



HARMSWORTH PENSION SCHEME

2010

Report and Financial Statements

for the year ended 31 March 2010

10 Bedford Street
Covent Garden
London WC2E 9HE

HARMSWORTH PENSION SCHEME

HARMSWORTH PENSION SCHEME

Scheme Number: 101324297

TRUSTEE

Northcliffe Trustees Limited

10 Bedford Street
Covent Garden
London
WC2E 9HE

INDEPENDENT DIRECTOR

C A Wood OBE (Chairman)

COMPANY SECRETARY

G M Staines, FPMI

COMPANY APPOINTED DIRECTORS

J P Williams
K N Thompson
N Jennings (appointed 24 February 2010)
S Dyson MBE (resigned 30 November 2009)

MEMBER-NOMINATED DIRECTORS

P G Newman
L Hollamby
P Ash
S J Torrington

INVESTMENT SUB-COMMITTEE

J P Williams
S Bates
A Brummer (appointed 10 June 2010)
A V Hilton (resigned 10 June 2010)
M McGregor-Smith
A Perry
S J Torrington
C A Wood OBE

FUNDING SUB-COMMITTEE

C A Wood OBE
M Newman
P G Newman
S J Torrington
K N Thompson
J P Williams

ADMINISTRATION SUB-COMMITTEE

P Ash
L Hollamby
K N Thompson

FINANCE & RISK SUB-COMMITTEE

P G Newman
C A Wood OBE

HEAD of INVESTMENT

M Weston – DMGT Pensions

HARMSWORTH PENSION SCHEME

PROFESSIONAL ADVISERS

ACTUARIAL ADVISERS

Hewitt Associates Limited
6 More London Place
London SE1 2DA

SCHEME ACTUARY

Richard Whitelam FIA

ADMINISTRATOR

DMGT Pensions
10 Bedford Street
London WC2E 9HE

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London SE1 2RD

BANKERS

National Westminster Bank Plc
Bishopsgate Branch
PO Box 34
15 Bishopsgate
London EC2P 2AP

COVENANT ADVISERS

Towers Watson Limited
21 Tothill Street
Westminster
London SW1H 9LL

Lincoln International
16 Garrick Street
Covent Garden
London WC2E 9BA

CUSTODIAN

The Northern Trust Company
50 Bank Street
Canary Wharf
London E14 5NT

EXISTENCE CHECKING

Tracesmart Limited
2 Sovereign Quay
Havannah Street
Cardiff CF10 5SF

INVESTMENT CONSULTANT

Towers Watson Limited
21 Tothill Street
Westminster
London SW1H 9LL

INVESTMENT MANAGERS

(see APPENDIX 1 on Page 32)

MORTALITY EXPERIENCE CONSULTANTS

Club Vita LLP
One London Wall
London EC2Y 5EA

PERFORMANCE MEASUREMENT SPECIALISTS

The WM Company
525 Ferry Road
Edinburgh EH5 2AW

RISK ANALYSTS

PensionsFirst Analytics
90 Long Acre
Covent Garden
London WC2E 9RA

SOLICITORS

Linklaters LLP
One Silk Street
London EC2Y 8HQ

HARMSWORTH PENSION SCHEME

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

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HARMSWORTH PENSION SCHEME

TRUSTEE'S REPORT

Constitution of the Scheme

The Harmsworth Pension Scheme (the "Scheme") is a defined benefit scheme providing salary-related benefits for the employees of certain subsidiary companies of Daily Mail and General Trust plc ("DMGT"). It is established under and governed by a Trust Deed and Rules administered by a Trustee specially appointed for this purpose. The Scheme is a registered pension plan under the Finance Act 2004. To the Trustee's knowledge there is no reason why such registration should be prejudiced or withdrawn.

The Scheme is contracted-out of the State Second Pension.

Contingent asset following merger

The Trustee executed a Transfer Agreement dated 30 November 2007 that merged the Mail Newspapers Pension Scheme into the Scheme.

As a condition of this merger, DMGT provided a letter of credit for £40 million during the period to 1 December 2011 which was available to the Trustee in the event that the Scheme begins to be wound up before 1 December 2011 and the assets of the Scheme are insufficient to provide benefits in full for all members.

However, on the advice of their actuary, the Trustee agreed to exchange this letter of credit for funding payments of £3.167 million comprising an initial payment of £1 million received on 30 September 2009 followed by a series of monthly payments of £83,346 to November 2011.

Membership

Membership of the Scheme under the various categories is shown below:

	2009	Additions	Withdrawals	2010
Members in service	3,878	163	(835)	3,206
Deferred members	8,110	507	(382)	8,235
Retired members*	9,655	633	(348)	9,940
TOTAL	21,643	1,303	(1,565)	21,381

*Includes widow(er)s, adult dependants and children receiving a pension from the Scheme.

The further significant reduction in members in service reflects the action taken by Participating Companies to reduce headcount as part of a broad reorganisation aimed at reducing the cost base of those businesses.

Actuarial valuation and Scheme Specific Funding

Every three years the Scheme carries out an actuarial valuation. This is a financial assessment of the Scheme undertaken by the Scheme Actuary. The Actuary looks at the value of the assets of the Scheme and compares these with the value of the benefits that are either already being paid or are to be paid in the future i.e. the liabilities. A number of assumptions are made by the Actuary and these are agreed with the Trustee in advance of the valuation.

The last valuation was completed as at 31 March 2007 by Kevin Ellis of Watson Wyatt Limited who was the Scheme Actuary at that time. This was the first valuation undertaken in accordance with the Scheme funding provisions under the Pensions Act 2004. This introduced a requirement for the trustees of defined benefit occupational pension schemes to enter into discussions with the scheme sponsor to determine a suitable, prudent, ongoing funding basis for the Scheme. In addition, where a deficit existed on that basis, there is a requirement to agree an appropriate recovery plan for removing it.

