Registered number 18718

EXPRESS & STAR LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE PERIOD (52 WEEKS) ENDED
30th December 2006

EXPRESS & STAR LIMITED

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EXPRESS & STAR LIMITED

DIRECTORS' REPORT

The Directors' present their report and accounts for the period (52 weeks) ended 30th December 2006

RESULTS AND DIVIDEND

The loss for period after taxation amounted to £3,144,730 (2005 - £1,368,007) The Directors do not propose to pay a dividend in respect of 2006 (2005 - £2,750,000)

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company has continued to be that of newspaper publishers

BOARD OF DIRECTORS

The members of the Board who held office during the period were -

M G Douglas Graham (Chairman)	
E Alan Graham	
G W Evers	
D J Hughes	
A G Harris	
A Faber	
M Green	(Resigned 31st March 2007)
P Walker	
G P. Clifford	(Appointed 1st June 2007)
P D Carter	(Appointed 1st June 2007)
A Couchman	(Appointed 1st June 2007)

NATURE, OBJECTIVES AND STRATEGIES

The Company's Business

The company's business is the publication of a daily paid for evening newspaper, together with the distribution of weekly free newspapers serving much of the West Midlands

Business Objectives

The company's objective is to be the leading newspaper publisher in the areas which it serves

PERFORMANCE OF THE BUSINESS DURING THE PERIOD AND BUSINESS KPI'S

The advertisement department had a difficult year with revenues falling by 9% The decline can be broken down into a 1% increase in volume and a 10% reduction in yield The reduction in yield is mainly due to a mix of advertising where the growth in lower yielding property and a decrease in higher yielding situation vacant volumes have distorted the average comparison

Circulation for the Express & Star newspaper declined in the period to 145,987 copies per night The audit bureau of circulation figures for the second six months of 2006 illustrated the continuing struggle regional publisher's face with their print circulation That said, these figures confirmed the Express & Star is the largest evening title outside London and, as again has been the case in recent years, did not suffer as great a decline as many of the major regional titles

DIRECTORS' REPORT (Continued)

KPI's for the medium/long term

Key performance indicators include revenue, gross margins, operating profits and capital expenditure

Revenue	**2006**	**2005**	**2004**
	£000	£000	£000
	43,271	46,312	48,400

The decline in revenue was mainly due to the key area of job advertising Whilst there is no clear evidence of any movement of the advertiser away from newspapers to the internet, there is a risk that any upturn in the market could be impacted by digital media However, the fact that a large element of our employment advertising relates to local jobs does offer a degree of resilience against the on-line threat

Property advertising was one area of the business that experienced growth Display advertising suffered a demanding year with the local market coming under pressure from the down turn in the Motoring category and a number of key retail accounts reducing their budgets as consumer spending tightened in the high street Despite the difficulties in the local market national business had a reasonable year, with revenues nearly matching the previous year's record figures

Margins

Gross margins decreased in the period due to the rise in the price of our key consumable, newsprint

Operating Expenses

Operating expenses decreased in the year by £821,000 as the company reduced costs to reflect the lower revenues

Balance Sheet

The control of capital expenditure essentially resulted in the net book value of total fixed assets declining by £6 1 million

The movement in current debtors and creditors is affected by group trends, as excluding group accounts net current assets reduced by £345,000

RELATIONSHIPS

The major external relationships of the business are the key advertising agencies and multiple retailers, as well as suppliers All advertising agencies and multiple retailers are visited on a regular basis by senior management

DIRECTORS' REPORT (Continued)

EMPLOYEES

The Directors recognise the importance of good communication and relations with members of the staff A company newspaper is produced quarterly and methods of consultation are under constant review The company is proud of its employment policies and of the guidance it gives to those approaching retirement The Midland News Association Limited has operated an employee share scheme for many years, which is available to this company's employees and a range of pension benefits have been introduced which is comparable with the best in British industry

EMPLOYMENT OF DISABLED PEOPLE

The company supports the principle of employing disabled people wherever possible, through recruitment, by retention of those who become disabled during their employment and generally through training, career development and promotion

ENVIRONMENTAL MATTERS

The company takes its environmental responsibilities seriously and recognises that business activities inevitably have an impact on the natural environment It is committed to minimising this impact and uses recycled newsprint, its largest consumable, wherever possible

OUTLOOK FOR THE CURRENT YEAR

At the time of writing, revenues have declined compared to the prior year, mainly due to the lower than expected advertisement revenues in some categories However, gross margins are on target and costs lower than the prior year

FUTURE DEVELOPMENTS

The company is investigating other revenue streams within the media landscape to achieve growth following the decline reported in recent years

AUDITORS

A resolution to re-appoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

So far as all the directors are aware, there is no relevant audit information of which the company's auditors are unaware and have taken all steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

