

**THE WESTERN GAZETTE COMPANY
LIMITED**

Report and Financial Statements

30 September 2007

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REPORT AND FINANCIAL STATEMENTS 2007

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Dean
A J Hazell
M J Hindley
M P Pelosi

SECRETARY

P S Collins

REGISTERED OFFICE

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

SOLICITORS

Foot Anstey
21 Derry's Cross
Plymouth
Devon
PL1 2SW

BANKERS

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

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 30 September 2007

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 Media division

The company's principal activities are the publishing of newspapers in Somerset and Dorset. 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 Media division of Daily Mail and General Trust plc, which includes the company, is discussed in the group's annual report (available on www.dmg.com) which does not form part of this report

As shown in the company's profit and loss account on page 7, the company's operating profit has decreased by £53,000 (2.6%). This reduction is largely attributable to lower circulation revenue. The savings due to headcount reduction in the year (staff costs down £148,000 this year) have been largely offset by increased staff severance costs incurred in the year (up £132,000)

The profit of the company for the financial year after taxation amounted to £1,389,000 (2006 £1,440,000)

The directors paid a dividend of £45.00 (2006 £50.30) per share

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 2007 and 2006, are as follows

	2007	2006	% movement
Advertising revenues	£5,324,000	£5,343,000	(0.4%)
Circulation revenues	£863,000	£922,000	(6.4%)
Other revenues	£293,000	£271,000	8.1%
Total turnover	£6,480,000	£6,536,000	(0.9%)
Operating profit	£2,016,000	£2,069,000	(2.6%)
% operating profit margin	31.1%	31.7%	(0.6%)
Employees (average number)	79	87	9.2%
Net assets	£1,025,000	£1,436,000	(28.6%)

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 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, all of whom held office throughout the year, are set out on page 1. In addition, M J Heal resigned on 20 October 2006.

During the year ended 30 September 2007, two directors of the company exercised share options to acquire 'A' ordinary shares in Daily Mail and General Trust plc, a parent company.

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

SUPPLIER PAYMENT POLICY

As stated in note 10 to these financial statements, the Company's purchase ledger is operated by Northcliffe Media Limited ("Northcliffe"), a parent company. Northcliffe'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 Northcliffe as at 30 September 2007 were equivalent to 16 days (2006: 18 days) purchases, based on the average daily amount invoiced by suppliers during the year.

CHARITABLE AND POLITICAL DONATIONS

Charitable donations made by the company in the year amounted to £2,389 (2006: £2,120). There were no political donations made by the company in the year (2006: £nil).

DIRECTORS' REPORT (continued)

AUDITORS

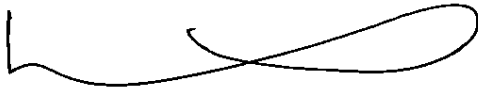
In the case of each of the persons who are directors of the company at the date when this report is approved

- 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

Date 25th January 2008

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). The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 proper accounting records that 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 1985. 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 THE WESTERN GAZETTE COMPANY LIMITED

We have audited the financial statements of The Western Gazette Company Limited for the year ended 30 September 2007 which comprise the profit and loss account, the balance sheet, the note of historical cost profits and losses, the reconciliation of movement in shareholders' funds and the related notes 1 to 18. 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 30 September 2007 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 11 / 2 / 2008

THE WESTERN GAZETTE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2007

	Note	2007 £'000	2006 £'000
TURNOVER	2	<u>6,480</u>	<u>6,536</u>
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	2,016	2,069
Tax on profit on ordinary activities	6	<u>(627)</u>	<u>(629)</u>
PROFIT FOR THE FINANCIAL YEAR	13	<u>1,389</u>	<u>1,440</u>