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The agreed funding strategy 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 calculations of the Technical Provisions (i.e. the value of the Scheme's benefit liabilities). The Trustee agreed that this margin could be covered by a contingent asset and the Company has put in place letters of credit (to be updated annually) of an amount sufficient to cover any potential shortfall in this additional investment return arising prior to the next triennial valuation. At 31 March 2010, the letters of credit had a value of £46.94 million.

The employer paid annual contributions of 18% of members' Scheme Salaries up to 31 December 2008. However, from 1 January 2009 most active members agreed to participate in a salary sacrifice arrangement, known as 'XTRA', under which contributions paid by the employer for those employees in the new arrangement were increased by an amount equal to the contributions that would have been paid by the employee. Contributions for all other employees remained unchanged.

The combined accumulated assets of the Scheme as at 31 March 2007 represented 99% of the combined Scheme's Technical Provisions in respect of past service benefits. However, in common with the majority of defined benefit schemes, there was a sharp deterioration over the following two years, with the equivalent funding level falling to 63% as at 31 March 2009. Recent quarterly updates provided to the Trustee indicate that the funding position has since improved.

The key financial assumptions used in the 2007 actuarial valuation are shown below:

	2007 Nominal	2007 Real
	% pa	% pa
Financial Assumptions		
Price inflation	3.0	0.0
Pension increases (on excess over GMP)	3.0	0.0
General increases in pensionable earnings	4.3	1.25
Increases in pensionable earnings deductions	3.0	0.0
Discount Rates:		
- Pre-retirement	6.4	3.3
- Post-retirement	4.8	1.8

Discussions between the Company and the Trustee in connection with the 2010 triennial valuation are underway and certain principles regarding the length of the deficit recovery period and the schedule of contributions have been set out in a memorandum of understanding between these two parties. It is expected that preliminary results from the Scheme Actuary's calculations will be available to the Trustee's Funding Sub-Committee towards the end of the year before being presented to the Board.

De-Risking

The Trustee is aware that the significant pension liability (risk) being carried by the Company on its balance sheet is an ongoing concern and, for this reason, steps are being taken to develop a long-term de-risking strategy. When in place, this will be used as a benchmark against which specific de-risking proposals will be assessed.

A Risk Management Working Group (RMWG) has been set up by the Company as the body responsible for assessing first stage de-risking proposals through feasibility studies carried out with help from external specialists. A senior representative from the Hewitt actuarial team has joined the RMWG to add her de-risking experience and to ensure that any proposal is subjected to appropriate scrutiny in preparation for Trustee engagement where further analysis is justified.

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The Trustee has appointed a risk analyst (see page 4) to work with DMGT Pensions in examining selected de-risking proposals. The specialist software supplied to DMGT Pensions by that organisation is designed to help the Trustee and the Company optimise its de-risking activity.

Asset Allocation

In parallel with the funding discussions between the Trustee and the Company in connection with the 2010 triennial valuation further analysis of the portfolio asset allocation is being carried out to establish the asset mix that has appropriate characteristics and is expected to deliver cashflows that match benefit cashflows as closely as possible. This is the second phase in a process which began with a diversification of the portfolio in mid-2008.

Financial Development of Scheme

The net assets of the Scheme increased by £286.3 million, or 27.1%, from £1,054.0 million to £1,340.3 million as shown in the following table:

	£m	£m
Contributions and transfers receivable	28.7	
Benefits payable and payments to and on account of leavers	(73.6)	
Net withdrawals		(44.9)
Investment income	14.7	
Change in market value of investments	319.9	
Investment management expenses	(3.4)	
Net returns on investments		<u>331.2</u>
Net increase in the fund during the period		286.3

The financial statements have been prepared and audited in compliance with Regulations 41 (1) and 41 (6) of the Pensions Act 1995.

Member Contributions

Pension contributions paid by members in the Pension+ section of the Scheme are 7.5% of Scheme Salary. Contributions for members in the Standard section are 5% of Scheme Salary.

However, as explained above, from 1 January 2009 most active members agreed to participate in a salary sacrifice arrangement ('XTRA') under which contributions paid by the employer were increased by an amount equal to the contributions that would have been paid by those members. Contributions for all other employees remained unchanged.

Transfer Payments from Other Pension Arrangements

The Trustee has resolved not to accept payments from other pension arrangements in respect of active Scheme members. This change reflects the broader range of options now available to individuals in the pensions market and the potential cost to the Scheme of offering a final salary benefit in return for a transfer payment often received from a defined contribution pension plan.

Additional Voluntary Contributions (AVCs)

The Trustee has agreed to add a cash fund to the range of AVC options available to members and the communications material has been updated accordingly. It has also been agreed that owing to administration concerns that have increased following the recent acquisition of Friends Provident by Resolution Life, the AVC facility for members will be transferred to Fidelity later this year. All existing AVC investments will be mapped to appropriate funds on the Fidelity platform and steps are being taken by the Trustee's advisers Hewitt to limit or remove out of market exposure during this process.

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Pension Increases

The level of increase to pensions in payment granted during the year was in accordance with the rules of the Scheme. Accordingly, the basic increase awarded in April this year was 2.4%, in line with the movement in the Retail Prices Index in the last calendar year. This increase has been applied to the pension, excluding any Guaranteed Minimum Pension in payment.

Deferred pension benefits were increased by the statutory rate, 2.4%, from the same date, reflecting the annual increase in the Retail Price Index to December 2009.

