

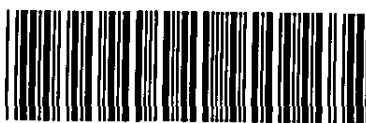
Registration number 03709742

# A&N Media Finance Services Limited

Directors' Report and Financial Statements

for the Period from 3 October 2011 to 30 September 2012

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## **A&N Media Finance Services Limited**

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## **A&N Media Finance Services Limited**

### **Company Information**

<b>Directors</b>	I Hanson M Page J Welsh
<b>Company secretary</b>	F Sallas
<b>Registered office</b>	Northcliffe House 2 Derry Street London W8 5TT
<b>Bankers</b>	The Royal Bank of Scotland plc Corporate Services PO Box 34 15 Bishopsgate London EC2P 2AP
<b>Solicitors</b>	Reynolds Porter Chamberlain Tower Bridge House St Katharine's Way London E1W 1AA
<b>Auditors</b>	Deloitte LLP Chartered Accountants and Statutory Auditors Bristol United Kingdom

## **A&N Media Finance Services Limited**

### **Directors' Report for the Year Ended 30 September 2012**

The directors present their annual report on the affairs of the Company, together with the audited financial statements and the Independent Auditors' Report for the period from 3 October 2011 to 30 September 2012

#### **Principal activity**

The principal activity of the Company is the operation of a shared services centre to provide finance and related IT services to members of the Daily Mail and General Trust plc group ("DMGT"). The directors do not anticipate any changes to the activity for the foreseeable future

#### **Going Concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. The Company has net and current assets as at 30 September 2012. 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**

##### **Demand**

The Company provides services to other members of the DMGT group and as such, is reliant on the success of those businesses if it is to continue functioning. These businesses can be affected by economic conditions, technological innovations, changing legislation and competitor activity. The company mitigates this risk by constantly reviewing its resource in line with changes in workload and ensuring its processes are as efficient as possible. Next year will see a reduction in business due to the sale of the trading assets and liabilities of Northcliffe Media Limited to Local World Limited.

##### **Liquidity and cash flow risk**

The Company manages its cash flow through its financing within the DMGT Group. The Company's exposure to fluctuations in foreign currency exchange rates is not significant and has not been hedged owing to cost benefit considerations.

## **A&N Media Finance Services Limited**

### **Directors' Report for the Year Ended 30 September 2012**

..... *(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 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 safe disposal of manufacturing waste, recycling and reducing energy consumptions.

## **A&N Media Finance Services Limited**

### **Directors' Report for the Year Ended 30 September 2012**

..... *(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 profit and loss account, turnover totalled £7,354,000 (2011 £9,455,000). The decrease reflects the passing of cost efficiencies onto the businesses served by A&N Media Finance Services Limited and a reduction in the number of businesses serviced in 2012. The operating profit for the financial year was £12,242,000 (2011 loss of £39,589,000), due to a reduction in the provision against the recoverability of intercompany debtors of £13,297,000 (2011 increase in provision of £38,278,000).

The profit after taxation of the company for the financial year amounted to £12,456,000 (2011 loss of £38,630,000).

The directors did not pay a dividend for the year (2011 £nil).

The balance sheet of the financial statements shows that the Company's net asset position at the year-end has improved by £204,673,000 during the year due to the profit for the year and capital contributions made of £192,217,000 relating to the waiver of balances due to fellow members of the DMGT group.

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

	Unit	2012	2011
Turnover	£000	7,354	9,455
Operating profit/(loss)	£000	12,242	(39,589)
% operating profit/(loss) margin	%	166	(419)
Profit/(loss) after tax	£000	12,456	(38,630)
Employees (average number)	FTE	182	208
Net assets/ (liabilities)	£000	154,715	(49,958)

#### **Directors of the Company**

The directors who held office during the period and up to the date of this report, except where stated, were as follows:

I Hanson

M Page

J Welsh

**A&N Media Finance Services Limited**

**Directors' Report for the Year Ended 30 September 2012**

..... (continued)

**Policy on payment of suppliers**

The Company operates the purchase ledger for all companies which receive its service. The Company's policy on supplier payments is to agree to terms of payment at the time of placing an order for goods or services. The Company makes every effort to abide by the terms agreed with each supplier.

