plc are as follows:

	At 28 Apr 2006	Options granted	Options exercised	At 1 Oct 2006	Exercise price	Date from which exercisable	Expiry date
S Anderson-Dixon	12,000	-	-	12,000	£10.29	23 Dec 2002	23 Dec 2009
S Anderson-Dixon	15,000	-	-	15,000	£8.34	18 Dec 2003	18 Dec 2010
S Anderson-Dixon	10,000	-	-	10,000	£6.45	14 Dec 2004	14 Dec 2011
S Anderson-Dixon	10,000	-	-	10,000	£5.73	16 Dec 2005	16 Dec 2012
S Anderson-Dixon	7,500	-	-	7,500	£6.07	08 Dec 2006	08 Dec 2013
S Anderson-Dixon	8,000	-	-	8,000	£7.23	06 Dec 2007	06 Dec 2014
	<u>62,500</u>	<u>-</u>	<u>-</u>	<u>62,500</u>			

The interests of M J Hindley in Daily Mail and General Trust plc are disclosed in the annual report of Northcliffe Newspapers Group Limited.

The interests of M P Pelosi in Daily Mail and General Trust plc are disclosed in the annual report of Daily Mail and General Holdings Limited.

No director had any disclosable interests in any contract of significance at any stage during the 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 £nil (2005 £1,568) There were no political donations made by the company in the year (2005 £nil)

SUPPLIER PAYMENT POLICY

The company's policy 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 the company as at 1 October 2006 were equivalent to 18 days (2005 15 days) purchases, based on the average daily amount invoiced by suppliers during the year

AUDITORS

In the case of each of the persons who are directors 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 (as defined in the Companies Act 1985) 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 (as defined) 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 s234ZA of the Companies Act 1985

Deloitte & Touche 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

18th December 2006

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The directors are responsible for preparing the annual report including the financial statements. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the company and of the profit or loss of the company for that period. The financial statements should also comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to

- (a) select suitable accounting policies and then apply them consistently,
- (b) make judgements and estimates that are reasonable and prudent,
- (c) state whether applicable accounting standards have been followed, and
- (d) 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, 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 CLEVEDON NEWSPAPERS LIMITED

We have audited the financial statements of Clevedon Newspapers Limited for the year ended 1 October 2006 which comprise the profit and loss account, the balance sheet, the reconciliation of movement in shareholders' funds, the statement of total recognised gains and losses and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 1 October 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

Date *22 December 2006*

PROFIT AND LOSS ACCOUNT
Year ended 1 October 2006

	Note	2006 £'000	2005 £'000 (as restated - see note 17)
TURNOVER	2	<u>2,673</u>	<u>3,131</u>
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	280	289
Tax on profit on ordinary activities	6	<u>(87)</u>	<u>(89)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND PROFIT FOR THE FINANCIAL YEAR	13	<u>193</u>	<u>200</u>

All activities relate to continuing operations

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

BALANCE SHEET
At 1 October 2006

	Note	2006 £'000	2005 £'000 (as restated – see note 17)
FIXED ASSETS			
Tangible assets	8	383	427
CURRENT ASSETS			
Debtors			
- amounts falling due within one year	9	3,182	8,598
		<u>3,182</u>	<u>8,598</u>
CREDITORS: amounts falling due within one year	10	<u>(3,459)</u>	<u>(8,517)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(277)</u>	<u>81</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		106	508
PROVISIONS FOR LIABILITIES	11	<u>(1)</u>	<u>-</u>
NET ASSETS		<u>105</u>	<u>508</u>
CAPITAL AND RESERVES			
Called up share capital	12	11	11
Profit and loss account	13	94	497
TOTAL SHAREHOLDERS' FUNDS		<u>105</u>	<u>508</u>

These financial statements were approved by the Board of Directors on 18th December 2006