A history of recent pension increases to retired members is shown below:

Date	%
1.4.05	3.5
1.4.06	2.2
1.4.07	4.4
1.4.08	4.0
1.4.09	0.9
1.4.10	2.4

Trustee

Details of the Trustee of the Scheme are shown on page 3 of this Report. Northcliffe Trustees Limited, which was incorporated on 30 June 1997, was appointed Trustee of the Scheme by a Deed dated 2 September 1997. The Directors of this Company, as listed on page 3, jointly hold all the issued ordinary shares.

Trustee Directors

Board meetings of the Trustee have been held quarterly. Certain decisions of the Trustee have been delegated to sub-committees set up under formal terms of reference to deal with administration, funding, finance & risk and investment. Certain specialists and selected internal attendees have been co-opted to the sub-committees to assist their work. Trustee-Director members of the sub-committees are listed on page 3 of this report.

The Pensions Regulator

The Pensions Regulator was established by the Pensions Act 2004 to oversee the operation of occupational pension schemes. The Regulator has far reaching powers and is able to intervene in the running of schemes in the event of any failure by trustees, employers, or professional advisers regarding their duties. He has the power to issue orders to sponsoring companies where corporate transactions might impact on the financial position of pension schemes.

The Pensions Regulator and Pension Protection Fund Levies

The Pensions Regulator (TPR) collects a General Levy from all UK occupational pension schemes. It also collects an Administration Levy on behalf of the Pension Protection Fund (PPF). In addition, the PPF collects directly from schemes a Scheme-based levy and a Risk-based levy.

The total levy for the Scheme is the responsibility of the Trustee but, at present, is reimbursed by the Company.

HARMSWORTH PENSION SCHEME

Details regarding the levies collected during the year are shown in the table below:

Levy	Collected by	2010 £	2009 £
General Levy	TPR	21,725	14,300
Admin Levy	TPR for PPF	28,025	18,400
Scheme-based levy	PPF	236,093	226,348
Risk-based levy	PPF	161,407	54,472
		447,250	313,520

Daily Mail and General Holdings Limited (DMGH) has provided the Trustee with a guarantee in the form prescribed by the PPF. This guarantee effectively substitutes the low default risk of DMGH for the list of participating companies, some of which have a higher default risk according to the Dun & Bradstreet scoring system. The recognition by the PPF of this guarantee significantly reduces the risk-based levy charged to the Scheme.

Statement of Trustee's Responsibilities

The Trustee's responsibilities in respect of the financial statements are set out in more detail in the Compliance Statement on page 14.

Further Information

Further information about the Scheme generally, or about members' individual entitlements to benefit is available from:

**The Secretary
Harmsworth Pension Scheme
DMGT Pensions
10 Bedford Street
Covent Garden
London
WC2E 9HE**

or from the website www.dmgtpensions.co.uk

By order of the Trustee

**Geoffrey Staines
Secretary**

HARMSWORTH PENSION SCHEME

INVESTMENT REPORT

Policy

The Trustee has ultimate responsibility for decision-making on investment matters. However, an Investment Sub-Committee handles the majority of investment matters and makes recommendations to the Trustee where decisions are required to be taken. The members of the Investment Sub-Committee are listed on page 3.

Only persons or organisations with the necessary skills, information and resources are actively involved in taking investment decisions affecting the Scheme. The Trustee draws on the expertise of their internal advisers and, where necessary, employs the skills and expertise of external advisers, including external sub-committee members, investment managers, the custodian, the investment consultant and the Scheme Actuary.

A key element of overall investment policy is a scheme-specific asset allocation benchmark. This benchmark is incorporated in the Statement of Investment Principles (SIP), which is reviewed annually or otherwise updated as necessary. The assets are monitored so that overall asset allocation can be maintained in line with this scheme-specific allocation.

The scheme-specific allocation is the Trustee's long-term strategy for meeting agreed investment objectives.

Asset Allocation

The underlying asset allocation at the beginning and end of the year under review is shown below:

	31.03.10	Benchmark	31.03.09	Benchmark
	%	%	%	%
Growth assets		72		75
Global equities	44.0	39.0	45.5	47
Fund of hedge funds	6.4	6.0	7.3	6
Infrastructure	2.7	6.0	2.7	6
Private equity	6.3	6.0	6.6	6
Property	9.8	10.0	9.7	10
Credit opportunities	4.8	5.0	-	-
Matching assets		28		25
Index-linked gilts	13.9	16.8	16.3	15
Corporate bonds	12.1	11.2	11.9	10
	100.0	100.0	100	100

Variations in actual asset weightings compared with the benchmark can arise due to market movements. From 1 June 2008, the Trustee appointed Legal & General Investment Management Limited to monitor and re-align the weighting between growth and matching assets to respond to market movements. Due to extreme market volatility towards the end of 2008, automatic re-balancing from matching to growth assets was temporarily suspended. This was reinstated in June 2009 based on the actual split between growth and matching assets, which was 72:28. The temporary suspension of re-balancing meant that at 31 March 2009 the asset weightings were not in line with the benchmark set under the SIP in force at the time. The Trustee considered that this was acceptable in view of the particular market conditions prevailing. The SIP has since been updated and asset weightings are within agreed tolerances.

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DMGT Pensions continues to monitor overall asset allocation and to make recommendations for change as necessary.

Management

The Trustee appoints investment managers to manage assets of the Scheme. A list of the investment managers and the asset classes that they manage is shown in Appendix 1 on page 32.

All investment managers appointed by or on behalf of the Trustee to manage Scheme funds under section 34 (3) of the Pensions Act 1995 are appropriately authorised or exempt under the Financial Services and Markets Act 2000.

Investment managers' fees, calculated on either a fixed or a diminishing sliding ad valorem scale in relation to the market value of the portfolio, are paid by the Scheme. Property managers' fees are monitored and paid by the Harmsworth Pooled Property Unit Trust.