Trade creditors for the Company as at 30 September 2012 were equivalent to 20 days (2011: 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 (2011: £nil).

**Charitable donations**

Charitable donations made by the Company during the period amounted to £nil (2011: £nil).

**Disclosure of information to the auditors**

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

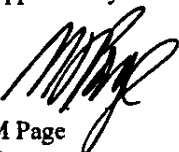
- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the 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 21/12/12 and signed on its behalf by

  
M Page  
Director

## **A&N Media Finance Services 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, 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 A&N Media Finance Services Limited**

We have audited the financial statements of A&N Media Finance Services Limited for the period from 3 October 2011 to 30 September 2012, 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 30 September 2012 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  
A&N Media Finance Services 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 and Statutory Auditors  
Bristol, UK

Date *21 December 2012*

## **A&N Media Finance Services Limited**

### **Profit and Loss Account for the Year Ended 30 September 2012**

Turnover and operating profit derive wholly from continuing operations

	Note	Period ended 30 September 2012 £ 000	Period ended 2 October 2011 £ 000
Turnover	2	7,354	9,455
Operating profit/(loss)	3	12,242	(39,589)
Tax credit on profit on ordinary activities	4	214	959
Profit/(loss) for the financial period		<u>12,456</u>	<u>(38,630)</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 for the periods stated above, and their historical cost equivalents

**A&N Media Finance Services Limited**

(Registration number: 03709742)

**Balance Sheet at 30 September 2012**

	Note	30 September 2012 £ 000	2 October 2011 £ 000
<b>Fixed assets</b>			
Tangible fixed assets	7	<u>1,577</u>	<u>3,207</u>
<b>Current assets</b>			
Debtors	8	599,923	2,169,068
Cash at bank and in hand		<u>27,682</u>	<u>26,794</u>
		627,605	2,195,862
Creditors Amounts falling due within one year	9	<u>(474,467)</u>	<u>(2,249,027)</u>
Net current assets/(liabilities)		<u>153,138</u>	<u>(53,165)</u>
Total assets less current liabilities		<u>154,715</u>	<u>(49,958)</u>
<b>Net assets/(liabilities)</b>		<u>154,715</u>	<u>(49,958)</u>
<b>Share Capital and Reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	<u>154,715</u>	<u>(49,958)</u>
<b>Shareholders' funds/ (deficit)</b>		<u>154,715</u>	<u>(49,958)</u>

Approved by the Board on 21.12.12 and signed on its behalf by

  
M Page  
Director

**A&N Media Finance Services Limited****Reconciliation of Movement in Shareholders' Funds for the Year Ended 30 September 2012**

	<b>Period ended 30 September 2012 £ 000</b>	<b>Period ended 2 October 2011 £ 000</b>
Profit/(loss) attributable to the members of the Company	12,456	(38,630)
Capital contributions due to intercompany waivers	192,217	-
Net addition/(reduction) to Shareholders' Funds	204,673	(38,630)
Shareholders' deficit at start of period	(49,958)	(11,328)
Shareholders' funds/(deficit) at end of period	154,715	(49,958)

Capital contributions relate to the waiver of balances due to fellow members of the DMGT group

## **A&N Media Finance Services Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2012**

#### **1 Accounting policies**

The principal accounting policies are summarised below. They have been applied consistently throughout the current and prior periods.

##### **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 (2011: 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's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. The Company has net and current assets as at 30 September 2012. 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 currency**

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.

##### **Tangible fixed assets**

Tangible fixed assets are stated at historical cost less accumulated depreciation and any provision for impairment. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Impairment reviews are undertaken annually.

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

<b>Asset class</b>	<b>Depreciation method and rate</b>
Fixtures & fittings	5-10 years
Plant and machinery	5-10 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.