By Order of the Board

D. J. Hughes
Secretary
25 September 2007

EXPRESS & STAR LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the accounts in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice

Company law requires the Directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these accounts, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXPRESS & STAR LIMITED

We have audited the company's accounts for the period ended 30 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 24 These accounts have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Directors and auditors
The Directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' report is consistent with the accounts

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed

We read other information contained in the Annual Report, and consider whether it is consistent with the audited accounts This other information comprises only the Directors' report We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts 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 accounts It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts

Opinion
In our opinion

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 December 2006 and of its loss for the period then ended,
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the accounts

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
Birmingham

18 October
~~25th September~~ 2007

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30th DECEMBER 2006

	Notes	2006 £	2005 £
Turnover	2	43,270,938	46,311,948
Net operating expenses	3	48,827,665	49,648,884
Operating Loss		(5,556,727)	(3,336,936)
Interest receivable and other income	6	1,614,215	1,582,958
Dividends from unlisted investments		17,328	22,596
Loss on Ordinary Activities before Taxation		(3,925,184)	(1,731,382)
Taxation	7	780,454	363,375
Loss on Ordinary Activities after Taxation and retained loss for the period	19	(3,144,730)	(1,368,007)

All the activities of the company are continuing

The company has no recognised gains or loses other than those included in the loss above and therefore no separate Statement of Total Recognised Gains or Losses has been presented

EXPRESS & STAR LIMITED

BALANCE SHEET AT 30th DECEMBER 2006

	Notes	2006 £	2005 £
Fixed assets			
Intangible fixed assets	8	29,932,055	34,332,055
Tangible fixed assets	9	13,480,714	15,180,110
		43,412,769	49,512,165
Current assets			
Stocks	11	509,470	426,930
Debtors amounts due after one year	12	30,000,000	30,000,000
Debtors amounts due within one year	13	17,665,087	16,058,109
		48,174,557	46,485,039
Creditors amounts falling due within one year	14	(4,840,827)	(5,272,168)
Net current assets		43,333,730	41,212,871
Total assets less current liabilities		86,746,499	90,725,036
Creditors amounts falling due after one year	15	(10,551,500)	(10,551,500)
Provisions for liabilities			
Deferred taxation	16	(1,196,166)	(2,029,973)
Net assets		74,998,833	78,143,563
Capital and reserves			
Called up share capital	17	977,683	977,683
Profit and loss account	18	14,089,095	12,833,825
Other reserves	18	59,932,055	64,332,055
Equity shareholders' funds	19	74,998,833	78,143,563

The accounts on pages 8 to 20 were approved by the Board of Directors on 25th September 2007 and the following was authorised to sign the accounts on behalf of the Board

G.W. EVERS
Director

EXPRESS & STAR LIMITED

NOTES TO THE ACCOUNTS FOR THE 52 WEKS ENDED 30th DECEMBER 2006

1. ACCOUNTING POLICIES

A summary of the more important accounting policies, which have been applied consistently throughout the period, unless otherwise stated, is set out below -

a) **Fundamental accounting concept**

The company is party to group banking facilities These facilities are made available to the company, if and when required, to enable the company to continue operating and to meet its liabilities as they fall due The Directors believe that it is therefore appropriate to prepare the accounts on a going concern basis

b) **Basis of accounting**

The company prepares its accounts on the historical cost basis of accounting and in accordance with the applicable accounting standards in the United Kingdom They incorporate the results for the 52 weeks ended 30th December 2006 (2005 - 52 weeks ended 31st December)

c) **Turnover**

Turnover represents the amount receivable (excluding VAT) in respect of the period for goods and services supplied

d) **Intangible Assets - Licence Fees**

Intangible assets, shown at cost of acquisition, are amortised on a straight line basis over their estimated useful life up to a maximum of 20 years The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable

e) **Depreciation**

The depreciation charge is calculated on cost at equal annual rates estimated to write off the acquisition cost of tangible assets over their working lives as follows

Freehold buildings	2% per annum
Plant and machinery	5% - 20% per annum
Fittings & equipment	7½% - 20% per annum
Freehold land is not depreciated	

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

f) **Finance leases and operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright

NOTES TO THE ACCOUNTS (Continued)

f) Finance leases and operating leases (Continued)

The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases The lease rentals are treated as consisting of capital and interest elements

The interest element of the rental obligations are charged in the profit and loss account over the period of the lease and represent a constant proportion of the capital repayments outstanding

g) Deferred Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the balance sheet date, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when the replacement assets are sold, and
- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

h) Stocks

Stocks, which comprise principally of newsprint and consumable stores, are valued at the lower of cost and estimated net realisable value Cost comprises the invoiced value of all supplies on a 'first-in, first-out' basis

i) Defined benefit pension schemes

The company participates in two group defined benefit pension schemes (the Group scheme and the Executive Scheme) which are funded, with the assets of the schemes held separately from those of the company and group in separate trustee administered funds The company's contributions are affected by the surplus/deficit in the scheme However, it is not possible to identify the company's share of the underlying assets and liabilities in the schemes on a consistent and reasonable basis