The Trustee has appointed an Investment Sub-Committee which meets quarterly to discuss investment matters, review strategy and make recommendations to the Board. Regular presentations are made to the Sub-Committee by investment managers, independent specialists and advisers. The Sub-Committee has very specific decision-making powers as set out in its mandate.

Investment Managers with an overseas mandate have the option to enter into foreign exchange contracts in order to hedge, or partially hedge, the value of overseas investments to sterling or to enhance investment returns. In addition, on 19 December 2008, the Trustees appointed L&G with a mandate to hedge back into sterling 100% of certain overseas investment positions denominated in US dollars, Japanese Yen and Euros.

Investment Review & Performance

Investment performance is monitored on a quarterly basis by comparing Scheme returns generated by The WM Company (the performance measurement specialist retained by the Trustee) with benchmark returns for that quarter.

For the principal markets in the period to 31 March 2010 the FTSE All-Share Index showed a total annual return of 52.3%, and the MSCI World Index a total return of 44.8%. The FTSE UK Gilts All Stocks Index showed a total return of 0.8%.

The Scheme itself achieved a return over the year to 31 March 2010 of 32.1% compared with a return of 29.0% achieved by the benchmark set by the Trustee for the same period. This means that, proportionally, the Scheme returned 2.5% above the benchmark over the year. For the three years to 31 March 2010 the Scheme showed an annualised return of 2.0% p.a., 0.8% above the benchmark. Over the five years to 31 March 2010 the Scheme achieved an annualised return of 7.8% p.a., an outperformance of 0.5% p.a. relative to the benchmark.

UK Equities

This section of the Scheme achieved a return of 53.1% in the year to 31 March 2010.

Overseas Equities

This section of the Scheme achieved a return of 57.7% in the year to 31 March 2010.

Fixed Interest including Index-Linked

This section of the Scheme achieved a return of 28.6% in the year to 31 March 2010.

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Property

The Trustees of the Harmsworth Pooled Property Unit Trust (HPPUT) monitor the performance of the Trust's property portfolio against the benchmark of the Investment Property Databank (IPD) All Funds Universe. IPD produce an annual report for the Trustees as at 31 December of each year. The total return achieved by the Trust for the year ended 31 December 2009 as reported by IPD was 8.8%. The IPD All Funds Universe returned 3.0% over the same period.

Marketability of Investments

At the year end, £332.4m (24.9%) of investments were quoted on a recognised stock exchange and are therefore considered to be marketable on a short term basis. In addition £655.6m (49.2%) was held in unitised funds that can be sold on specific dealing dates and are also considered to be marketable on a short term basis. Holdings of units in HPPUT can usually only be realised over longer periods to allow for sale of the underlying property investments unless other participating schemes wish to acquire the units to be sold. The balance of investments is held in less liquid assets which may not be realisable on a short term basis.

Risk

During the period covered by this report the Investment Sub-Committee has looked at the risk profile of the actively managed portfolios of quoted stock, and the aggregate portfolio. The historical risk has been evaluated using quarterly relative return and information ratio statistics provided by the managers, measured over rolling 3-year periods. This was supplemented by independent statistics supplied by The WM Company.

HARMSWORTH PENSION SCHEME

COMPLIANCE STATEMENT

1. Trustee Directors

Company-appointed Directors are appointed and can be removed by the remaining Directors. Member-nominated Directors are appointed by a selection panel.

2. Statement of Trustee's Responsibilities

The financial statements are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

- Show a true and fair view, in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- Contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes'.

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions (other than voluntary contributions) payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Under trust law the Trustee has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is also responsible for the integrity of the administration systems database and the DMGT Pensions Trustee's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

HARMSWORTH PENSION SCHEME

3. Transfer Value Payments

Transfer payments made in respect of members or ex-members with a deferred pension entitlement have been calculated in accordance with the provisions of the Occupational Pension Schemes (Transfer Values) Regulations 1996 using tables supplied by the Scheme Actuary. Transfer payments made during the year were calculated in accordance with instructions supplied by the Actuary to reflect the full value of the deferred benefit rights and guaranteed increases to pensions in payment and were in accordance with the Regulations and guidelines issued by the Institute of Actuaries.

The Trustee has decided to exclude residual discretionary benefits from the transfer payment.

4. Property Investment

The main property investments of the Scheme are held in the Harmsworth Pooled Property Unit Trust (HPPUT). Full details of all transactions in HPPUT are given in the annual Report and Financial statements for the Trust as at 31 March 2010, which is appended to this Report and Financial Statements.

5. Statement of Investment Principles

The Trustee has produced a Statement of Investment Principles under Section 35 of the Pensions Act 1995 which sets out the policy it is following in investing the assets of the Scheme on behalf of Members. A copy of this Statement, which has been reviewed annually by the Trustee, is available for inspection at the address shown on page 10.

6. Custody of Assets

The assets of the Scheme, apart from property, private equity, infrastructure and client-held investments in pooled investment vehicles, were held on behalf of the Trustee by the custodian bank shown on page 4 of this Report. Strict internal controls are in place regarding the movement or sale of these assets.

7. Employer-Related Investments

The distribution and value of the investments at 31 March 2010 is analysed in note 11 of the financial statements on page 27. It should be noted that the Trust Deed explicitly prohibits investment of Scheme assets in employer-related investments, apart from those required in order that a passively managed UK Equity portfolio can be utilised by the Trustee.

HARMSWORTH PENSION SCHEME

Actuary's Statutory Certificate

Actuarial certification for the purposes of regulation 7(4)(a) of The Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: **The Harmsworth Pension Scheme**

Calculation of Technical Provisions

I certify that, in my opinion, the calculation of the Scheme's Technical Provisions as at 31 March 2007 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the Statement of Funding Principles dated 10 June 2008.