## **A&N Media Finance Services Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2012**

**..... (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 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 part of the DMGT Group.

#### **Hire purchase and leasing**

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

## **2 Turnover**

Turnover, which excludes value added tax, represents charges to the business served by A&N Media Finance Services Limited. All turnover relates to the United Kingdom and is attributed to the principal activity of the Company.

# A&N Media Finance Services Limited

## Notes to the Financial Statements for the Year Ended 30 September 2012

..... (continued)

### 3 Operating profit/(loss)

Operating profit/(loss) is stated after charging/ (crediting)

	Year ended 30 September 2012 £ 000	53 week period to 2 October 2011 £ 000
Operating leases - plant and machinery	25	20
Operating leases - other assets	45	44
Fees payable to the Company's auditors for the audit of the Company's annual accounts	14	9
Foreign currency losses/(gains)	1	(8)
Depreciation of owned tangible fixed assets	<u>1,636</u>	<u>1,653</u>

"Operating leases - other assets" relate to motor vehicles

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

During the year the provision against intercompany debts was reduced by £13,297,000 (2011 increased by £38,278,000)

### 4 Taxation

#### Tax on profit/(loss) on ordinary activities

	Period ended 30 September 2012 £ 000	Period ended 2 October 2011 £ 000
<b>Current tax</b>		
Corporation tax credit at 25% (2011 27%)	(183)	(325)
Adjustments in respect of previous years	<u>-</u>	<u>(170)</u>
Current tax credit	<u>(183)</u>	<u>(495)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(31)	13
Deferred tax adjustment relating to previous years	<u>-</u>	<u>(477)</u>
Total deferred tax	<u>(31)</u>	<u>(464)</u>
Tax credit on profit/(loss) on ordinary activities	<u>(214)</u>	<u>(959)</u>



## A&N Media Finance Services Limited

### Notes to the Financial Statements for the Year Ended 30 September 2012

..... (continued)

#### Factors affecting current tax charge for the period

Tax on profit/(loss) on ordinary activities for the year is lower than (2011 higher than) the standard rate of corporation tax in the UK of 25% (2011 27%). The differences are reconciled below

	Period ended 30 September 2012 £ 000	Period ended 2 October 2011 £ 000
Profit/(loss) on ordinary activities before taxation	12,242	(39,589)
Corporation tax at standard rate (25% (2011 27%))	3,060	(10,689)
Depreciation in excess of capital allowances	215	175
Other timing differences	(134)	(146)
Adjustments in respect of previous years	-	(170)
Provision for intercompany loans non-recoverable	(3,324)	10,335
Total current tax	(183)	(495)

#### Factors that may affect future tax charges

The main rate of corporation tax has been reduced from 26% to 24% with effect from 1 April 2012. Accordingly, current tax has been provided for at an effective rate of 25% in these financial statements.

Under UK GAAP, deferred tax is calculated at the tax rate that has been enacted or substantively enacted at the balance sheet date. Legislation was passed in July 2012 to reduce the main rate of UK corporation tax from 24% to 23% from 1 April 2013. Hence, the tax rate of 23% has been applied in the calculation of deferred tax.

The UK government has announced a further reduction to the main rate to 21% from 1 April 2014. However, this further reduction has not been substantively enacted at the balance sheet date and is therefore not reflected in these financial statements.

#### 5 Particulars of employees

The aggregate payroll costs were as follows

	Period ended 30 September 2012 £ 000	Period ended 2 October 2011 £ 000
Wages and salaries	4,201	4,822
Social security costs	390	454
Staff pensions	191	195
	4,782	5,471

# A&N Media Finance Services Limited

## Notes to the Financial Statements for the Year Ended 30 September 2012

..... (continued)

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

	Period ended 30 September 2012 No.	Period ended 2 October 2011 No.
Administration and support	<u>182</u>	<u>208</u>

### 6 Directors' remuneration

The emoluments for the year ended 30 September 2012 and prior year of I Hanson, J Welsh and M Page 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 other subsidiaries of Daily Mail and General Trust plc. The remuneration of J Welsh is fully disclosed in the financial statements of Associated Newspapers Limited, a company of which he is a director.

