

Registration number: 101324285

DMGT AVC Plan

Trustee's Report and financial statements
for the year ended 31 March 2017

DMGT AVC Plan

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DMGT AVC Plan

Scheme officers and advisors

Sponsoring employer	Daily Mail and General Trust plc Northcliffe House 2 Derry Street London W8 5TT
Trustee	Northcliffe Trustees Limited Northcliffe House 2 Derry Street London W8 5TT
Independent director	K Abbott (Chairman)
Company appointed directors	J P Williams A Perry W R Flint
Member nominated directors	S J Torrington (resigned 15 December 2016) J Coney Nick Braithwaite (appointed 15 December 2016) Lorna Bourke (appointed 15 December 2016)
Secretary	Y Slater

DMGT AVC Plan

Scheme officers and advisors

Trustee sub committees:

Investment committee

J P Williams (Chairman)
M McGregor - Smith (Independent Advisor)
A Perry
S J Torrington (resigned 15 December 2016)
L Bourke (appointed 15 December 2016)
K Abbott
A Hilton (Independent Advisor)

Funding sub committee

K Abbott (Chairman)
M Pelosi*
J P Williams
W R Flint

Administration sub committee

K Abbott (Chairman)
M Newman*
J Coney

Finance & Risk sub committee

M Pelosi *
W R Flint
S J Torrington (resigned 15 December 2016)
N Braithwaite (appointed 15 December 2016)

*Director of affiliated DMGT Senior Executive Pension Fund (SEPF)

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Scheme officers and advisors

Scheme Actuary

R Whitlam FIA
Aon Hewitt Limited
The Leadenhall Building,
122 Leadenhall Street,
London
EC3V 4AN

Independent auditors

Crowe Clark Whitehill LLP (appointed 23 February 2017)
St. Bride's House
10 Salisbury Square
London
EC4Y 8EH

PricewaterhouseCoopers LLP (resigned 23 February 2017)
7 More London Riverside
London
SE1 2RT

Legal advisors

Linklaters LLP
One Silk Street
London
EC2Y 8HQ

Bankers

National Westminster Bank Plc
Bishopsgate
49 Bishopsgate
London
EC2N 3AS

DMGT AVC Plan

Scheme officers and advisors

Covenant Advisor	Ernst & Young LLP 1 More Place London SE1 2AF
Existence Checking Consultants	LexisNexis Risk Solutions Global Reach Dunleavy Drive Cardiff CF11 0SN
Investment Consultant	Lane, Clarke and Peacock LLP 95 Wigmore Street London W1U 1DQ

DMGT AVC Plan

Report of the Trustee for the Year Ended 31 March 2017

Scheme management

The Trustee presents the annual report and audited financial statements for the DMGT AVC Plan (the "Scheme") for the year ended 31 March 2017.

Scheme constitution

The Scheme is a defined benefit scheme providing retirement and death benefits for certain employees of subsidiary companies of Daily Mail and General Trust plc ("DMGT"), the Sponsoring Employer. 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 not contracted out of the State Second Pension.

Financial Statements and financial development of the Scheme

The financial statements included in this annual report are the financial statements required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under sections 41 (1) and (6) of that Act.

During the year to 31 March 2017, the net assets of the Scheme increased by £1.3 million, or 2.7% from £47.7 million to £49.0 million as shown in the following table:

	£m
Contributions and transfers receivable	-
Benefits payable, payments to and on account of leavers and administrative expenses	(5.3)
Net withdrawals	(5.3)
Investment income	1.7
Change in market value of investments	5.0
Investment management expenses and irrecoverable taxation	(0.1)
Net returns on investments	6.6
Net increase in the net assets of the Scheme during the year	1.3

Scheme benefits

The Scheme closed to new entrants on 31 March 2006, including transfers from other pension arrangements.

