

Registration number 22796

# The Western Gazette Company Limited

Directors' Report and Financial Statements

for the Year ended 2 October 2011

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# The Western Gazette Company Limited

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**The Western Gazette Company Limited**  
**Company Information**

<b>Directors</b>	S A Auckland S Irvine K W Ward
<b>Company secretary</b>	P S Collins
<b>Registered office</b>	Northcliffe Accounting Centre PO Box 6795 St George Street Leicester LE1 1ZP
<b>Bankers</b>	The Royal Bank of Scotland Corporate Services PO Box 34 15 Bishopsgate London EC2P 2AP
<b>Solicitors</b>	Foot Anstey Salt Quay House 4 North East Quay Sutton Harbour Plymouth Devon PL4 0BN
<b>Auditors</b>	Deloitte LLP Chartered Accountants and Statutory Auditors Bristol United Kingdom

**The Western Gazette Company 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 was the publishing of weekly newspapers in Somerset and Dorset. On the 30 September 2011 all of the employees of the business were transferred and all of the trade together with the trading assets and liabilities (excluding current tax balances) were sold to Northcliffe Media Limited for a consideration of £400,000. The value of the net assets of the Company that were transferred was £50,000, realising a profit on disposal of £350,000.

**Going Concern**

As explained in the principal activity section of the Directors' Report, the Company transferred its trade and trading assets and liabilities to Northcliffe Media Limited, a fellow subsidiary company on 30 September 2011 and has ceased trading. As required by FRS 18 Accounting Policies, the directors have prepared the financial statements on the basis that the Company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

**Business review**

The Company has ceased trading and has transferred all trade, trading assets and employees to Northcliffe Media Limited. The Directors are therefore of the opinion that the risks and uncertainties are negligible.

**Employees**

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

**The Western Gazette Company Limited**  
**Directors' Report for the Year Ended 2 October 2011**

..... *(continued)*

**Results and dividends**

The performance of the group's A&N Media division of Daily Mail and General Trust plc ("DMGT"), which includes the company, is discussed in the Daily Mail and General Trust plc Annual Report (available at [www.dmgmt.co.uk](http://www.dmgmt.co.uk)) which does not form part of this Report

As shown in the Company's profit and loss account, the Company's sales have decreased by £562,000 (14.0%) over the prior year due to the economic climate. The primary reason for the decline is a £416,000 (13.7%) decrease in advertising revenues, with recruitment advertising down 27.9% and motors advertising 19.8% down, other advertising streams not being as severely affected. Circulation revenues were 9.9% lower than the previous year. Operating profit has decreased by £458,000 due to the decrease in revenue being offset by general cost savings, but last year the Company benefitted from a £605,000 profit on the sale of tangible fixed assets (2011: £nil).

The profit of the Company for the financial year after taxation amounted to £453,000 (2010: £583,000) reflecting the £350,000 profit on sale of the trade and trading assets to Northcliffe Media Limited.

The directors have not paid a dividend for the year (2010: £nil).

The balance sheet of the financial statements shows that the Company's financial position at the year-end has improved in net asset terms, with net assets increasing by £453,000 during the year due to the profit for the year not being distributed as dividends.

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

	Unit	2011	2010
Advertising turnover	£	2,616,000	3,032,000
Circulation turnover	£	640,000	710,000
Other turnover	£	183,000	259,000
Total turnover	£	3,439,000	4,001,000
Operating profit	£	144,000	602,000
% operating profit margin	%	4	15
Profit after tax	£	453,000	583,000
Employees (average number)	FTE	36	47
Net assets	£	3,870,000	3,417,000

**The Western Gazette Company Limited**  
**Directors' Report for the Year Ended 2 October 2011**

..... *(continued)*

**Directors of the Company**

The directors who held office during the period were as follows

S Anderson-Dixon (resigned 8 July 2011)

S A Auckland (appointed 21 March 2011)

S Irvine

M P Pelosi (resigned 21 March 2011)

K W Ward

**Policy on payment of suppliers**

The Company's purchase ledger was 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.