All activities relate to continuing operations

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

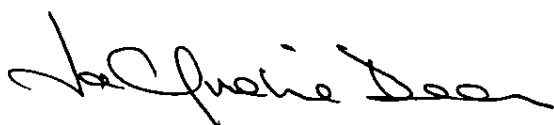
THE WESTERN GAZETTE COMPANY LIMITED

BALANCE SHEET
At 30 September 2007

	Note	2007		2006	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	8		251		366
CURRENT ASSETS					
Debtors					
- amounts falling due within one year	9	11,810		8,182	
Cash at bank and in hand		7		-	
		<u>11,817</u>		<u>8,182</u>	
CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR					
	10	<u>(11,043)</u>		<u>(7,112)</u>	
NET CURRENT ASSETS					
			<u>774</u>		<u>1,070</u>
NET ASSETS					
			<u>1,025</u>		<u>1,436</u>
CAPITAL AND RESERVES					
Called up share capital	12		200		200
Other reserves	13		47		47
Revaluation reserve	13		10		15
Profit and loss account	13		768		1,174
SHAREHOLDERS' FUNDS					
			<u>1,025</u>		<u>1,436</u>

These financial statements were approved by the Board of Directors on 25th January 2008

Signed on behalf of the Board of Directors



J Dean
Director

THE WESTERN GAZETTE COMPANY LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 30 September 2007

	2007	2006
	£'000	£'000
Profit on ordinary activities before taxation	2,016	2,069
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on revalued amounts	5	5
Historical cost profit on ordinary activities before taxation	<u>2,021</u>	<u>2,074</u>
Historical cost profit on ordinary activities after taxation	<u>1,394</u>	<u>1,445</u>

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
Year ended 30 September 2007

	2007	2006
	£'000	£'000
Profit for the financial year	1,389	1,440
Dividends	(1,800)	(2,012)
Net decrease in shareholders' funds	<u>(411)</u>	<u>(572)</u>
Opening shareholders' funds	1,436	2,008
Closing shareholders' funds	<u>1,025</u>	<u>1,436</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2007

1. ACCOUNTING POLICIES

The company's financial year is the 52 week period ended 30 September 2007. The comparative figures are for the 52 week period ended 1 October 2006. 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, modified to include the revaluation of certain tangible fixed assets.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation, adjusted for the revaluation of certain properties.

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

The company has not adopted a policy of revaluation but, in line with FRS 15, 'Tangible fixed assets', is carrying certain tangible fixed assets at amounts reflecting revaluations made prior to the implementation of the standard.

Depreciation

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

Freehold buildings	10 to 50 years
Fixtures, plant, equipment, and motor vehicles	4 to 12 years

Freehold land is not depreciated.

Depreciation on freehold buildings and leasehold properties is based on cost or valuation where properties have been revalued.

Leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

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 30 September 2007

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 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 the publication of advertising or on the sale of newspapers and other publications. 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 PROFIT	2007		2006	
	£'000	£'000	£'000	£'000
Turnover		6,480		6,536
Other operating charges	(2,592)		(2,574)	
Auditors' remuneration - audit fees	(7)		(6)	
Amounts paid under operating leases - plant and machinery	(10)		(14)	
Total other operating charges	(2,609)		(2,594)	
Staff costs	(1,632)		(1,780)	
Depreciation - owned assets	(119)		(121)	
Staff severance costs	(104)		28	
		<u>(4,464)</u>		<u>(4,467)</u>
Operating profit		<u>2,016</u>		<u>2,069</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2007

4. EMPLOYEES

	2007	2006
	No.	No
The average number of persons employed by the company by activity		
Publishing	79	87
	<u>79</u>	<u>87</u>
	£'000	£'000
 Total staff costs comprised		
Wages and salaries	1,403	1,516
Social security costs	100	107
Pension costs	129	157
	<u>1,632</u>	<u>1,780</u>

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

5. DIRECTORS' EMOLUMENTS

	2007	2006
	£'000	£'000
The emoluments of the directors of the company were as follows		
Aggregate emoluments (including benefits)	98	177
Compensation for loss of office	70	-
	<u>168</u>	<u>177</u>