DMGT AVC Plan

Report of the Trustee for the Year Ended 31 March 2017

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Scheme membership

The following changes in membership occurred during the year:

Deferred members at 1 April 2016	766	
Adjustments	2	
Members retiring on pensions	(42)	
Transfers to other pension arrangements	(3)	
Trivial commutations	(27)	
Deaths	(1)	
	<hr/>	695
Deferred members at 31 March 2017		
Pensioner members at 1 April 2016	2,730	
Trivial commutations	(244)	
Members retiring on pensions	42	
Deaths	(79)	
	<hr/>	2,449
Pensioner members at 31 March 2017		<hr/>
Total membership at 31 March 2017		<hr/> <hr/>

DMGT AVC Plan

Report of the Trustee for the Year Ended 31 March 2017

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Pension increases

There were no pension increases in the Scheme during the year.

Transfer value payments

Transfer payments 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.

Trustee directors

At 31 March 2017, the Trustee had one Independent Director, three Company Appointed Directors and two Member Nominated Directors.

Board meetings of the Trustee have been held quarterly. Certain duties 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. As indicated on pages 3 to 4 of this report, independent advisors have been co-opted to the sub-committees to assist the Trustee in its duties.

Under the Scheme's Trust Deed and Rules, the Sponsoring Employer has the power to appoint and remove the Trustee of the Scheme. A director of the Trustee may under the Trustee Company's Articles of Association be appointed by ordinary resolution of the Trustee Company and may be removed by extraordinary resolution of the Trustee Company. The Independent Trustee director is also appointed and can be removed by the Sponsoring Employer.

Risk management

The Trustee has established a Finance & Risk Sub-Committee with a brief to identify, monitor and seek to mitigate the risks associated with operating the Scheme that are within the Trustee's control and to maintain a Risk Register. These risks are being addressed by the Scheme's Strategic Plan.

The Investment Committee regularly reviews the risk profile of the investment portfolio. Further details concerning investment specific risks are included within the notes to the accounts.

DMGT AVC Plan

Report of the Trustee for the Year Ended 31 March 2017

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The Pensions Regulator

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 paid by the Sponsoring Employer pursuant to the agreed funding arrangements.

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

Levy	Collected by	Year to 31	Year to 31
		March 2017	March 2016
		£	£
General Levy	tPR	5,792	5,957
Admin Levy	tPR for PPF	8,509	7,611
Scheme - based levy	PPF	1,758	1,620
Risk - based levy	PPF	205,809	57,908
		221,868	73,096

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

The Secretary to the Trustee
DMGT AVC Plan
DMGT Pensions
Northcliffe House, 2 Derry Street
London W8 5TT
Email: pensions@dmgt.com

Or from the website www.dmgtpensions.co.uk

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Report of the Trustee for the Year Ended 31 March 2017

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The Pensions Advisory Service ("TPAS") is available to assist members and beneficiaries of the Scheme in connection with difficulties they have failed to resolve with the Trustee and may be contacted at the following address:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to the Scheme and may be contacted at the following address:

Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB

Pension schemes are regulated by the Pensions Regulator who can be contacted at the following address:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
East Sussex
BN1 4DW

The Pensions Regulator maintains a register of pension schemes.

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Report of the Trustee for the year ended 31 March 2017

Investment Objectives and Policy

The Trustee has ultimate responsibility for setting the Scheme's objectives and investment strategy, and monitoring progress against those objectives. However, the Trustee has delegated its responsibilities to the Investment Committee to handle the majority of investment matters and make recommendations to the Trustee where required. The members of the Investment Committee are listed on page 2.

Only persons or organisations with the necessary skills, information or resources are actively involved in taking investment decisions affecting the Scheme. This structure has been adopted since the Trustee believes it maximises the investment expertise available to meet the Scheme's objectives, subject to the resources available.

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

The Trustee considers the long-term financial interests of the Scheme to be paramount, although investment managers may take account of social, environmental and ethical issues in selecting, retaining and realising investments insofar as this serves those interests. The exercise of rights (including voting rights) attaching to investments is delegated by the Trustee to the investment managers. A listing of investment managers is included in appendix 1.