### 7 Tangible fixed assets

	Plant and machinery £ 000	Fixtures and fittings £ 000	Total £ 000
<b>Cost or valuation</b>			
At 3 October 2011	7,711	359	8,070
Additions	<u>6</u>	<u>-</u>	<u>6</u>
At 30 September 2012	<u>7,717</u>	<u>359</u>	<u>8,076</u>
<b>Depreciation</b>			
At 3 October 2011	4,648	215	4,863
Charge for the period	<u>1,564</u>	<u>72</u>	<u>1,636</u>
At 30 September 2012	<u>6,212</u>	<u>287</u>	<u>6,499</u>
<b>Net book value</b>			
At 30 September 2012	<u>1,505</u>	<u>72</u>	<u>1,577</u>
At 2 October 2011	<u>3,063</u>	<u>144</u>	<u>3,207</u>

**A&N Media Finance Services Limited**

**Notes to the Financial Statements for the Year Ended 30 September 2012**

..... *(continued)*

**8 Debtors**

	<b>30 September 2012 £ 000</b>	<b>2 October 2011 £ 000</b>
Amounts owed by group undertakings	599,043	2,166,923
Other debtors	310	1,464
Deferred tax	558	527
Prepayments and accrued income	12	154
	<u>599,923</u>	<u>2,169,068</u>

Other debtors includes £184,000 of corporation tax recoverable (2011 £325,000)

Amounts owed by group undertakings are repayable on demand and are not interest-bearing

**9 Creditors: Amounts falling due within one year**

	<b>30 September 2012 £ 000</b>	<b>2 October 2011 £ 000</b>
Trade creditors	37,494	48,010
Amounts owed to group undertakings	425,570	2,188,978
Other taxes and social security	6,106	7,059
Other creditors	4,398	3,984
Accruals and deferred income	899	996
	<u>474,467</u>	<u>2,249,027</u>

A&N Media Finance Services Limited provides a purchase ledger service for a number of subsidiaries of the Daily Mail and General Trust plc

Amounts owed to group undertakings are repayable on demand and are not interest-bearing

# A&N Media Finance Services Limited

## Notes to the Financial Statements for the Year Ended 30 September 2012

..... (continued)

### 10 Deferred tax asset

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

	30 September 2012 £ 000	2 October 2011 £ 000
At start of the period	527	63
Deferred tax credited to the profit and loss account	31	464
At end of the period	<u>558</u>	<u>527</u>

### Analysis of deferred tax

	30 September 2012 £ 000	2 October 2011 £ 000
Difference between accumulated depreciation and capital allowances	413	234
Other timing differences	145	293
	<u>558</u>	<u>527</u>

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

### 11 Share capital

#### Allotted, called up and fully paid shares

	30 September 2012		2 October 2011	
	No.	£	No	£
Ordinary of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

### 12 Reserves

	Profit and loss account £ 000	Total £ 000
At 3 October 2011	(49,958)	(49,958)
Profit for the period	12,456	12,456
Capital contributions	192,217	192,217
At 30 September 2012	<u>154,715</u>	<u>154,715</u>

## **A&N Media Finance Services Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2012**

..... *(continued)*

#### **13 Contingent liabilities**

The Company, as part of an interest set-off arrangement, has guaranteed the overdraft facilities of a number of fellow subsidiaries of the Daily Mail and General Trust plc group. The maximum liability under the guarantee is limited to the credit balances in those bank accounts which are part of the interest set-off arrangement together with the proceeds of any items in the course of collection for the credit of such bank accounts. At 30 September 2012, the potential liability was £27,566,000 (2011 £28,536,000).

Certain undertakings of the A&N Media division are included in a group VAT registration. The contingent liability of A&N Media Finance Services Limited under the group VAT registration at 2 October 2012 was £7,396,000 (2010 £4,362,000).