Included within the aggregate emoluments figure above are £26,000 (2006 £27,000) of performance related bonuses payable to certain directors by Northcliffe Media Limited, the parent company

Of the directors at 30 September 2007 who received emoluments during the year, retirement benefits are accruing to one under a defined benefit scheme (2006 two)

The emoluments of A J Hazell are paid by Cornwall & Devon Media Limited and are excluded from the details above. It is not practicable to split his remuneration between the services provided to Cornwall & Devon Media Limited and fellow group companies. His remuneration is fully disclosed in the financial statements of Cornwall & Devon Media Limited

The emoluments of M P Pelosi and M J Hindley are 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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2007

6. TAX ON PROFIT ON ORDINARY ACTIVITIES	2007 £'000	2006 £'000
Corporation tax		
Corporation tax charge for the year	633	617
Over provision from prior years	-	(3)
	<u>633</u>	<u>614</u>
Deferred tax		
Timing differences, origination and reversal	(6)	15
	<u>627</u>	<u>629</u>

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 30% (2006 30%) The current tax charge for the year is more than 30% (2006 less than 30%) for the reasons set out in the following reconciliation

	£'000	£'000
Profit on ordinary activities before taxation	<u>2,016</u>	<u>2,069</u>
Tax on profit on ordinary activities at standard rate	605	621
Factors affecting the charge		
Disallowable expenses	2	10
Capital allowances - timing differences	12	(4)
Other short-term timing differences	14	(10)
Over provision from prior years	-	(3)
	<u>633</u>	<u>614</u>

Factors affecting future tax charges

The reduction in the corporation tax rate to 28% is not anticipated to materially affect the future tax charge

7. DIVIDENDS	2007 £'000	2006 £'000
Ordinary dividend paid of £45 00 (2006 £50 30) per share	<u>1,800</u>	<u>2,012</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2007

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Fixtures, plant, equipment, and motor vehicles £'000	Total £'000
Cost or valuation			
At 2 October 2006	368	785	1,153
Additions	-	4	4
At 30 September 2007	368	789	1,157
Accumulated depreciation			
At 2 October 2006	248	539	787
Charge for the year	32	87	119
At 30 September 2007	280	626	906
Net book value			
At 30 September 2007	88	163	251
At 1 October 2006	120	246	366
Cost or valuation at 30 September 2007 is represented by			
	£'000	£'000	£'000
Cost	32	789	821
Valuation	336	-	336
	368	789	1,157

Land and buildings at Sherborne Road, Yeovil, were revalued at March 1998 by the directors at open market value for existing use. The company has taken advantage of the transitional provisions of FRS 15 and retained the book amounts of certain freehold properties which were revalued prior to the implementation of the standard.

If the freehold land and buildings had not been revalued, they would have been included in the following amounts

	2007 £'000	2006 £'000
Historical cost	305	305
Depreciation based on cost	(227)	(200)
Net book value	78	105

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2007

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2007 £'000	2006 £'000
Trade debtors	387	956
Amounts owed by group undertakings	11,325	7,116
Deferred tax asset (note 11)	18	12
Prepayments and accrued income	80	98
	<u>11,810</u>	<u>8,182</u>
10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2007 £'000	2006 £'000
Trade creditors	-	9
Amounts owed to group undertakings	9,410	6,067
Corporation tax	1,250	617
Other taxation and social security	256	339
Accruals and deferred income	127	80
	<u>11,043</u>	<u>7,112</u>

The purchase ledger is operated by Northcliffe Media Limited, a parent company

11. DEFERRED TAXATION ASSET	£'000	
At 2 October 2006 (see note 9)		12
Movement for the year (note 6)		6
		<u>18</u>
At 30 September 2007 (see note 9)		<u>18</u>
Deferred taxation provided in the financial statements is analysed as follows		
	2007 £'000	2006 £'000
Accelerated capital allowances	23	22
Other timing differences	(5)	(10)
	<u>18</u>	<u>12</u>

There is no unprovided deferred taxation. A deferred tax asset of £18,000 has been recognised at 30 September 2007 (2006 £12,000). The directors are of the opinion, based on recent and forecast trading, that the level of profits in the current and future years make it more likely than not that the asset will be recovered.