The long term investment objectives of the Scheme are:

- the acquisition and maintenance of a portfolio of suitable assets of appropriate liquidity with the aim of providing sufficient income and capital growth to meet, together with contributions paid into the Scheme, the cost of current and future benefits which the Scheme provides as set out in the Trust Deed and Rules;
- the achievement of a long-term real return that is at least equal to that needed for the Trustee to meet its statutory funding objective over an agreed period (this target will be dependent on the funding level of the Scheme, and will be reassessed in conjunction with future triennial actuarial valuations).
- the maintenance of the risk of the portfolio (usually defined using a Value at Risk measure, ("VaR") at a level commensurate with the strength of the Principal Employer's covenant. The VaR is a statistical estimate of the maximum potential loss of the portfolio. The VaR of the portfolio is calculated quarterly and reported in a quarterly investment dashboard.

DMGT AVC Plan

Report of the Trustee for the year ended 31 March 2017

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Strategy

In order to achieve the Strategic Plan, the Trustee has developed a Scheme-specific strategic asset allocation for the Scheme using certain asset/liability modelling techniques and has considered a wide range of investment opportunities available to the Scheme. The strategic plan envisages the strategic asset allocation to develop over time as the demographic profile of the Scheme matures, as funding levels change and as risk is reduced. The Strategic Funding Plan recognises that there will be times when it might be both sensible and opportune to change the Scheme's weightings in assets such as equities, without compromising the ability to pay member benefits or increasing the financial burden on the Sponsoring Employer.

In furtherance of the Scheme's objectives, suitable investment managers are appointed to manage the assets of the Scheme. A list of the investment managers and the asset classes that they manage is appended to these accounts. All investment managers appointed by or on behalf of the Trustee to manage funds under section 34 (3) of the Pensions Act 1995 are appropriately authorised or exempt under the Financial Services and Markets Act 2000.

Asset allocation

The underlying asset and strategic asset allocations for the last two years are shown below:

	31 March 2017 underlying asset allocation	31 March 2016 underlying asset allocation	2017 strategic asset allocation	2016 strategic asset allocation
Growth Assets	%	%	%	%
Global equities	37.3	40.8	35.0	35.0
Property	33.8	34.3	30.0	30.0
Credit Opportunities	6.0	-	-	-
	<u>77.1</u>	<u>75.1</u>	<u>65.0</u>	<u>65.0</u>
Matching Assets				
Core Credit	19.3	18.2	35.0	35.0
Cash	3.6	6.7	-	-
	<u>22.9</u>	<u>24.9</u>	<u>35.0</u>	<u>35.0</u>
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Variations in actual asset weightings compared with the strategic allocation benchmark can also arise due to market movements. Rebalancing towards target allocation occurs when funds are deployed to or from the Scheme in addition to active investment changes.

DMGT AVC Plan

Report of the Trustee for the year ended 31 March 2017

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Investment review and performance

Investment performance is monitored on a quarterly basis by comparing the Scheme's returns with benchmark returns for that quarter.

The table below shows market returns and Scheme returns for the year to 31 March 2017:

Market indices and Scheme asset classes	Total return year to 31 March 2017 % p.a	3 years total return % p.a	5 years total return % p.a.
Market indices			
Developed Equities - FTSE All World	17.9	9.7	14.5
Properties - IPD	3.8	12.5	12.1
FTSE > 5 Year Index Linked Gilts	22.0	16.8	12.1
UK Bonds - iBoxx £ Non Gilt ex BBB	8.5	8.0	7.5
Cash (3 month LIBOR)	0.5	0.5	0.6
Scheme assets			
Developed World Equities (hedged)	17.2	8.3	10.1
RAFI 3000 equities	35.9	-	-
Property	8.1	16.4	13.7
Corporate bonds	8.4	7.4	6.5
Total Scheme return to 31 March 2017	14.3	9.8	9.7
Total benchmark return to 31 March 2017	13.1	9.6	8.5

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Report of the Trustee for the year ended 31 March 2017

Compliance matters

Property investment

The main property investments of the Scheme are held in the Harmsworth Pooled Property Unit Trust ("HPPUT") whose Report and Accounts are appended to this Trustee's Report and Accounts.

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 is reviewed annually by the Trustee, is available for inspection from the Secretary to the Trustee.

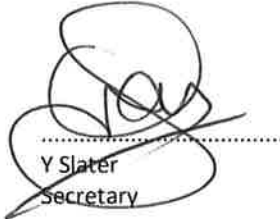
Employer-related investments

There were no employer-related investment at any time during the year.