K D Ellis
Fellow of the Institute of Actuaries
Watson Wyatt Limited

10 June 2008

Watson Wyatt Limited
Watson House, London Road,
Reigate, Surrey RH2 9PQ

Phone: +44 (0)1737 241144
Fax: +44 (0)1737 241496

Authorised and regulated by the Financial Services Authority

HARMSWORTH PENSION SCHEME

Actuary's certification of the Schedule of Contributions

Name of Scheme: The Harmsworth Pension Scheme

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected at 31 March 2007 to be met by the end of the period specified in the recovery plan dated 10 June 2008.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 10 June 2008.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.



K D Ellis *DATE: 13 JUNE 2008*
Fellow of the Institute of Actuaries
Watson Wyatt Limited

10 June 2008

Watson House
London Road
Reigate
Surrey
RH2 9PQ

HARMSWORTH PENSION SCHEME

INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE HARMSWORTH PENSION SCHEME

We have examined the Summary of Contributions to the Harmsworth Pension Scheme for the year ended 31 March 2010 which is set out on the following page.

Respective responsibilities of Trustee and Auditors

The Trustee's responsibilities for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions are set out in the statement of Trustee's responsibilities.

Our responsibility is to provide a statement about contributions to the Scheme in accordance with relevant legislation and to report our opinion to you. This report, including the statement about contributions, has been prepared for and only for the Scheme's Trustee as a body in accordance with Section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this statement, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of statement about contributions

We planned and performed our work 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 contributions reported in the Summary of Contributions have been paid in accordance with the relevant requirements. For this purpose the work that we carried out included examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the schedule of contributions. Our statement about contributions is required to refer to those breaches of the schedule of contributions which we consider to be material for this statement and which come to our attention in the course of our work.

Statement about contributions to the Scheme

In our opinion, the contributions payable to the Scheme required by the schedule of contributions during the year ended 31 March 2010, as reported in the Summary of Contributions on the following page, have in all material respects been paid in accordance with the schedule of contributions certified by the Actuary on 10 June 2008.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

Date

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Summary of Contributions Payable

During the year to 31 March 2010, the contributions payable to the Scheme by the Employer were as follows:

	Employee £'000	Employer £'000
Required by the schedules of contributions		
Normal contributions	587	25,584
Additional funding payment	-	1,568
Total	587	27,152
Other contributions payable		
Augmentations of individual members' benefits	-	196
Additional Voluntary Contributions	705	-
Total (as per Fund Account)	1,292	27,348

Signed on behalf of the Trustee:

C A Wood OBE
Director

Date: 23 September 2010

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF THE HARMSWORTH PENSION SCHEME

We have audited the financial statements of the Harmsworth Pension Scheme for the year ended 31 March 2010 which comprise the Fund Account, the Net Assets Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Trustee and Auditors

The Trustee's responsibilities for obtaining an Annual Report and audited financial statements prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Trustee's 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). This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with Section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and contain the information required by the relevant legislation. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustee's Report, the Investment Report, the Compliance Statement, the Actuary's Certificates, the Summary of Contributions Payable and the Appendices. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 or on behalf of the Trustee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Scheme'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 financial transactions of the Scheme during the year ended 31 March 2010, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year, and

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- the financial statements contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

Date

HARMSWORTH PENSION SCHEME
FUND ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2010

	<u>Note</u>	<u>2010</u> <u>£000's</u>	<u>2009</u> <u>£000's</u>
CONTRIBUTIONS AND BENEFITS			
Contributions receivable	3	28,640	32,961
Individual transfers in from other schemes	4	56	13
Other income	5	1	29
		<u>28,697</u>	<u>33,003</u>
Benefits payable	6	71,526	65,545
Payments to and on account of leavers	7	2,006	2,661
Other payments	8	54	50
		<u>73,586</u>	<u>68,256</u>
Net withdrawals from dealings with members		<u>(44,889)</u>	<u>(35,253)</u>
RETURNS ON INVESTMENTS			
Investment income	10	14,724	19,065
Change in market value of investments	11	319,915	(354,598)
Investment management expenses	12	(3,387)	(3,411)
Net returns on investments		<u>331,252</u>	<u>(338,944)</u>
Net increase/(decrease) in the fund during the year		286,363	(374,197)
NET ASSETS OF THE SCHEME AT 1 APRIL 2009		<u>1,053,949</u>	<u>1,428,146</u>
NET ASSETS OF THE SCHEME AT 31 MARCH 2010		<u>1,340,312</u>	<u>1,053,949</u>

The accounting policies and notes on pages 24 to 31 form part of these financial statements.

HARMSWORTH PENSION SCHEME

NET ASSETS STATEMENT AS AT 31 MARCH 2010

	<u>Note</u>	2010 £000's	2009 £000's
Investment assets		1,359,465	1,035,518
Investment liabilities		<u>(26,235)</u>	<u>(1,054)</u>
TOTAL INVESTMENTS	11	<u>1,333,230</u>	<u>1,034,464</u>
CURRENT ASSETS	13	8,662	21,202
CURRENT LIABILITIES	14	<u>(1,580)</u>	<u>(1,717)</u>
NET ASSETS OF THE SCHEME AT 31 MARCH 2010		<u>1,340,312</u>	<u>1,053,949</u>

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of the obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the certificate by the actuary on page 16 of the annual report and in the information disclosed in the Trustee's Report on pages 6 and 7 and these financial statements should be read in conjunction with this information.

These financial statements were approved by the Trustee and signed on its behalf on 23 September 2010 by:

C A Wood OBE)	Director
J P Williams)	Director

The accounting policies and notes on pages 24 to 31 form part of these financial statements.

HARMSWORTH PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2010

1. BASIS OF PREPARATION

- (i) The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and with the guidelines set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes (revised May 2007).

