Registration number 3961514

Associated London Distribution Limited

Directors' Report and Financial Statements

for the Year ended 2 October 2011

Associated London Distribution Limited

Contents

Associated London Distribution Limited

Company Information

Directors	L Grant J D Leitch
Company secretary	F L Sallas
Registered office	1 Surrey Quays Road London SE16 7ND
Bankers	The Royal Bank of Scotland plc Corporate Services PO Box 34 15 Bishopsgate London EC2P 2AP
Solicitors	Freshfields Bruckhaus Deringer Whitefriars 65 Fleet Street London EC4Y 1HT
Auditors	Deloitte LLP Chartered Accountants London United Kingdom

Associated London Distribution Limited

Directors' Report for the Year Ended 2 October 2011

The directors present their annual report on the affairs of the Company, together with the financial statements for the period from 4 October 2010 to 2 October 2011

Principal activity
The principal activity of the Company is that of providing a distribution service for newspaper and magazine products

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

Future developments
The directors expect the general level of activity of the Company to remain consistent with the current year and the Company's principal activities are not expected to change substantially

There have been no significant events since the balance sheet date

Going Concern
The Company has net current liabilities as at 2 October 2011 and is reliant on the support of its ultimate parent company, Daily Mail and General Trust plc ("DMGT"), to be able to meet its liabilities as they fall due DMGT has confirmed that it will provide such financial support as might be necessary 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

Business review

Principal risks and uncertainties
The principal risks and uncertainties facing the Company come from the media businesses and the effect this may have on the demand for distribution services The Company will respond to these pressures by continuing to focus on maintaining and, where appropriate, investing in its vehicle fleet and human resource, in order to ensure it retains the capacity and capability to respond positively to any changes in the market place

.. .. *(continued)*

Employees
Details of the number of company employees and related costs can be found in the notes to the financial statements

Employment of disabled persons
Applications for employment by disabled persons 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

Employee involvement
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

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 recycling and reducing energy consumption

Results and dividends
The profit of the Company after taxation for the year amounted to £16,000 (2010 loss of £2,000)

No dividends were paid during the year (2010 £nil)

There has been a prior period adjustment made to turnover which has no effect on margin

The Company's key financial and other performance indicators during the period were as follows

	Unit	2011	2010
Total turnover	£	8,639,000	7,081,000
Operating profit	£	29,000	3,000
Profit/(loss) after tax	£	16,000	(2,000)
Employees (average number)	FTE	123	115
Net liabilities	£	(18,000)	(34,000)

... .. (continued)

Directors of the Company

The directors who held office during the period and up to the date of this report were as follows

D Ausling (resigned 29 February 2012)

R Mead (resigned 11 April 2011)

S A Auckland (resigned 21 March 2011)

L Grant (appointed 21 March 2011)

J D Leitch

Policy on payment of suppliers

As stated in creditors note 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 The policy of ANMFS, and companies using ANMFS' 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 2 October 2011 were equivalent to 24 days (2010 24 days) purchases, based on the average daily amount invoiced by suppliers during the year

Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that

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

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

..... *(continued)*

Reappointment of auditors

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting

Approved by the Board on 26/6/12 and signed on its behalf by

L Grant
Director

Associated London Distribution Limited

Directors' Responsibilities Statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have 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 apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- 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 Associated London Distribution Limited

We have audited the financial statements of Associated London Distribution Limited for the period from 4 October 2010 to 2 October 2011, which comprise the Profit and Loss Account, Balance Sheet, Reconciliation of Movement in Shareholders' Funds and Notes to the Financial Statements - notes 1 to 16 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 Chapter 3 of Part 16 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 auditor's 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 (set out on page 6), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 2 October 2011 and of its profit for the period 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 period for which the financial statements are prepared is consistent with the financial statements

Independent Auditors' Report to the Members of
Associated London Distribution Limited

... . *(continued)*

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

M.L.Lee-Amies

Mark Lee-Amies (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Chartered Accountants & Statutory Auditors
London, UK

Date 28/6/2012.