Custody of assets

The Trustee has made suitable arrangements for the custody and safekeeping of the Scheme's assets. In nearly all instances, this forms an integral part of the agreement with the respective investment manager. The Trustee may directly appoint an external Custodian where necessary. Strict internal controls are in place regarding the movement or sale of the Scheme assets.

Signed on behalf of the Trustee on 22 June 2017



Y Slater
Secretary

DMGT AVC Plan

Report on actuarial liabilities for the year ended 31 March 2017

Actuarial valuation and Scheme specific funding

As required by Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102"), the financial statements do not include liabilities in respect of promised retirement benefits.

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed at least every 3 years using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out at 31 March 2014. This showed that on that date:

The value of the Technical Provisions was £51.7 million

The value of the assets at that date was £47.9 million

% of technical provision was 93%

The value solvency liabilities was £71.0 million

The value of the assets available to meet solvency liabilities was £47.9 million

% of solvency liabilities was 67%

The triennial actuarial valuation at 31 March 2017 is currently under way. The results are not yet available.

Technical Provisions Methodology

The actuarial method used in the calculation of the Technical Provisions was the Projected Unit Method.

Technical Provision significant actuarial assumptions

Discount interest rate: This is equal to the annualised yield from 20 year fixed interest gilts plus 2.3% p.a., which is considered to be a prudent view of the expected outperformance of the Plan's assets.

Mortality: This was based on the latest research and also by reference to the scheme's pensioner profile based on mortality experience and postcode analysis. A 65 year old male and female pensioner were assumed to live to 88.5 and 90.1 years respectively (previously 87.7 and 89.9 years).

DMGT AVC Plan

Statement of the Trustee's Responsibilities for the year ended 31 March 2017

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') 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 of the financial transactions of the scheme during the scheme year and of the amount and disposition at the end of that year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year,
- state whether applicable United Kingdom Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

The Trustee is responsible for supervising the preparation of the financial statements and for agreeing 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 has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the scheme and to prevent and detect fraud and other irregularities, including the maintenance of appropriate internal controls.

Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing and from time to time reviewing and if necessary revising a schedule of contributions showing the rates of 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 the members.

Independent auditors' report to the Trustee of the

DMGT AVC Plan

We have audited the financial statements of DMGT AVC Plan for the year ended 31 March 2017 which comprise the Fund Account, the Statement of Net Assets and the related Notes set out therein.

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 Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Trustee 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 Scheme and the Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustee directors and auditors

As explained more fully in the Statement of Trustee's Responsibilities, the Trustee directors are responsible for the preparation of financial statements which 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 scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustee directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report, which comprises the Report of the Trustee, Report on actuarial liabilities and, the Actuarial Certificate to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditors' report to the Trustee of the

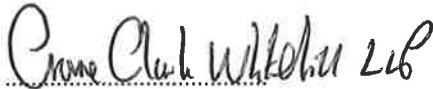
DMGT AVC Plan

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Opinion

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2017, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.



Crowe Clark Whitehill LLP
Statutory Auditor

Date: 22 June 2017

St. Bride's House
10 Salisbury Square
London
EC4Y 8EH

Independent auditors' statement about contributions to the Trustee of the DMGT AVC Plan

We have examined the summary of contributions payable to the DMGT AVC Plan, for the Scheme year ended 31 March 2017 which is set out on page 19.

This statement is made solely to the Scheme's Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our work, for this statement, or for the opinion we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions which sets out the rates and due dates of certain contributions payable towards the scheme by or on behalf of the employer. The Trustee is also responsible for monitoring whether contributions are made to the scheme by the employer in accordance with the schedule of contributions.


It is our responsibility to provide a Statement about Contributions paid under the schedule of contributions and to report our opinion to you.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the schedule of contributions. This includes an 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.

Statement about contributions payable under the schedule of contributions

In our opinion contributions for the scheme year ended 31 March 2017 as reported in the summary of contributions and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the scheme actuary on 24 March 2015.