Deferred taxation is expected to reverse at 28% (2006 30%)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2007

12 CALLED UP SHARE CAPITAL

	2007 £'000	2006 £'000
Authorised, allotted, called up and fully paid 40,000 ordinary shares of £5 each	200	200

13. STATEMENT OF MOVEMENTS ON RESERVES

	Profit and loss account £'000	Revaluation reserve £'000	Other reserves £'000
At 2 October 2006	1,174	15	47
Profit for the financial year	1,389	-	-
Dividends paid (note 7)	(1,800)	-	-
Transfer re depreciation on revalued fixed assets	5	(5)	-
At 30 September 2007	768	10	47

14. FINANCIAL COMMITMENTS

At 30 September 2007 and 1 October 2006, the company had annual commitments under non-cancellable operating leases as follows

	2007 Plant and machinery £'000	2006 Plant and machinery £'000
Expiring		
- within one year	2	1
- between one and two years	-	13
	2	14

15. CONTINGENT LIABILITIES

Certain undertakings within the Northcliffe Media group are included in a group VAT registration. The contingent liability of The Western Gazette Company Limited under the group VAT registration at 30 September 2007 was £12,785,000 (2006 £2,135,000)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2007

16. PENSION ARRANGEMENTS

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

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 which are required to act in the best interest of the beneficiaries of the schemes. 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 using the projected unit credit method and the key financial assumptions adopted were as follows

Long-term assumed rate of	
Investment return	7.0 % pa
Price inflation	2.75% pa
Salary increases	4.5% pa
Pension increases	2.75% pa
Discount rate for accrued liabilities	6.6% pa

The company cash contribution rate to the principal defined benefit schemes during the year ended 30 September 2007 was 18% of pensionable salaries (2006 18%)

Work in connection with the actuarial valuations of the principal schemes as at 31 March 2007 has already begun but the results are not expected to become available until early 2008

The principal schemes have 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 7.5% and enjoy a higher benefit accrual rate and lower normal retirement age than in the "Standard" section. The schemes remain 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.

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.

Following a request from Daily Mail and General Trust plc, as principle employer for the schemes, the trustees of the two main defined benefit schemes agreed to a merger of the two schemes which was completed on 30 November 2007. Prior to the merger both trustees took advice from their advisers to ensure the benefits and interests of all members were protected and that there was no change in the benefits provided to any member as a result of the merger. This merger was completed without additional funding being sought from the employer.

The pension charge for the year ended 30 September 2007 was £129,000 (2006 £157,000)

A prepayment of £18,000 (2006 £32,000) is included under debtors, representing prepaid contributions for the year ending 30 September 2008, paid in accordance with the schedule of contributions currently in force.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2007

16 PENSION ARRANGEMENTS (continued)

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 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 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 2007, and adjusted to 30 September, 2007 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 scheme's assets was £650.0 million (2006: £584.2m) and that the actuarial value of these assets represented 106% (2006: 87.6%) of the benefits that had accrued to members (also calculated in accordance with IAS 19). The size of the surplus or deficit in the scheme impacts on the calculations undertaken by the actuary to determine the cash funding (contributions) required from the companies that participate in the scheme. The valuations and disclosures required under IAS 19 for the financial statements of Daily Mail and General Trust plc are not materially different to the valuations and disclosures required under FRS 17.

Stakeholder Pensions

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

17 RELATED PARTY TRANSACTIONS

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

18. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is 100% owned by Northcliffe Media Limited. On 18 December 2006, Northcliffe Newspapers Group Limited changed its name to 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
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