2. ACCOUNTING POLICIES

Accruals Basis

- (i) The financial statements have been prepared on an accruals basis. Thus, apart from exceptions listed below, income and expenditure are recognised as they are earned or fall due, rather than when they are received or paid.

Contributions receivable

- (ii) Contributions receivable are accounted for on an accruals basis at rates agreed by the Trustee and as recommended by the Actuary and documented in the schedule of contributions.

Transfers to and from other schemes

- (iii) Transfer values have been included in the financial statements when the Trustee has accepted or transferred the liability. This will usually be when a transfer value has been received or paid.

Benefits payable

- (iv) Benefits payable are accounted for on an accruals basis and represent all valid benefit claims in respect of the Scheme year.

Market value of investments

- (v) Investments are valued at bid price. The market value of investments is determined as follows:
- UK Quoted Securities - On the basis of the market convention where primarily traded, which is either the last traded or bid market price ruling at valuation point.
 - Unquoted Equities - Values based on the manager's last set of audited accounts adjusted for cash movements up to 31 March 2010.
 - Overseas Investments - On the basis of the market convention where primarily traded, where possible, which is either the last traded or bid market price ruling at valuation point. Assets and liabilities in overseas currencies are translated into sterling at the rates of exchange ruling at 31 March 2010. For investments, exchange gains and losses arising on translations are included as part of the change in market value.
 - Pooled Investment Vehicles - By reference to prices as advised by the Investment Managers. These may be single prices, or bid market prices where these are available. Unit values for units held in the Harmsworth Pooled

HARMSWORTH PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2010 (Continued)

Property Unit Trust (HPPUT) as at 31 March are provided by the Trustees of HPPUT.

- Foreign Exchange – Forward foreign exchange contracts outstanding at the year-end are stated at fair value which is determined as the gain or loss that would arise if the outstanding contract was matched at the year-end with an equal and opposite contract.

Investment management expenses

- (vi) Investment management fees are accounted for on an accruals basis. In the case of pooled investment vehicles, investment charges are integrated with the change in the unit prices and are therefore included within the change in market value.

Investment income

- (vii) Income from investments and interest arising on short-term money transactions is taken into account on an accruals basis.
- (viii) Income generated by the pooled investment vehicles, apart from HPPUT and the M&G European Loan Fund, is not distributed, but retained within the pooled investment vehicles and is reflected in the value of the units. Distributions from HPPUT and M&G are accounted for on an accruals basis.
- (ix) Income from unlisted securities is recognised as it is received.

Acquisition costs of assets

- (x) Acquisition costs of assets include all costs associated with those purchases including fees, commissions, stamp duty and other fees.

	2010	2009
	£000's	£000's
3. CONTRIBUTIONS RECEIVABLE		
Employers		
Normal	25,584	24,713
Additional funding payments	1,568	65
Additional individual augmentations	196	782
Members		
Normal	587	6,822
Additional Voluntary Contributions	705	579
	28,640	32,961

Additional individual augmentations are payments by the employer to enhance individual benefits agreed on a case-by-case basis.

Additional funding payments includes £1.5 million of payments arising from the exchange of letters of credit as described in the Trustee's Report on page 6 and an annual payment of £65 thousand agreed by the Trustee and the Principal Employer following the transfer-in of members of the Tamworth Herald Company Ltd and the Lichfield Mercury Ltd Retirement Benefits Scheme in 2002. These annual payments will cease in 2012.

From 1 January 2009, in accordance with the Schedule of Contributions certified by the Actuary on 10 June 2008 and following agreement by most active members to participate in a salary sacrifice arrangement known as 'EXTRA', contributions paid by the employer for those employees in EXTRA were increased by an amount equal to the contributions that would have been paid by the employee. Contributions for all other employees remained unchanged.

HARMSWORTH PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2010 (Continued)

	2010	2009
	<u>£000's</u>	<u>£000's</u>
4. TRANSFERS IN		
Individual transfers in from other schemes	56	13
	<u>56</u>	<u>13</u>
<p>Individual transfers in represents a number of insurance policies established for the purpose of AVC investment that were re-assigned to the Scheme. The Trustee agreed to accept these policies as they have no impact on the defined benefit obligation of the Scheme.</p>		
5. OTHER INCOME		
Receipts from DWP	-	1
Other	1	28
	<u>1</u>	<u>29</u>
6. BENEFITS PAYABLE		
Pensions	54,273	51,405
Commutations and lump sum retirement benefits	16,113	13,010
Annuities bought	1	59
Lump sum death benefits	1,139	1,071
	<u>71,526</u>	<u>65,545</u>
7. PAYMENTS TO AND ON ACCOUNT OF LEAVERS		
Refunds to members leaving service	51	40
Payments for members joining state scheme	136	94
Individual transfers to other schemes	1,819	2,527
	<u>2,006</u>	<u>2,661</u>
8. OTHER PAYMENTS		
Sundry payments	54	50
	<u>54</u>	<u>50</u>
9. ADMINISTRATIVE EXPENSES		
<p>Apart from bank charges, all other costs of administration are borne by Daily Mail and General Trust plc (DMGT) and its subsidiaries. As noted on page 9, the PPF levy is currently borne by DMGT.</p>		

HARMSWORTH PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2010 (Continued)

	2010 £000's	2009 £000's
10.		
INVESTMENT INCOME		
Income from fixed interest securities	-	61
Dividends from equities	7,284	11,607
Income from pooled investment vehicles *	7,260	6,291
Interest from cash deposits	283	1,655
Other	498	592
	15,325	20,206
Irrecoverable withholding tax	(601)	(1,141)
Total investment income	14,724	19,065

* Income from pooled investment vehicles includes distributions from the Harmsworth Pooled Property Unit Trust for the year of £6,617 thousand (year to 31 March 2009 - £6,288 thousand).