Crowe Clark Whitehill LLP
Statutory Auditor

Date: 22 June 2017

St. Bride's House
10 Salisbury Square
London
EC4Y 8EH

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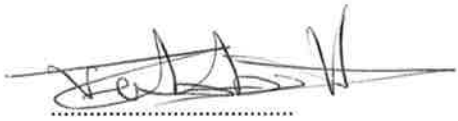
Summary of contributions payable for the year ended 31 March 2017

Summary of contributions payable to the Scheme

During the year to 31 March 2017 no contributions were payable to the Scheme.

Although the payment of the PPF levy is usually the responsibility of the Trustee, under the schedule of contributions currently in place, the payment of the PPF levy is the responsibility of the Sponsoring Employer. Further information on the PPF levy is included in the Report of the Trustee.

Signed on behalf of the Trustee on 22 June 2017

A handwritten signature in black ink, appearing to be 'S. J. ...', is written over a dotted horizontal line. The signature is somewhat stylized and extends to the right of the line.

DMGT AVC Plan

Fund Account for the year ended 31 March 2017

	Note	2017 £ 000	2016 £ 000
Contributions and Benefits			
Employer contributions	3	-	14
Benefits payable	4	(5,319)	(4,381)
Transfers out to other schemes	5	(17)	(21)
Administrative expenses	6	(1)	-
		<u>(5,337)</u>	<u>(4,388)</u>
Net withdrawals from dealings with members			
Returns on investments			
Investment income	7	1,713	1,211
Change in market value of investments	9	4,999	348
Investment management expenses	8	(75)	(60)
		<u>6,637</u>	<u>1,499</u>
Net returns on investments		<u>6,637</u>	<u>1,499</u>
Net increase in the fund during the year		1,300	(2,889)
Opening net assets of the Scheme		<u>47,733</u>	<u>50,622</u>
		<u>49,033</u>	<u>47,733</u>
Closing net assets of the Scheme		<u>49,033</u>	<u>47,733</u>

The notes on pages 22 to 30 form an integral part of these financial statements.

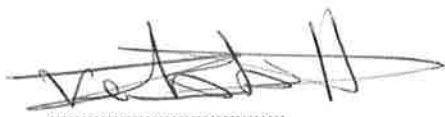
DMGT AVC Plan

Statement of net assets available for benefits at 31 March 2017

	Note	2017 £ 000	2016 £ 000
Investment assets			
Pooled investment vehicles		45,970	44,614
Cash		1,725	3,230
Other investment balances		-	1
Total net investments	9	<u>47,695</u>	<u>47,845</u>
Current assets	10	1,350	-
Current liabilities	11	<u>(12)</u>	<u>(112)</u>
Net assets of the Scheme		<u>49,033</u>	<u>47,733</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 obligation 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 Report on Actuarial Liabilities on page 14 and these financial statements should be read in conjunction with this report.

Approved by the Trustee on 22 June 2017 and signed on its behalf by:



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The notes on pages 22 to 30 form an integral part of these financial statements.

DMGT AVC Plan

Notes to the financial statements for the year ended 31 March 2017

General Information

The DMGT AVC Plan (the "Scheme") is a closed Defined Benefit scheme. The Scheme is governed by a Trust Deed and was established by DMGT to provide retirement benefits to certain of its subsidiaries' employees. The Scheme is a registered scheme under section 153 of the Finance Act 2004. The address of the Scheme's principal office is Northcliffe House, 2 Derry Street, London, W8 5TT.

1 Basis of preparation

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, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes (Revised November 2014) ("the SORP").

2 Accounting Policies

In adopting FRS 102, the Trustee has adopted the provisions of "Amendments to FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland" Fair Value hierarchy disclosures (March 2016).

Functional Currency Policy

Sterling GBP is the functional currency used within these financial statements.

Overseas income and expenditure is translated into sterling at the rate ruling at the date of the transaction. Income or expenditure due at the year end is translated at the rate ruling at the year end and any differences are included in the Fund Account.

Valuation of investments

Investment assets and liabilities are included at fair value which has been determined as follows:

Unit trust and managed fund investments are included at the closing bid price if both bid and offer prices are published or, if single priced, at the closing single price. Unit values for units held in the Harmsworth Pooled Property Unit Trust (HPPUT), at the year end, are prepared by the Trustees of HPPUT.