Associated London Distribution Limited
Profit and Loss Account for the Year Ended 2 October 2011

Turnover and operating profit derive wholly from continuing operations

	Note	Year ended 2 October 2011 £ 000	As restated Year ended 3 October 2010 £ 000
Turnover		8,639	7,081
Net operating expenses		(8,610)	(7,078)
Operating profit	2	29	3
Tax charge on profit on ordinary activities	3	(13)	(5)
Profit/(loss) for the financial period		16	(2)

The Company has no recognised gains or losses for the period other than the results above and therefore no separate statement of recognised gains and losses has been presented

For details of the prior year restatement refer to note 12

There is no difference between the profit/(loss) for the periods stated above, and their historical cost equivalents

The notes on pages 12 to 23 form an integral part of these financial statements

Associated London Distribution Limited

(Registration number. 3961514)

Balance Sheet at 2 October 2011

	Note	2 October 2011 £ 000	3 October 2010 £ 000
Fixed assets			
Tangible fixed assets	6	348	596
Current assets			
Debtors	7	695	6,042
Creditors Amounts falling due within one year	8	(1,059)	(6,672)
Net current liabilities		(364)	(630)
Total assets less current liabilities		(16)	(34)
Provisions for liabilities		(2)	-
Net liabilities		(18)	(34)
Share Capital and Reserves			
Called up share capital	10	-	-
Profit and loss account	11	(18)	(34)
Shareholders' deficit		(18)	(34)

Approved by the Board on 26/6/12 and signed on its behalf by

L Grant
Director

The notes on pages 12 to 23 form an integral part of these financial statements

Associated London Distribution Limited

Reconciliation of Movement in Shareholders' Funds for the Year Ended 2 October 2011

	Year ended 2 October 2011 £ 000	Year ended 3 October 2010 £ 000
Profit/(loss) attributable to the members of the Company	16	(2)
Net addition/(reduction) to Shareholders' Funds	16	(2)
Shareholders' deficit at start of period	(34)	(32)
Shareholders' deficit at end of period	(18)	(34)

The notes on pages 12 to 23 form an integral part of these financial statements

1 Accounting policies

Basis of preparation

The accounting policies below have been applied on a consistent basis in both the current and prior periods The annual financial statements are made up to the Sunday nearest to 30 September The financial period ended 2 October 2011 consists of 52 weeks

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

Going concern

The Company has net current liabilities as at 2 October 2011 and is reliant on the support of its ultimate parent company, Daily Mail and General Trust plc ("DMGT"), to be able to meet its liabilities as they fall due DMGT has confirmed that it will provide such financial support as might be necessary 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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates ruling at the balance sheet date Revenue items are translated at the exchange rate on the date of the transaction, except where they are covered by forward contracts, in which case the forward rate is used All exchange differences are included in the profit and loss account

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax

Deferred tax 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 financial statements Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings 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

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 service of distributing newspaper and magazine products 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

Pensions
The Company participates in the DMGT Group's defined benefit pension schemes and defined contribution schemes

As it is not possible to identify the Company's share of the underlying assets and liabilities of the Group's defined benefit pension schemes on a consistent and reasonable basis, in accordance with FRS 17, the defined benefit schemes are accounted for as if they were defined contribution schemes The Company's contributions to both the defined benefit and defined contribution pension schemes are charged to the profit and loss account on an accruals basis as they become payable

Cash flow
The Company is a wholly owned subsidiary of Daily Mail and General Trust plc (DMGT) and the cash flows of the Company are included in the consolidated cash flow of that company Consequently the Company is exempt under the terms of FRS 1(revised) from publishing a separate cash flow statement

Related party transactions
The Company has taken advantage of the exemptions under paragraph 3(c) of FRS 8 not to disclose transactions or balances with entities that are wholly owned by the DMGT Group

Hire purchase and leasing
Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

2 Operating profit

Operating profit is stated after charging/ (crediting)

	Year ended 2 October 2011 £ 000	Year ended 3 October 2010 £ 000
Operating leases - plant and machinery	391	-
Operating leases - other assets	10	13
Fees payable to the Company's auditors for the audit of the Company's annual accounts	3	3
(Profit)/loss on sale of tangible fixed assets	(6)	-
Depreciation of owned tangible fixed assets	180	275