**Political donations**

Political donations made by the Company during the period amounted to £nil (2010 £nil)

**Charitable donations**

Charitable donations made by the Company during the period amounted to £1,020 (2010 £979)

**The Western Gazette Company Limited**  
**Directors' Report for the Year Ended 2 October 2011**

. . . *(continued)*

**Disclosure of information to the auditors**

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

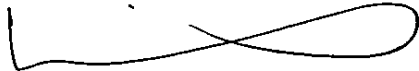
- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the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

**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 <sup>30<sup>th</sup> January 2012</sup> and signed on its behalf by



P S Collins  
Company secretary

## **The Western Gazette Company 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 The Western Gazette Company Limited**

We have audited the financial statements of The Western Gazette Company Limited for the period from 4 October 2010 to 2 October 2011, which comprise the Profit and Loss Account, Note of Historical Cost Profits and Losses, Balance Sheet, Reconciliation of Movement in Shareholders' Funds and Notes to the Financial Statements - notes 1 to 17. 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 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. 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

### **Emphasis of matter**

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

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditors' Report to the Members of  
The Western Gazette Company 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

*Nigel Thomas*

Nigel Thomas (Senior Statutory Auditor)

For and on behalf of Deloitte LLP, Chartered Accountants & Statutory Auditors  
Bristol, United Kingdom

Date 27/2/2012

**The Western Gazette Company Limited**

**Profit and Loss Account for the Year Ended 2 October 2011**

Turnover and operating profit derive wholly from discontinued operations

	Note	Year ended 2 October 2011 £ 000	Year ended 3 October 2010 £ 000
Turnover	2	3,439	4,001
Cost of sales		<u>(1,151)</u>	<u>(1,346)</u>
Gross profit		2,288	2,655
Administrative expenses		<u>(2,144)</u>	<u>(2,053)</u>
Operating profit	3	144	602
Profit on sale of discontinued operations		<u>350</u>	<u>-</u>
Profit on ordinary activities before taxation		494	602
Tax charge on profit on ordinary activities	5	<u>(41)</u>	<u>(19)</u>
Profit for the financial period		<u><u>453</u></u>	<u><u>583</u></u>

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

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

**The Western Gazette Company Limited**

**Note of Historical Cost Profits and Losses for the Year Ended 2 October 2011**

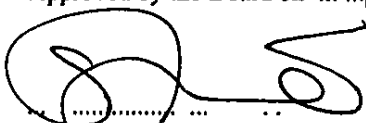
	<b>Year ended 2 October 2011 £ 000</b>	<b>Year ended 3 October 2010 £ 000</b>
Reported profit on ordinary activities before taxation	494	602
Realisation of property valuation gains of prior periods	-	4
Historical cost profit on ordinary activities before taxation	<u>494</u>	<u>606</u>
Historical cost profit for the period retained after taxation	<u>453</u>	<u>587</u>

The notes on pages 13 to 25 form an integral part of these financial statements

The Western Gazette Company Limited  
 (Registration number: 22796)  
 Balance Sheet at 2 October 2011

	Note	2 October 2011 £ 000	3 October 2010 £ 000
<b>Fixed assets</b>			
Tangible fixed assets	8	-	4
<b>Current assets</b>			
Debtors	9	4,015	11,042
Creditors Amounts falling due within one year	10	(145)	(7,629)
Net current assets		3,870	3,413
<b>Net assets</b>		<b>3,870</b>	<b>3,417</b>
<b>Share Capital and Reserves</b>			
Called up share capital	12	200	200
Other reserves	13	47	47
Profit and loss account	13	3,623	3,170
<b>Shareholders funds</b>		<b>3,870</b>	<b>3,417</b>

Approved by the Board on 30/11/12 and signed on its behalf by.

  
 .....  
 S Irvine  
 Director

**The Western Gazette Company Limited**

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

	<b>Year ended 2 October 2011 £ 000</b>	<b>Year ended 3 October 2010 £ 000</b>
Profit attributable to the members of the Company	<u>453</u>	<u>583</u>
Net addition to Shareholders' Funds	453	583
Shareholders' funds at start of period	<u>3,417</u>	<u>2,834</u>
Shareholders' funds at end of period	<u><u>3,870</u></u>	<u><u>3,417</u></u>

The notes on pages 13 to 25 form an integral part of these financial statements

## The Western Gazette Company Limited

### Notes to the Financial Statements for the Year Ended 2 October 2011

#### 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.

The Directors have changed the format of the profit and loss account in order to align with the rest of the group and to better reflect the nature of the operations following significant changes in the business operations in recent years.