Contributions

Employer other contributions which include share buy back and Section 75 contributions are accounted on a receipts basis.

Transfers from and to other schemes

Transfer values have been included in the accounts when the Trustee has accepted or transferred the liability. This will usually be when a transfer value has been received or paid. The Trustee does not normally accept transfers from other schemes.

DMGT AVC Plan

Notes to the financial statements for the year ended 31 March 2017

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Benefits payable

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

Pensions in payment

Pensions in payment are accounted for in the period to which they relate.

Expenses

Expenses have been included in the financial statements on an accruals basis.

Investment income

Interest is accounted for on an accruals basis.

Income from pooled investment vehicles is accounted for when declared by the fund manager. Change in market value of investments during the year comprises of 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 and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without the issue of further units, change in market value also includes such income.

Transaction cost

Transaction costs represent the cost of investment transaction incurred in the period.

3 Contributions

	2017	2016
	£000	£000
Employers contributions		
Other	-	14
	<u>-</u>	<u>14</u>

4 Benefits payable

	2017	2016
	£ 000	£ 000
Pensions	5,170	4,191
Commutation of pensions and lump sum retirement benefits	149	184
Lump sum death benefits	-	6
	<u>5,319</u>	<u>4,381</u>

DMGT AVC Plan

Notes to the financial statements for the year ended 31 March 2017

..... continued

5 Payments to and on account of leavers

	2017	2016
	£ 000	£ 000
Individual transfers out to other schemes	<u>17</u>	<u>21</u>

6 Administrative Expenses

	2017	2016
	£000	£000
Bank Charges	<u>1</u>	<u>-</u>
	<u>1</u>	<u>-</u>

7 Investment income

	2017	2016
	£ 000	£ 000
Income from pooled investment vehicles	1,710	1,208
Interest from cash deposits	3	2
Other investment income	<u>-</u>	<u>1</u>
	<u>1,713</u>	<u>1,211</u>

Income from pooled investment vehicles includes distributions from HPPUT for the year of £1.6 million (2016: £1.2 million).

8 Investment management expenses

	2017	2016
	£ 000	£ 000
Administration, management and custody	<u>75</u>	<u>60</u>

DMGT AVC Plan

Notes to the financial statements for the year ended 31 March 2017

..... continued

9 Investment assets and liabilities

The movements in investment assets and derivative contracts during the year were as follows:

	Value at 01 April 2016	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market value	Value at 31 March 2017
	£000	£000	£000	£000	£000
Pooled investment vehicles	44,614	4,700	(8,343)	4,999	45,970
	<u>44,614</u>	<u>4,700</u>	<u>(8,343)</u>	<u>4,999</u>	<u>45,970</u>
Cash	3,230				1,725
Other investment balances	1				-
	<u>47,845</u>				<u>47,695</u>

The change in market value of the 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.

Investment transaction costs

Transaction costs are included in the cost of purchases and deducted from sales proceeds in the reconciliation above. There were no direct transaction costs in the current and preceding year. In addition to these direct transaction costs, indirect costs are incurred through the bid-offer spread on pooled investment vehicles and charges are made within those vehicles. It has not been possible for the Trustee to quantify such indirect transaction costs.

Investment risk

FRS 102 requires the disclosure of information in relation to investment risk.

The Trustee considers that the key investment risks are the short term volatility of asset and liability values and, in the long term, lower than expected investment returns. The Trustee's strategy in relation to these risks is set out below.

Strategic Risks

Credit risk - This is the risk that one party to a financial instrument causes a financial loss to the other party by failing to discharge an obligation

Market risk - This comprises:

- *Currency risk* - This is the risk that the fair value or future cash flows of an asset will fluctuate because of changes in foreign exchange rates
- *Interest rate risk* - This is the risk that the fair value or future cash flows of an asset will fluctuate because of changes in market interest rates

DMGT AVC Plan

Notes to the financial statements for the year ended 31 March 2017

..... continued

- *Other price risk* - This is the risk that the fair value or future cash flows of an asset will fluctuate because of other reasons other than those linked to currency, inflation or interest rates

The Trustee has exposure to these risks due to the nature of the investments made in the investment strategy set out in the Report of the Trustee on page 10.