Signed on behalf of the Board of Directors



S Anderson-Dixon
Director

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Year ended 1 October 2006

	2006 £'000	2005 £'000 (as restated - see note 17)
Profit on ordinary activities after taxation	193	200
Dividends paid	(596)	-
	<hr/>	<hr/>
Net (decrease)/increase in shareholders' funds	(403)	200
Opening shareholders' funds (2005 originally £309,000 before deducting prior year adjustment of £1,000)	508	308
	<hr/>	<hr/>
Closing shareholders' funds	105	508
	<hr/>	<hr/>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 1 October 2006

	2006 £'000	2005 £'000 (as restated - see note 17)
Profit on ordinary activities after taxation	193	200
	<hr/>	<hr/>
Total recognised gains relating to the year	193	200
Prior year adjustment (as explained in note 17)	(99)	-
	<hr/>	<hr/>
	94	200
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 1 October 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Operating leases

Rentals payable relating to operating 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.

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 assets by equal annual instalments over their estimated useful lives as follows:

Freehold buildings (excluding land)	25 to 50 years
Long leasehold land and buildings	25 to 50 years
Fixtures, plant and equipment, and motor vehicles	4 to 12 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 1 October 2006

1. ACCOUNTING POLICIES (continued)

Pension costs

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.

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 ultimately 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.

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 publication of advertising or sale of newspapers. Other revenue is recognised as the goods or services are provided.

Turnover consists entirely of sales made in the United Kingdom.

3. OPERATING PROFIT

	2006		2005	
	£'000	£'000	£'000	£'000
			(as restated – see note 17)	
Turnover		2,673		3,131
Other operating charges	(1,634)		(1,801)	
Auditors' remuneration - audit fees	(8)		(6)	
Amounts paid under operating leases				
- plant and machinery	(4)		(6)	
Total other operating charges	(1,646)		(1,813)	
Staff costs	(693)		(982)	
Depreciation - owned assets	(54)		(47)	
		(2,393)		(2,842)
Operating profit		280		289

NOTES TO THE FINANCIAL STATEMENTS
Year ended 1 October 2006

4. EMPLOYEES

	2006	2005
	No.	No.
Average number of persons employed by the company by activity		
Publishing	33	46
	<u> </u>	<u> </u>
	£'000	£'000
Total staff costs comprised		(as restated - see note 17)
Wages and salaries	614	714
Social security costs	41	51
Pension contributions	38	217
	<u> </u>	<u> </u>
	693	982
	<u> </u>	<u> </u>

Staff costs include directors, except as disclosed in note 5

5. DIRECTORS' EMOLUMENTS

	2006	2005
	£'000	£'000
The emoluments of the directors of the company were as follows		
Aggregate emoluments (including benefits)	-	10
Compensation for loss of office	-	114
	<u> </u>	<u> </u>
	-	124
	<u> </u>	<u> </u>

The emoluments of A R J Calvert, to the date of his resignation, were paid by Wessex Newspapers and are excluded from the details above. It is not practicable to split his remuneration between the services provided to Clevedon Newspapers Limited and to other group companies. His remuneration is fully disclosed in the financial statements of Wessex Newspapers.

The emoluments of S Anderson-Dixon were paid by Bristol United Press Limited and are excluded from the details above. It is not practicable to split his remuneration between the services provided to Bristol United Press Limited and other group companies. His remuneration is fully disclosed in the financial statements of Bristol United Press Limited.

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 1 October 2006

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006 £'000	2005 £'000 (as restated - see note 17)
Corporation tax		
Corporation tax charge for the year	85	86
Deferred tax		
Timing differences, origination and reversal	2	3
Tax on profit on ordinary activities	<u>87</u>	<u>89</u>

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 30% (2005 30%) The current tax charge for the year is greater than 30% (2005 less than 30%) for the reasons set out in the following reconciliation

	£'000	£'000 (as restated - see note 17)
Profit on ordinary activities before taxation	<u>280</u>	<u>289</u>
Tax on profit on ordinary activities at standard rate	84	87
Factors affecting the charge		
Disallowable expenses	2	2
Capital allowances - timing differences	4	(3)
Short-term timing differences not provided	(5)	-
	<u>85</u>	<u>86</u>