	Value at 01.04.09	Purchases at cost + Derivative payments	Sales Proceeds + Derivative receipts	Change in market value	Closing value at 31.03.10
	£000's	£000's	£000's	£000's	£000's
11. INVESTMENTS					
Equities	324,848	127,959	(177,515)	140,748	416,040
Pooled investment vehicles	674,683	270,726	(214,526)	177,410	908,293
AVC Investments	3,299	725	(608)	1,129	4,545
Derivatives - forward foreign exchange	10,370	28,339	(64,529)	628	(25,192)
	1,013,200	427,749	(457,178)	319,915	1,303,686
Other investment balances	21,264				29,544
	1,034,464				1,333,230

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Transaction costs incurred during the year to 31 March 2010 amounted to £446 thousand (year to 31 March 2009, £668 thousand). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Scheme.

HARMSWORTH PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2010 (Continued)

	2010	2009
	<u>£000's</u>	<u>£000's</u>
Equities		
Global quoted	332,419	260,299
Private equity	83,621	64,549
	<u>416,040</u>	<u>324,848</u>
Pooled investment vehicles		
Managed Funds - infrastructure	35,597	27,658
- hedge funds	83,948	75,015
- insurance policies	7,302	5,286
Unit Trusts - property	125,856	90,338
- equity	252,848	185,045
- fixed interest	220,874	123,383
- index-linked	181,868	167,958
	<u>908,293</u>	<u>674,683</u>

Unit Trusts – property, represents the Scheme's holding of units in the Harmsworth Pooled Property Unit Trust (HPPUT) which at 31 March 2010 was 92,798.152 (31 March 2009 – 72,217.220). Total units in issue were 108,135.219 (31 March 2009 – 84,152.870). The value of a unit was £1,356.24 (31 March 2009 - £1,250.92). Details of transactions during the year are shown in the HPPUT financial statements which are appended to this Report and Financial Statements. The holding in the Trust as at 31 March 2010 represents 9.4% of the net assets of the Scheme (31 March 2009 – 8.6% of the net assets of the Scheme). HPPUT is operated in the UK.

In addition to HPPUT mentioned above, the following asset holdings of the Scheme represent more than 5% of the net assets of the Scheme as at 31 March 2010:

L&G – UK All Share Index Equity Fund - £135,557 thousand = 10.1% (2009 - £117,144 thousand = 11.1%)
 K2 Overseas Fund of Hedge Funds - £83,948 thousand = 6.3% (2009 - £75,015 thousand = 7.1%)
 L&G AP over-5-year I/L gilt index Fund - £181,867 thousand = 13.6% (2009 - £167,958 thousand = 15.9%)
 Aberdeen Global IV + Sterling Cr. Fund - £158,104 thousand = 11.8% (2009 - £123,383 thousand = 11.7%)

Of pooled investment vehicles, £806,647 thousand represents vehicles operated in the UK and £101,646 thousand represents vehicles operated outside of the UK.

AVCs are invested separately in individual insurance policies securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amount held to their account and the movement in the year.

	2010	2009
	<u>£000's</u>	<u>£000's</u>
Other investment balances		
Cash deposits	28,916	13,260
Amounts due from brokers	187	725
Amounts due to brokers	(481)	(680)
Prepaid distribution from HPPUT	(493)	-
Outstanding dividend entitlements and recoverable withholding tax	1,415	7,959
	<u>29,544</u>	<u>21,264</u>
Foreign Exchange Contracts		
Assets	69	10,744
Liabilities	(25,261)	(374)
	<u>(25,192)</u>	<u>10,370</u>

HARMSWORTH PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2010 (Continued)

Analysis of gains/losses on Foreign Exchange Contracts for the year to 31 March 2010	Payments £000's	Receipts £000's	Net (loss)/ gain at 31 March £000's
Up to 30 day contracts settled in year	(13,167)	7,037	(6,130)
31 – 90 day contracts settled in year	(1,850)	2,510	660
Over 90 day contracts settled in year	(13,322)	54,982	41,660
Total payments/receipts	(28,339)	64,529	36,190
Less open contracts at 31 March 2009	374	(10,744)	(10,370)
Plus open contracts at 31 March 2010	(25,261)	69	(25,192)
Total recognised foreign exchange gains			628

Analysis of open Foreign Exchange Contracts at 31 March 2010	Liabilities £000's	Assets £000's	2010 £000's
Up to 30 day contracts open at 31 March	(3)	1	(2)
31 – 90 day contracts open at 31 March	(45)	68	23
Over 90 day contracts open at 31 March	(25,213)	-	(25,213)
	(25,261)	69	(25,192)

All foreign exchange contracts are traded 'OTC', that is, they are over-the-counter contracts with another counterparty. The payments and receipts recognised during the period represent the net amounts paid or received.

Overseas investments result in foreign currency receipts and payments that require contracts to settle against sterling. These tend to be of varying duration as set out above. Although the underlying values of the currency trades are as high as the value of the associated stock purchases or sales, these foreign exchange trades are matched and settled net so that only the realised currency gain or loss is received or paid.

Investment Managers with an overseas mandate have the option to enter into foreign exchange contracts in order to hedge, or partially hedge, the value of overseas investments to sterling or to enhance investment returns. In addition, L&G were appointed on 19 December 2008 with a mandate to hedge back into sterling 100% of certain overseas investment positions denominated in US dollars, Japanese Yen and Euros. All of these contracts are included in the analysis above.