These risks are mitigated through an appropriately diversified and bespoke investment strategy, across a range of UK and overseas assets and through regular monitoring of the investment portfolio.

The risk of insufficient investment returns is addressed by the Trustee by regularly monitoring the Scheme's investment strategies to ensure that wherever possible, an agreed, appropriate level of investment return is targeted across each investment manager's mandate.

The following table summarises the extent to which the various classes of investments are affected by financial risks:

	Credit risk	Market Risk			2017 Value £000	2016 Value £000
		Currency	Interest rate	Other price		
Pooled Investments						
HPPUT properties	◐	○	○	●	16,138	16,409
Equities	○	◐	○	●	17,776	19,522
Bonds & credit	●	◐	●	○	12,056	8,683
Cash	●	○	●	○	1,725	3,230
Other Investments	●	◐	◐	◐	-	1
					47,695	47,845

- **Hardly/Not at all**
- ◐ **Partially**
- **Significantly**

DMGT AVC Plan

Notes to the financial statements for the year ended 31 March 2017

..... *continued*

Credit risk

The Scheme invests in pooled investment funds and is therefore exposed to credit risk in relation to the instruments it holds in the pooled investment vehicle. Pooled investment funds are generally unrated. Credit risk arising from pooled investments is mitigated by carrying out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the operating environment of the pooled manager with the assistance of the investment consultant.

Pooled investment arrangements used by the Scheme comprises unit linked insurance contracts of £27.0 million (2016: £28.2 million), shares in limited partnerships of £2.9 million (2016: nil) and units in unit trusts of £16.1 million (2016: £16.4 million).

The Scheme is also indirectly exposed to credit risks arising on some of the financial instruments held by the bond and credit funds. The indirect credit risk is mitigated by investing in pooled investment vehicles that hold either government bonds or investment graded bonds apart from credit opportunities portfolio where the investment manager will consider the risk and reward when considering the portfolio held.

Credit risk arising on cash deposits is mitigated by only holding deposits with investment grade financial institutions.

Direct Currency risk

The Scheme is subject to indirect currency risk across a number of currencies as a result of its pooled investments in equities and credit funds that have underlying assets across a range of currencies, mainly Japanese Yen (JPY), Hong Kong Dollar (HKD), Australian Dollar (AUD), Canadian Dollar (CAD), and Switzerland Franc (CHF). Part of the equity funds are hedged to Sterling. The remaining currency risk is accepted where this facilitates overseas investments taking into account the risks and expected rewards.

Interest rate risk

The Scheme is exposed to interest risk since investments are held in bonds and credit funds and cash. However the overall interest rate exposure of the Scheme's assets hedges part of the corresponding risks associated with the Scheme's pension obligation liabilities.

The net effect will be to reduce the volatility of the funding level and the Trustee believes that it is appropriate to have exposures to these risks in this manner.

Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes equities, property, and credit funds. The Trustee manages this exposure to overall price movements through investing in funds with a diverse portfolio of investments across a variety of markets.

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Notes to the financial statements for the year ended 31 March 2017

..... continued

Fair value of investments

The fair value of investments has been determined using the following hierarchy:

- Level 1: Unadjusted quoted prices in an active market for identical instruments that the Scheme can access at the measurement date.
- Level 2: Inputs (other than quoted prices) that are observable for the instrument, either directly or indirectly.
- Level 3: Inputs that are unobservable, i.e. for which market data is unavailable.

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy as follows:

	Level 1	Level 2	Level 3	2017
	£ 000	£ 000	£ 000	Total £ 000
Pooled investment vehicles	-	26,968	19,002	45,970
Cash deposits	1,725	-	-	1,725
	<u>1,725</u>	<u>26,968</u>	<u>19,002</u>	<u>47,695</u>
	Level 1	Level 2	Level 3	2016
	£ 000	£ 000	£ 000	Total £ 000
Pooled Investment Vehicles	-	28,205	16,409	44,614
Cash Deposits	3,230	-	-	3,230
Other Investment balances	1	-	-	1
	<u>3,231</u>	<u>28,205</u>	<u>16,409</u>	<u>47,845</u>

HPPUT properties

HPPUT properties represent the Scheme's holding of units in HPPUT, further details concerning units and unit prices is shown below. The financial statements of HPPUT are appended to these financial statements.