NOTES TO THE ACCOUNTS (Continued)

i) **Defined benefit pension schemes (Continued)**

Therefore, in accordance with the FRS 17 multi-employer exemption, the schemes are accounted for as if they were defined contribution schemes (see below)

The latest available information relating to the schemes and the implications for the company are detailed in Note 22 to the accounts

j) **Defined contribution pension scheme**

Pension costs for the company's defined contribution pension schemes are recognised within operating profit at an amount equal to the contributions payable to the scheme for the period Any prepaid or outstanding contributions at the balance sheet date are recognised respectively as assets or liabilities within prepayments or accruals

2. TURNOVER

Turnover arises principally from newspaper publishing and distribution carried out wholly within the United Kingdom

3. NET OPERATING EXPENSES

		2006	2005
		£	£
Raw materials and consumables		8,952,577	9,090,942
Staff costs		22,163,621	22,001,181
Depreciation of tangible fixed assets		2,036,569	2,132,126
Amortisation of intangible fixed assets		4,400,000	4,400,000
Auditors' remuneration	- audit services	27,200	17,750
	- non-audit services	29,498	48,007
Operating lease charges	- property	1,343,215	1,361,540
	- plant and machinery	593,471	613,367
Other operating charges		9,548,741	10,288,338
Profit on disposal of tangible fixed assets		(241)	(3,041)
Other operating income		(266,986)	(301,326)
		£48,827,665	£49,648,884

EXPRESS & STAR LIMITED

NOTES TO THE ACCOUNTS (Continued)

4 EMPLOYEES

The aggregate staff costs during the period were

	2006	2005
	£	£
Wages and salaries	17,095,864	16,970,269
Social security costs	1,539,898	1,538,949
Other pension costs (Note 22)	3,527,859	3,491,963
	£22,163,621	£22,001,181

The monthly average number of employees including Directors throughout the period was

	Number	Number
Full time	594	645
Part time	126	127
	720	772

5. DIRECTORS' REMUNERATION

Employees' staff costs including the following remuneration in respect of Directors amounted to £526,716 (2005 - £639,144).

The emoluments of the highest paid Director (excluding pension contributions) was £130,226 (2005 - £123,086) His accrued entitlement at 30th December 2006 under a defined benefit scheme constituted a pension of £68,737 (2005 - 62,507) per annum There are 5 Directors to whom retirement benefits are accruing under this scheme

6. INTEREST RECEIVABLE AND OTHER INCOME

	£	£
Bank and other short-term interest	-	647
Group interest receivable	1,614,215	1,535,367
Group Guarantee fee	-	46,944
	£1,614,215	£1,582,958

EXPRESS & STAR LIMITED

NOTES TO THE ACCOUNTS (Continued)

7. TAXATION

	2006	2005
UK Current Tax	£	£
UK corporation tax on losses of the period	-	-
Group relief payable	532,364	-
Adjustments in respect of previous periods	(479,011)	30,184
Total current tax charge (see below)	53,353	30,184
UK Deferred Tax (Note 17)		
Origination and reversal of timing differences	1,048	(6,425)
Depreciation in advance of capital allowances	(591,809)	(360,608)
Adjustments in respect of previous periods	(243,046)	(26,526)
	(780,454)	(363,375)

Factors affecting the tax charge for the period

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK The differences are explained below.-

	£	£
Loss on ordinary activities before tax	(3,925,184)	(1,731,382)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 – 30%)	(1,177,555)	(519,415)
Effects of		
Expenses not deductible for tax purposes	1,382,716	159,161
Depreciation in excess of capital allowances	591,809	360,608
Short term timing differences	(1,048)	6,425
Adjustments in respect of previous periods	(479,011)	30,184
Exempt income not chargeable to tax	(6,903)	(6,779)
Utilisation of unprovided losses brought forward	(259,793)	-
Other	3,138	-
Current tax charge for period (see above)	53,353	30,184

EXPRESS & STAR LIMITED

NOTES TO THE ACCOUNTS (Continued)

8. INTANGIBLE FIXED ASSETS

	Licence Fees
Cost·	£
At 31st December 2005 and 30th December 2006	44,000,000
Amortisation	
At 31st December 2005	9,667,945
Charge for the period	4,400,000
At 30th December 2006	14,067,945
Net Book Value	
At 30th December 2006	£29,932,055
At 31st December 2005	£34,332,055