## **A&N Media Finance Services Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2012**

..... (continued)

#### **14 Pension schemes**

The Company operates AN PensionSaver, a group personal pension arrangement, and participates in the Harmsworth Pension Scheme, a defined benefit pension scheme operated by Daily Mail and General Trust plc (DMGT). Under both arrangements contributions are paid by the employer and employees.

##### **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 scheme is now closed to new entrants. Existing members still in employment can continue to accrue benefits in the scheme on a cash basis, with members using this cash account to purchase an annuity at retirement. The assets of the scheme are held independently from the Company's finances and are administered by a trustee company.

Full actuarial valuations of the scheme are carried out triennially by the scheme actuary. The latest valuation of the scheme was completed as at 31st March 2010. As a result of this valuation, DMGT agreed to make annual contributions of 10% or 15% of members' basic pay (depending on membership section). In addition, DMGT has agreed a recovery plan involving a series of annual funding payments amounting to £231.4 million over a period to end on 5 October 2023. In accordance with these agreements, a payment of £24.8 million was made on 5 October 2011 and a payment of £21 million was made on 28 September 2012. A further payment of £3 million was made post year end on 5 October 2012. DMGT considers that these contribution rates are sufficient to eliminate the deficit over the agreed period. Both the ongoing contributions and recovery plan will be reviewed at the next triennial funding valuation of the scheme due to be completed with an effective date 31 March 2013.

DMGT has enabled the trustee of the scheme to acquire a beneficial interest in a Limited Partnership investment vehicle (LP). The LP has been designed to facilitate payment of part of the deficit funding payments described above to the scheme over the next 15 years. In addition, the LP is required to make a final payment to the scheme of £150m or such lesser amount as may equate to the funding deficit within the scheme on an ongoing actuarial valuation basis at the end of the 15 year period. For funding purposes, the interest held by the trustee in the LP will be treated as an asset of the scheme and reduces the actuarial deficit within the scheme. However, under IAS19 the LP is not included as an asset of the scheme and therefore is not included in the disclosures below. In exchange for its interest in the LP, the trustee has allowed the letters of credit previously provided by DMGT to be cancelled.

A&N Media Finance Services Limited is unable to identify its share of the underlying assets and liabilities in the scheme. The scheme is 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 scheme 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.

## A&N Media Finance Services Limited

### Notes to the Financial Statements for the Year Ended 30 September 2012

..... (continued)

DMGT is required to account for the scheme under International Accounting Standard 19 "Employee Benefits" ("IAS 19"). The IAS 19 disclosures in the Annual Report and Accounts of DMGT 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 30 September 2012 taking account of membership data as at that date. 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 £1,481.2 million (2011: £1,333.6 million) and that the actuarial value of these assets represented 84.6% (2011: 83.0%) of the benefits that had accrued to members (also calculated in accordance with IAS 19) resulting in a reported deficit of £270.5 million at 30 September 2012 (2011: £273.2m deficit). The size of the surplus or deficit in the scheme, 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 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.

The value of employer-related assets held on behalf of the schemes at 30 September 2012 was £18.2 million (1.03% of assets), (2011: £0.1 million (0.00% of assets)).

#### Other Pension Arrangements

In compliance with recent legislation the Company is making arrangements for relevant employees to be automatically enrolled into the defined contribution pension plan. The first staging date for entities of DMGT for automatic enrolment is expected to be July 2013.

Pension costs charge for the year	2012 £000	2011 £000
AN PensionSaver	11	9
Harmsworth Pension Scheme	180	186
<b>Total P&amp;L charge for the year</b>	<b>191</b>	<b>195</b>

## 15 Commitments

#### Operating lease commitments

As at 30 September 2012 the Company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire

	30 September 2012 £ 000	2 October 2011 £ 000
<b>Motor vehicles and plant and machinery</b>		
Within one year	2	62
Within two and five years	63	120
	<b>65</b>	<b>182</b>

## **A&N Media Finance Services Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2012**

**..... (continued)**

#### **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 A&N Media Limited.

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