##### Going concern

As explained in the principal activity section of the Directors' Report, the Company transferred its trade and trading assets and liabilities to Northcliffe Media Limited, a fellow subsidiary company on 30 September 2011 and has ceased trading. As required by FRS 18 Accounting Policies, the directors have prepared the financial statements on the basis that the Company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

##### Tangible fixed assets

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

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

Asset class	Depreciation rate
Fixtures & fittings	4-12 years
Plant and machinery	4-12 years

##### 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 substantively enacted by the balance sheet date.

## The Western Gazette Company Limited

### Notes to the Financial Statements for the Year Ended 2 October 2011

..... (continued)

#### 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.

#### 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

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

## 2 Turnover

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

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



The Western Gazette Company Limited

Notes to the Financial Statements for the Year Ended 2 October 2011

..... (continued)

3 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	12	17
Operating leases - other assets	69	-
Fees payable to the Company's auditors for the audit of the Company's annual accounts	11	11
Profit on sale of tangible fixed assets	-	(605)
Depreciation of owned assets	<u>4</u>	<u>59</u>

Operating leases - other assets comprises of operating leases on land and buildings £45,000 (2010 £nil) and operating leases on motor vehicles £24,000 (2010 £nil)

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

4 Profit on sale of discontinued operations

	Year ended 2 October 2011 £ 000	Year ended 3 October 2010 £ 000
Profit on sale of discontinued operations	<u>350</u>	<u>-</u>

On the 30 September 2011 all of the employees of the business were transferred and all of the trade together with the trading assets and liabilities (excluding current tax balances) were sold to Northcliffe Media Limited for a consideration of £400,000. The value of the net assets of the Company that were transferred was £50,000, realising a profit on disposal of £350,000

The Western Gazette Company Limited

Notes to the Financial Statements for the Year Ended 2 October 2011

..... (continued)

5 Taxation

Tax on profit on ordinary activities

	Year ended 2 October 2011 £ 000	Year ended 3 October 2010 £ 000
<b>Current tax</b>		
Corporation tax charge at 27% (2010 28%)	37	15
Adjustments in respect of previous years	<u>(16)</u>	<u>-</u>
Current tax charge	<u>21</u>	<u>15</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	30	4
Deferred tax adjustment relating to previous years	<u>(10)</u>	<u>-</u>
Total deferred tax (note 11)	<u>20</u>	<u>4</u>
Tax charge on profit on ordinary activities	<u><u>41</u></u>	<u><u>19</u></u>

Factors affecting current tax charge for the period

Tax on profit on ordinary activities for the year is lower than (2010 lower 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	<u>494</u>	<u>602</u>
Corporation tax at standard rate (27% (2010 28%))	133	169
Capital allowances - timing differences	(29)	(1)
Disallowable expenses	-	12
Adjustments in respect of prior year	(16)	-
Profit on sale of tangible fixed assets - non-taxable	-	(165)
Profit on sale of trading assets not taxable	(94)	-
Other differences	<u>27</u>	<u>-</u>
Total current tax	<u><u>21</u></u>	<u><u>15</u></u>

**The Western Gazette Company Limited**

**Notes to the Financial Statements for the Year Ended 2 October 2011**

..... (continued)

**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.

The proposed reductions of the main rate of corporation tax by 1% per year to 23% by 1 April 2014 are expected to be enacted separately each year. There are no deferred tax assets or liabilities in the Company and as a result the changes to the rate of tax have no impact on the deferred tax.

**6 Particulars of employees**

The aggregate payroll costs were as follows

	<b>Year ended 2 October 2011 £ 000</b>	<b>Year ended 3 October 2010 £ 000</b>
Wages and salaries	774	908
Social security costs	56	72
Staff pensions	55	64
	<u>885</u>	<u>1,044</u>

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

	<b>Year ended 2 October 2011 No.</b>	<b>Year ended 3 October 2010 No.</b>
Administration and support	<u>36</u>	<u>47</u>

## The Western Gazette Company Limited

### Notes to the Financial Statements for the Year Ended 2 October 2011

..... (continued)

#### 7 Directors' remuneration

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

The emoluments of S Anderson-Dixon (to date of resignation) and K W Ward were paid by Bristol News & Media Limited and are excluded from the details above. It is not practicable to split their remuneration between the services provided to Bristol News & Media Limited and fellow subsidiary companies. Their remuneration is fully disclosed in the financial statements of Bristol News & Media Limited.