Turnover and net operating expenses have been adjusted in the prior year to better reflect the substance of the certain transactions This adjustment has been accounted for by restating the comparative figures for the preceding period as disclosed on the face of the profit and loss account as illustrated below This has no impact on operating profit nor the tax charge

For details of the prior year restatement refer to note 12

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

3 Taxation

Tax on profit on ordinary activities

	Year ended 2 October 2011 £ 000	Year ended 3 October 2010 £ 000
Current tax		
Corporation tax charge at 27% (2010 28%)	12	18
Adjustments in respect of previous years	(1)	61
Current tax charge	11	79
Deferred tax		
Origination and reversal of timing differences	1	(15)
Deferred tax adjustment relating to previous years	1	(59)
Total deferred tax	2	(74)
Tax charge on profit on ordinary activities	13	5

Factors affecting current tax charge for the period

Tax on profit on ordinary activities for the year is higher than (2010 higher than) the standard rate of corporation tax in the UK of 27% (2010 28%) The differences are reconciled below

	Year ended 2 October 2011 £ 000	Year ended 3 October 2010 £ 000
Profit on ordinary activities before taxation	29	3
Corporation tax at standard rate (27% (2010 28%))	8	1
Fixed asset timing differences	4	16
Expenses not deductible for tax purposes	-	1
Adjustments in respect of prior years	(1)	61
Total current tax	11	79

Factors that may affect future tax charges

Legislation reducing the main rate of corporation tax from 28% to 26% with effect from 1 April 2011 was substantively enacted during the period Accordingly, current tax has been provided for at an effective rate of 27% in these financial statements Further reductions to the main rate of corporation tax of 1% per annum to 23% by 1 April 2014 have been announced by the government and the reduction to 25% was substantively enacted on 19 July 2011

In the 2012 Budget, issued on 21 March 2012, the Chancellor announced that the main rate of corporation tax would be further reduced to 24% with effect from 1 April 2012, with further annual 1% rate reductions down to 22% by 1 April 2014 As these future rate reductions had not been enacted at the balance sheet date, they have not been reflected in these financial statements The effect of these tax rate reductions will be accounted for in the period they are substantively enacted If the deferred tax assets and liabilities of the Company were all to reverse after 2014, the effect of the changes in the rate of tax would be to reduce the net deferred tax asset by £1,400 To the extent that the deferred tax asset reverses more quickly than this, the impact on the net deferred tax asset will be reduced

4 Particulars of employees

The aggregate payroll costs were as follows

	Year ended 2 October 2011 £ 000	Year ended 3 October 2010 £ 000
Wages and salaries	4,462	4,097
Social security costs	281	266
Staff pensions	133	168
	4,876	4,531

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows

	Year ended 2 October 2011 No	Year ended 3 October 2010 No
Distribution	123	115

5 Directors' remuneration

The directors' remuneration for the period was as follows

	Year ended 2 October 2011 £ 000	Year ended 3 October 2010 £ 000
Aggregate emoluments (including benefits in kind)	88	167

Included within the aggregate emoluments figure above are £10,000 (2010 £62,000) of performance related bonuses payable to certain directors by Associated Newspapers Limited, a parent company These costs are not recharged to the Company

The emoluments of L Grant, J D Leitch, R Mead (to date of resignation) and S A Auckland (to date of resignation) were paid by Associated Newspapers Limited and are excluded from the details above It is not practicable to split their remuneration between the services provided to Associated Newspapers Limited and its subsidiary companies L Grant is a director of Associated Newspapers Limited and her remuneration is fully disclosed in the accounts of that company

6 Tangible fixed assets

	Motor vehicles £ 000	Total £ 000
Cost or valuation		
At 4 October 2010	1,665	1,665
Disposals	(618)	(618)
At 2 October 2011	1,047	1,047
Depreciation		
At 4 October 2010	1,069	1,069
Charge for the period	180	180
Eliminated on disposals	(550)	(550)
At 2 October 2011	699	699
Net book value		
At 2 October 2011	348	348
At 3 October 2010	596	596