The company is not aware of any factors, other than the above timing differences, that may materially affect the future tax charge

7. DIVIDENDS

	2006 £'000	2005 £'000
Ordinary paid of £55.97 (2005 £nil) per share	<u>596</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 1 October 2006

8. TANGIBLE FIXED ASSETS

	Long leasehold land and buildings £'000	Fixtures, plant, equipment, and motor vehicles £'000	Total £'000
Cost			
At 3 October 2005	377	299	676
Additions	-	10	10
Disposals	-	(7)	(7)
At 1 October 2006	377	302	679
Accumulated depreciation			
At 3 October 2005	67	182	249
Charge for the year	10	44	54
Disposals	-	(7)	(7)
At 1 October 2006	77	219	296
Net book value			
At 1 October 2006	300	83	383
At 2 October 2005	310	117	427

9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £'000	2005 £'000 (as restated - see note 17)
Amounts owed by group undertakings	3,137	8,564
Deferred tax asset (note 11)	-	1
Prepayments and accrued income	39	26
Other taxation and social security	6	7
	3,182	8,598

The company's sales ledger is operated by Bristol United Press Limited, a fellow subsidiary of Northcliffe Newspapers Group Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 1 October 2006

10 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£'000	£'000
Amounts owed to group undertakings	3,354	8,005
Corporation tax	85	320
Accruals and deferred income	20	192
	<u>3,459</u>	<u>8,517</u>

The company's purchase ledger is operated by Northcliffe Newspapers Group Limited, a parent company

11 PROVISIONS FOR LIABILITIES

	2006	2005
	£'000	£'000
		(as restated - see note 17)
Deferred taxation		
At 3 October 2005 (as restated – see note 17) (asset disclosed under note 9)	(1)	(4)
Movement for the year (note 6)	2	3
	<u>1</u>	<u>(1)</u>
At 1 October 2006		

Deferred taxation provided in the financial statements is analysed as follows

	2006	2005
	£'000	£'000
		(as restated - see note 17)
Excess of capital allowances over depreciation	<u>1</u>	<u>(1)</u>

There is no unprovided deferred taxation

12. CALLED UP SHARE CAPITAL

	2006	2005
	£'000	£'000
Authorised, allotted, called up and fully paid		
10,648 ordinary shares of £1 each	<u>11</u>	<u>11</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 1 October 2006

13. STATEMENT OF MOVEMENTS ON RESERVES

	£'000
Profit and loss account	
At 3 October 2005 as previously stated	596
Prior year adjustment (see note 17)	(99)
	<hr/>
At 3 October 2005 as restated	497
Profit for the financial year	193
Dividends paid (note 7)	(596)
	<hr/>
At 1 October 2006	<u>94</u>

14. FINANCIAL COMMITMENTS

The company has annual commitments of £5,000 (2005 £5,000) under plant related, non-cancellable operating leases as follows

	2006 £'000	2005 £'000
Expiring		
- within one year	5	-
- between one and two years	-	5
	<hr/>	<hr/>
	<u>5</u>	<u>5</u>

15. CONTINGENT LIABILITIES

Certain undertakings within the Northcliffe Newspapers Group are included in a group VAT registration. The contingent liability of Clevedon Newspapers Limited under the group VAT registration at 1 October 2006 was £2,479,000 (2005 £2,731,000)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 1 October 2006

16. PENSION ARRANGEMENTS

The company operates pension schemes under which contributions are paid by the employer and employees

Harmsworth Pension Scheme

The Harmsworth Pension Scheme is the principal scheme for the company

The schemes for most employees are defined benefit pension arrangements, providing service-related benefits based on final pensionable salary. The assets of the schemes are held independently from the company's finances and are administered by trustee companies. The contributions payable to the schemes are determined by the trustee companies after taking advice from an independent qualified actuary, and following agreement with the company. The most recent actuarial valuation of the schemes, upon which the current contributions are based, was carried out as at 31 March 2004 and the key financial assumptions adopted were as follows