The assets or liabilities recognised at 31 March 2010 represent the fair value of unsettled foreign exchange contracts at that date. An analysis of these open contracts by currency is shown in the following table:

HARMSWORTH PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2010 (Continued)

Analysis of open contracts at 31 March 2010 by currency	Market value bought	Book value bought	Market value sold	Book value sold	Unrealised gain/(loss) at 31 March
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
Australian dollar	-	-	(529)	(530)	1
British pound sterling	423,914	423,914	(214)	(214)	-
Canadian dollar	22	22	-	-	-
Euro	522	530	(118,164)	(114,740)	(3,432)
Hong Kong dollar	-	-	(3)	(3)	-
Japanese Yen	32	33	(32,979)	(31,541)	(1,439)
South Korean Won	115	116	-	-	(1)
Swiss Franc	-	-	(543)	(527)	(16)
US dollar	2,714	2,728	(300,076)	(279,785)	(20,305)
South African Rand	-	-	(2)	(2)	-
	<u>427,319</u>	<u>427,343</u>	<u>(452,510)</u>	<u>(427,342)</u>	<u>(25,192)</u>

12. INVESTMENT MANAGEMENT EXPENSES

The Scheme is responsible for the payment of investment management fees and custodian fees. All investment managers' fees are calculated and charged as a percentage of the asset value under the managers' control.

13. CURRENT ASSETS

	2010 <u>£000's</u>	2009 <u>£000's</u>
Contributions due :		
Company	1,944	2,119
Members	76	67
Administrative cash balances	6,244	18,988
Sundry debtors	398	28
	<u>8,662</u>	<u>21,202</u>

Contributions due from the employer relate to March 2010 and were paid in full directly to the Harmsworth Pension Scheme within the timescale required by the Schedule of Contributions currently in force and the Pensions Act 1995.

14. CURRENT LIABILITIES

	2010 <u>£000's</u>	2009 <u>£000's</u>
Investment management fees	(828)	(789)
Death benefits & commuted pensions	(744)	(853)
Leavers	(8)	(46)
Miscellaneous	-	(29)
	<u>(1,580)</u>	<u>(1,717)</u>

HARMSWORTH PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2010 (Continued)

15. CONTRACTUAL COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

- (i) At 31 March 2010, and in accordance with its investment strategy, the Trustee had outstanding contractual commitments to private equity and infrastructure investments amounting to £154,854 thousand (£122,031 thousand at 31 March 2009). These commitments are called down by the investment managers only when and if the managers intend to acquire further investment holdings within their portfolio. A list of the current investment managers is contained in Appendix 1 on page 32.
- (ii) As a condition of the merger of the Mail Newspapers Pension Scheme (MNPS) into the Scheme on 30 November 2007, DMGT provided a letter of credit for £40 million during the period to 1 December 2011. The Trustee had a call on this contingent asset in the event that the Scheme begins to be wound up before 1 December 2011 and the assets of the Scheme are insufficient to provide benefits in full for all members

However, as reported on page 6, on the advice of their actuary the Trustee agreed to exchange this letter of credit for funding payments of £3.167 million comprising an initial payment of £1 million received on 30 September 2009 followed by a series of monthly payments of £83,346 to November 2011.
- (iii) As described on page 7, DMGT has put in place a letter of credit (to be updated annually) in respect of a potential shortfall in investment returns arising prior to the next triennial valuation. At 31 March 2010, the letter of credit had a value of £46.94 million.
- (iv) Other than the liability to pay future pensions and other benefits, there were no contingent liabilities of the Scheme at 31 March 2010 (and 31 March 2009).
- (v) There were no material events after 31 March 2010 to record (and 31 March 2009).

16. TRANSACTIONS WITH RELATED PARTIES

The Scheme has entered into transactions in the year with one or more Trustee Directors, as shown on page 3, who are members of the Scheme. All transactions are in accordance with the Scheme rules and on terms normally granted to members. The running costs of DMGT Pensions are met by the employer.

17. EMPLOYER RELATED INVESTMENTS

The Trust Deed explicitly prohibits investment of Scheme assets in employer-related investments, apart from those required in order that a passively managed UK Equity portfolio can be utilised by the Trustee. Technically, any contributions paid after the date required by the Schedule of Contributions are employer related investments up to the date at which they are paid.

HARMSWORTH PENSION SCHEME

APPENDIX 1

INVESTMENT MANAGERS

Asset Class/Manager	Date of appointment (if after 1 April 2009)
Global Equities	
Capital International	
Genesis Investment Management	20 October 2009
Marathon Asset Management	
Pzena Investment Management	
Southeastern Asset Management	
Legal & General	
US Equities	
Stralem & Company	
Private Equity	
Advent International	
American Securities	
AXA (3 funds)	
Bain Capital	
CCMP	
Cerberus (2 funds)	
Darwin Private Equity	
FLAG Group	
Fortress Investment	
Greenhill Capital	
Greenspring (formerly Montagu Newhall) (3 funds)	
Herald Ventures	
HgCapital 6	
Jegi Internet	
LODH Euro Choice IV	
Matlin Patterson	
New Mountain Partners	
Pantheon Global (2 funds)	
Quester Venture	
RCP (2 funds)	
Schroder Private Equity (3 funds)	
Squadron (2 funds)	
SVG Capital/Permira	
Fixed Interest	
Aberdeen Asset Management	
Legal & General	
Henderson Global Investors	29 July 2009
M&G Investments	29 July 2009
Fund of Hedge Funds	
K2 Advisors	
Infrastructure Funds	
Allinda Capital Partners	
Equitix Infrastructure Equity Partnerships	28 October 2009
EQT Funds Management	
Semperian (formerly Land Securities Trillium)	
Property	
Harmsworth Pooled Property Unit Trust	
Foreign Exchange Hedging	
Legal & General	

HARMSWORTH PENSION SCHEME

APPENDIX 2

The following pages contain:

Harmsworth Pooled Property Unit Trust
Annual Report and Financial Statements
for the year ended 31 March 2010.