7 Debtors

	2 October 2011 £ 000	3 October 2010 £ 000
Trade debtors	298	357
Amounts owed by group undertakings	132	5,595
Other debtors	40	11
Deferred tax	72	74
Prepayments and accrued income	153	5
	695	6,042

The amounts due from group companies are repayable on demand and interest free

8 Creditors Amounts falling due within one year

	2 October 2011 £ 000	3 October 2010 £ 000
Bank loans and overdrafts	-	3
Amounts owed to group undertakings	426	6,315
Corporation tax	13	115
Other taxes and social security	-	2
Other creditors	-	1
Accruals & deferred income	620	236
	1,059	6,672

The amounts owed to group companies are repayable on demand and interest free

The purchase ledger is operated by A&N Media Finance Services Limited, a fellow subsidiary of Daily Mail and General Trust plc

The payroll is also operated by A&N Media Finance Services Limited and PAYE creditor is disclosed in the accounts of that company

9 Deferred tax asset

The movement in the deferred tax asset in the period is as follows

	2 October 2011 £ 000	3 October 2010 £ 000
At start of the period	74	-
Deferred tax (charged)/credited to the profit and loss account	(2)	74
At end of the period	72	74

Analysis of deferred tax

	2 October 2011 £ 000	3 October 2010 £ 000
Difference between accumulated depreciation and capital allowances	72	74
	72	74

The directors are of the opinion that it is more likely than not that the level of profits in future financial periods in the Company and the wider UK group will be sufficient to recover the recognised deferred tax asset

10 Share capital

Allotted, called up and fully paid shares

	2 October 2011		3 October 2010	
	No	£	No	£
Ordinary shares of £1 each	2	2	2	2

There are 100 Authorised ordinary shares of £1 each totalling £100 (2010 £100)

11 Reserves

	Profit and loss account £ 000	Total £ 000
At 4 October 2010	(34)	(34)
Profit for the period	16	16
At 2 October 2011	(18)	(18)

12 Prior period adjustments

Turnover and net operating expenses have been adjusted in the prior year to better reflect the substance of certain transactions This adjustment has been accounted for by restating the comparative figures for the preceding period as disclosed on the face of the profit and loss account as illustrated below This has no impact on operating profit nor the tax charge

Profit and loss account	2010 published £'000	Restatement £'000	2010 restated £'000
Turnover	6,052	1,029	7,081
Net operating expenses	6,049	1,029	7,078

13 Contingent liabilities

Certain undertakings within the group's A&N Media division are included in a group VAT registration The contingent liability of Associated London Distribution Limited under the group VAT registration at 2 October 2011 was £4,349,000 (2010 £4,191,000)

14 Pension schemes

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

AN PensionSaver

AN PensionSaver is 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 Company participates in the Harmsworth Pension Scheme, a defined benefit scheme operated by the Daily Mail and General Trust plc (DMGT), providing service-related benefits The assets of the scheme are held independently from the Company's finances and are administered by a trustee company The scheme is no longer offered to new employees of the Company

With effect from 1 April 2011 the benefit design of the scheme changed significantly to align with DMGT's objective of controlling risk and cost going forward On the same date the scheme also ceased to be contracted-out of the State Second Pension The scheme continues to operate on a defined benefit basis but total benefits are no longer linked to final salary These changes do not affect benefit entitlements accrued by members prior to 1 April 2011 Benefits accrued up to 31 March 2011 are protected on a final salary basis, but they have been de-linked from pensionable salary This part of a member's benefit will instead be increased in line with the retail price index (RPI), capped at 5%

From 1 April 2011 benefits are accrued on a cash basis rather than a pension basis with members building up a retirement account (a cash balance which is used to buy an annuity from an insurance company at retirement) The accumulated retirement account is calculated on a Career Average Revalued Earnings (CARE) basis using pensionable pay history

DMGT communicated these changes through a formal employee consultation process that ended in February 2011