	2017	2016
HPPUT A - Properties		
Units held	8,202.68	8,202.68
Number of units in issue	143,761.02	127,837.01
Price per unit	£1,967.43	£2,000.42
Total Value	<u>£16,138,243</u>	<u>£16,408,842</u>

Cash deposits

Cash deposits represent bank deposits held in the following currency:

	2017	2016
	£ 000	£ 000
Sterling	<u>1,725</u>	<u>3,230</u>

DMGT AVC Plan

Notes to the financial statements for the year ended 31 March 2017

..... continued

Concentration of investments

More than 5% of the net assets of the Scheme were invested in the following:

	2017		2016	
	£ 000	%	£ 000	%
HPPUT A - Properties	16,138	33	16,409	34
L&G AAA-AA-A FI Fund	9,193	19	8,683	18
L&G World Development Equity Index (Hedged)	6,569	13	7,479	16
L&G YX- FTSE RAFI AW 3000 EQ IND	6,504	13	7,706	16
L&G UK Equity Index	4,455	9	4,154	9

10 Current assets

	2017	2016
	£000	£000
Prepayment of April 2017 pensioner payroll	333	-
Bank and cash balances	1,017	-
	<u>1,350</u>	<u>-</u>

11 Current liabilities

	2017	2016
	£000	£000
Amounts due to members and beneficiaries	3	-
Bank and cash balances	-	101
Accruals	9	11
	<u>12</u>	<u>112</u>

12 Contingent Liabilities

Other than the liability to pay future pensions and other benefits, there were no contingent liabilities of the Plan at 31 March 2017 (2016 none).

13 Other financial commitments

At 31 March 2017, and in accordance with its investment strategy, the Trustee had outstanding contractual commitments to credit investments amounting to £7.0 million (2016: £10.5 million). These commitments are called down by the investment managers only when, and if, the managers intend to further investment holdings in their portfolio.

DMGT AVC Plan

Notes to the financial statements for the year ended 31 March 2017

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14 Related party transactions

The PPF levy for the Scheme is the responsibility of the Trustee but at present, is paid for by the Sponsoring Employer. All other expenses other than those disclosed in note 8 are borne by the Sponsoring Employer without recharge.

The Scheme holds property investment units in HPPUT worth £16.1 million (2016: £16.4 million).

Certain Trustee Directors receive a fee for their services as a Trustee which are paid by the Sponsoring Employer.

There are no other related party transactions, other than those described above.


Appendix F — Actuary's Certification of Technical Provisions

ACTUARIAL CERTIFICATE GIVEN FOR THE PURPOSES OF REGULATION 7(4)(a) OF THE OCCUPATIONAL PENSION SCHEMES (SCHEME FUNDING) REGULATIONS 2005

Name of Plan: *DMGT AVC Plan*

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Plan's technical provisions as at 31 March 2014 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustees of the Plan and set out in the Statement of Funding Principles dated 24 March 2015.

	Date	24 March 2015
Signature	Qualification	Fellow of the Institute and Faculty of Actuaries
Name Richard Whitelam	Name of Employer	Aon Hewitt Limited
Address 10 Devonshire Square London EC2M 4YP		

Actuary's certification of the Schedule of Contributions

Name of Plan: DMGT AVC Plan

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 2011 to be met by the end of the period specified in the recovery plan dated 29 June 2012.

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 29 June 2012.

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 Plan's liabilities by the purchase of annuities, if the Plan were to be wound up.

Signature:  Date: 22nd October 2014

Name: Richard Whitelam

Qualification: Fellow of the Institute and Faculty of Actuaries

Address: 10 Devonshire Square
London
EC2M 4YP

Name of employer: Aon Hewitt Limited

DMGT AVC Plan

APPENDIX 1

Investment managers

Asset Class / Manager

Date of appointment / termination (if after 1 April 2016)

Equities

Legal & General

Fixed Interest

Legal & General

Credit

Hayfin II

Bluebay

Property

Harmsworth Pooled Property Unit Trust