The emoluments of S Irvine were paid by Bath News & Media (50%) and Gloucestershire Media Limited (50%) and are excluded from the details above. It is not practicable to split her remuneration between the services provided to Bath News & Media, Gloucestershire Media Limited and fellow subsidiary companies. Her remuneration is fully disclosed in the financial statements of Bath News & Media and Gloucestershire Media Limited.

#### 8 Tangible fixed assets

	Plant and machinery £ 000	Fixtures and fittings £ 000	Total £ 000
<b>Cost or valuation</b>			
At 4 October 2010	81	7	88
Additions	18	-	18
Disposals	(99)	(7)	(106)
At 2 October 2011	-	-	-
<b>Depreciation</b>			
At 4 October 2010	81	3	84
Charge for the period	4	-	4
Eliminated on disposals	(85)	(3)	(88)
At 2 October 2011	-	-	-
<b>Net book value</b>			
At 2 October 2011	-	-	-
At 3 October 2010	-	4	4

The net book value of disposals of £18,000 all relates to assets transferred to Northcliffe Media Limited.

The Western Gazette Company Limited

Notes to the Financial Statements for the Year Ended 2 October 2011

..... (continued)

9 Debtors

	2 October 2011 £ 000	3 October 2010 £ 000
Amounts owed by group undertakings	4,015	10,935
Other debtors	-	65
Deferred tax	-	20
Prepayments and accrued income	-	22
	<u>4,015</u>	<u>11,042</u>

Other debtors of £65,000 as at 3 October 2010 includes £13,000 of value added tax recoverable and £52,000 of corporation tax recoverable

10 Creditors Amounts falling due within one year

	2 October 2011 £ 000	3 October 2010 £ 000
Amounts owed to group undertakings	108	7,438
Corporation tax	37	-
Other creditors	-	30
Accruals & deferred income	-	161
	<u>145</u>	<u>7,629</u>

The Western Gazette Company Limited

Notes to the Financial Statements for the Year Ended 2 October 2011

..... (continued)

11 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	20	24
Deferred tax charged to the profit and loss account	<u>(20)</u>	<u>(4)</u>
At end of the period	<u>-</u>	<u>20</u>

Analysis of deferred tax

	2 October 2011 £ 000	3 October 2010 £ 000
Difference between accumulated depreciation and capital allowances	<u>-</u>	<u>20</u>
	<u>-</u>	<u>20</u>

12 Share capital

Allotted, called up and fully paid shares

	2 October 2011		3 October 2010	
	No	£	No	£
Ordinary of £5 00 each	<u>40,000</u>	<u>200,000</u>	<u>40,000</u>	<u>200,000</u>

There are 40,000 Authorised ordinary shares of £5 each totalling £200,000 (2010 £200,000)

13 Reserves

	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 4 October 2010	47	3,170	3,217
Profit for the period	<u>-</u>	<u>453</u>	<u>453</u>
At 2 October 2011	<u>47</u>	<u>3,623</u>	<u>3,670</u>

**The Western Gazette Company Limited**

**Notes to the Financial Statements for the Year Ended 2 October 2011**

..... *(continued)*

**14 Contingent liabilities**

Certain undertakings within the A&N Media Group are included in a group VAT registration. The contingent liability of The Western Gazette Company Limited under the group VAT registration at 2 October 2011 was £4,309,000 (2010 £4,207,000)

**15 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.

## The Western Gazette Company Limited

### Notes to the Financial Statements for the Year Ended 2 October 2011

..... (continued)

#### 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).



## The Western Gazette Company Limited

### Notes to the Financial Statements for the Year Ended 2 October 2011

..... (continued)

#### 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

**The Western Gazette Company Limited**

**Notes to the Financial Statements for the Year Ended 2 October 2011**

..... (continued)

**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
AN PensionSaver	4	1
Harmsworth Pension Scheme	51	63
<b>Total P&amp;L charge for the year</b>	<b>55</b>	<b>64</b>

**16 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
<b>Other</b>		
Within one year	-	14
Within two and five years	-	36
	<u>-</u>	<u>50</u>

No operating lease commitments remain at 2 October 2011 as they were transferred to Northcliffe Media Limited on 30 September 2011

**The Western Gazette Company Limited**

**Notes to the Financial Statements for the Year Ended 2 October 2011**

..... *(continued)*

**17 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