The scheme was closed to new employees with effect from 1 October 2009 and will fully close to new entrants on 31 March 2012 Full actuarial valuations of the defined benefit scheme is carried out triennially by the actuary The latest valuation as at 31 March 2010 was signed on 30 June 2011 along with a new schedule of contributions In view of the closure of the scheme to new entrants, it was agreed to use a control period, over which the future contribution rate is assessed, equal to the average working lifetime of the active membership, known as the attained age method The valuation as at 31 March 2010 and the funding basis arising from it makes allowance for the scheme changes described above

The rates of normal cash contributions paid by the Company to the scheme under the two schedules of contributions in force during the year were 18 0% of members' scheme salaries (2010 18 0 %) for the six-month period to 31 March 2011 (with employees contributing either 5 0% or 7 5% depending on which section of the scheme they are in), followed by six-months from 1 April 2011 of the equivalent of 10 0% of members' basic salary for the 'Standard' section (with members contributing 4%) and 15 0% of members' basic salary for the 'Plus' section (with members contributing 6 0%) As a part of funding agreements with the trustees of the main schemes DMGT has agreed Recovery Plans involving a series of annual funding payments amounting to £265 9 million over a period to end on 5 October 2023 The first of these payments amounting to £36 7 million was made by DMGT post year-end on 5 October 2011 The normal and deficit funding payments described above are subject to review following subsequent actuarial valuations

The contributions payable to the scheme are determined by the trustee company after taking advice from an independent qualified actuary and following agreement with DMGT

The funding strategy agreed with the trustee of the scheme in connection with the 2007 valuation 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) DMGT agreed with the trustee that this margin would be covered by a contingent asset and DMGT 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 2010 triennial valuation As at 2 October 2011, the letter of credit had a value of £53 6 million (2010 £46 9 million)

Pension arrangements

Price inflation RPI - 3 5% pa
Price inflation CPI - 2 9% pa
Salary increases - 3 3% pa
Pension increases (on excess over GMP*) - 3 3% pa

Discount rate for accrued liabilities
Pre-retirement - 6 5% pa
Post-retirement - 4 9% pa

** Guaranteed minimum pension (GMP) is the minimum pension that a scheme must legally provide by being contracted out of the earnings-related part of the State Pension*

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 scheme showed that the combined accumulated assets of the scheme as at 31 March 2010 and taking account of the scheme changes from 1 April 2011 represented 83% of the scheme's Technical Provisions in respect of past service benefits Recent quarterly updates provided to the trustee indicate that the funding position has since deteriorated in common with most other defined benefit plans

Members are able to make additional voluntary contributions (AVCs) into unit-linked funds held within each scheme No benefit obligation arises to DMGT, 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 Company and its fellow subsidiaries which contribute to the scheme 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 (ie 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 being carried out for the formal valuation of the scheme as at 31 March 2010, and adjusted to 2 October 2011 to take account of membership data as at 30 September 2011 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 £1,333 6 million (2010 £1,342 6 million) and that the actuarial value of these assets represented 83 0% (2010 86 2%) of the benefits that had accrued to members (also calculated in accordance with IAS 19) resulting in a reported deficit of £273 2 million at 2 October, 2011 (2010 £214 3m 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

Pension costs charge for the year	**2011 £000**	**2010 £000**
Harmsworth Pension Scheme	133	168
Total P&L charge for the year	133	168

15 Commitments

Operating lease commitments

As at 2 October 2011 the Company had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	2 October 2011 £ 000	3 October 2010 £ 000
Other		
Within one year	57	-
Within two and five years	265	-
	322	-

16 Ultimate parent company and controlling party

The Company is controlled by Rothermere Continuation Limited which is incorporated in Bermuda The ultimate controlling party is the Viscount Rothermere, who is a director of Daily Mail and General Trust plc The Company's immediate parent undertaking at the balance sheet date was Daily Mail and General Trust plc

The largest and smallest group of which the company is a member and for which Group Accounts are drawn up is that of Daily Mail and General Trust plc, incorporated in Great Britain Copies of the Report and Accounts are available from

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