Price inflation	2.75% p a
Salary increases	4.5% p a
Pension increases	2.75% p a
Investment return	7.0% p a
Discount rate for accrued liabilities	6.6% p a

The results of the actuarial valuations of the principal schemes as at 31 March 2004 indicated an aggregate deficit of £22.1 million (after taking account of certain events that took place shortly after the valuation date). Allowing for this deficit, and the changes to the benefits under the schemes effective from 1 April 2005, the trustee companies and the company agreed to increase the employers' contribution rate from 15% to 18% of pensionable salaries with effect from 1 October 2004.

The company cash contribution rate to the principal schemes during the current year was therefore 18% of pensionable salaries (2005: 18%).

The principal scheme has a two-tiered benefit structure represented by a "Standard" section and a "Pension +" section. In the "Standard" section, employees pay contributions of 5% of pensionable salaries and have benefits based on a normal retirement age of 65. Under the "Pension +" section, employees currently pay contributions of 7%, rising to 7.5% on 1 July 2007, and enjoy a higher benefit accrual rate and lower normal retirement age than in the "Standard" section. The scheme remains open to eligible new employees who, after one year's service, can join the "Standard" section with an option to join the "Pension +" section after a further four years' service.

The pension charge for the year ended 1 October 2006 was £38,000 (2005 restated: £217,000).

A prepayment of £15,000 (2005 restated: £nil) is included under debtors, representing advance contributions paid for the financial year ending 30 September 2007, paid in accordance with the schedule of contributions currently in force.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 1 October 2006

16. PENSION ARRANGEMENTS (continued)

FRS 17 'Retirement benefits'

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 scheme is therefore accounted for as a defined contribution scheme 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 UK parent company, Daily Mail and General Trust plc, is required to account for the defined benefit scheme under International Accounting Standard 19, 'Employee benefits' ('IAS 19'). The IAS 19 disclosures in the annual report and financial statements of Daily Mail and General Trust plc have been based on the results of the actuarial valuation of the defined benefit scheme as at 31 March 2004 adjusted to allow for the assumptions and actuarial methodology required by IAS 19 and updated to 1 October 2006 by the scheme's actuary. These showed that the market value of the principal scheme's assets was £584.2 million (2005 - £531.9m) and that the actuarial value of these assets represented 87.6% (2005 - 84.9%) of the benefits that had accrued to members (also calculated in accordance with IAS 19). 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. PRIOR YEAR ADJUSTMENT

The prior year adjustment arises as the company adopts FRS 17, 'Accounting for retirement benefits', and, as such, has ceased to account for pension costs under SSAP 24. This has resulted in the pension prepayment previously accounted for as a debtor to be removed as a prior year adjustment. The comparative figures in the other primary statements and notes have been restated to reflect the new policy.

The effect of the change in policy is summarised below:

	2005 £'000
Profit and loss account	
(Increase) in staff costs	(140)
Decrease in deferred taxation charge for the year	42
	<hr/>
(Decrease) in profit on ordinary activities after taxation for the year	(98)
	<hr/>
Balance sheet	
(Decrease) in prepayments and accrued income falling due after one year	(141)
Decrease in deferred tax liability	42
	<hr/>
(Decrease) in net assets	(99)
	<hr/>
(Decrease) in brought forward reserves	(99)
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 1 October 2006

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS 8, 'Related party disclosures', not to disclose related party transactions between companies which are 90% owned by the ultimate parent company

As part of a relocation, an interest free bridging loan of £82,500 was given by Northcliffe Newspapers Group Limited to S Anderson-Dixon during the current financial year. The whole amount was still outstanding as at 1 October 2006

19. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is 100% owned by Western Newspapers Limited, a wholly owned subsidiary of Northcliffe Newspapers Group 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