Licence fees are being amortised over their 10 year licence period

9. TANGIBLE FIXED ASSETS

	Land and Buildings	Plant and Machinery	Fittings and Equipment	Total
Cost	£	£	£	£
At 31st December 2005	271,110	37,306,833	2,625,787	40,203,730
Additions	-	268,036	60,098	328,134
Group Transfer	-	26,932	-	26,932
Disposals	-	(497,845)	(7,500)	(505,345)
At 30th December 2006	271,110	37,103,956	2,678,385	40,053,451
Depreciation				
At 31st December 2005	42,690	22,822,614	2,158,316	25,023,620
Charge for the period	5,422	1,905,532	125,615	2,036,569
Group Transfer	-	15,684	-	15,684
Eliminated on disposals	-	(495,636)	(7,500)	(503,136)
At 30th December 2006	48,112	24,248,194	2,276,431	26,572,737
Net Book Value·				
At 30th December 2006	£222,998	£12,855,762	£401,954	£13,480,714
At 31st December 2005	£228,420	£14,484,219	£467,471	£15,180,110

NOTES TO THE ACCOUNTS (Continued)

9. TANGIBLE FIXED ASSETS (Continued)

The net book value of land and buildings comprises

	2006 £	2005 £
Freeholds	216,302	221,332
Long Leaseholds	6,696	7,088
	£222,998	£228,420

The aggregate amount of capital expenditure authorised and contracted for by the Directors at 30th December 2006 was Nil (2005 - Nil)

10. INVESTMENTS (unlisted)

The Company owns 60,000 unlisted Ordinary shares of £1 each in The Press Association Limited which are included in the balance sheet at Nil cost

11. STOCKS

	2006 £	2005 £
Raw materials	288,731	244,967
Consumable stocks	220,739	181,963
	£509,470	£426,930

12. DEBTORS Amounts due after one year

	2006 £	2005 £
Interest bearing loan to Group Undertaking	30,000,000	30,000,000

The interest bearing loan is unsecured and interest is charged at 4 85% for the first 10 years and 0 5% above the yield on 10 year treasury gilts available at that time The loan is repayable on the 21st October 2023

13. DEBTORS. Amounts due within one year.

	2006 £	2005 £
Trade debtors	769,803	817,796
Amount due from Group undertakings	16,174,903	14,305,439
Other debtors	14,612	5,515
Loans for employees' share purchase	29,334	46,467
Prepayments and accrued income	638,472	817,926
VAT receivable	-	304
Corporation Tax	37,963	64,662
	£17,665,087	£16,058,109

14. CREDITORS: Amounts falling due within one year

	2006 £	2005 £
Bank Overdraft (Note 20)	205,792	129,681
Trade creditors	1,706,722	1,475,011
Other creditors	-	6,604
Amount due to Group undertakings	1,769,780	2,366,583
Group Relief Payable	34,014	7,359
Other taxation and social security costs	779,815	869,701
Accruals and deferred income	344,704	417,229
	£4,840,827	£5,272,168

15. CREDITORS: Amounts falling due after one year

	2006 £	2005 £
Loans from group undertakings		
Non-interest bearing	10,551,500	10,551,500

The loan from group undertakings is non interest bearing, unsecured and is repayable upon the group undertaking giving a notice period of at least 12 months No such notice has been given at the balance sheet date and therefore this loan has been shown as falling due after more than one year

EXPRESS & STAR LIMITED

NOTES TO THE ACCOUNTS (Continued)

16. DEFERRED TAXATION

The movement in deferred taxation during the current period are as follows

	£
At 31st December 2005	2,029,973
Released during the period (See note 7)	(590,761)
Adjustment in respect of previous periods	(243,046)
At 30th December 2006	£1,196,166

The deferred taxation consists of:

	2006 £	2005 £
Tax effect of timing differences due to		
Accelerated Capital Allowances	1,266,036	2,100,891
Other timing differences	(69,870)	(70,918)
	£1,196,166	£2,029,973

17. SHARE CAPITAL

	Authorised £	Allotted called up and fully paid £
Ordinary shares of £1 each at 30th December 2006 and 31st December 2005	£1,000,000	£977,683

18 RESERVES

	Other Reserves £	Profit and Loss Account £
At 31st December 2005	64,332,055	12,833,825
Retained loss for the period	-	(3,144,730)
Transfer between reserves	(4,400,000)	4,400,000
As at 30th December 2006	£59,932,055	£14,089,095

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Loss on ordinary activities after taxation	(3,144,730)	(1,368,007)
Dividend Paid	-	(2,750,000)
Net reduction to shareholders' funds	(3,144,730)	(4,118,007)
Opening shareholders' funds	78,143,563	82,261,570
Closing shareholders' funds	£74,998,833	£78,143,563

20. CONTINGENT LIABILITY

At the year end, the company was party to group banking arrangements under which subsidiaries of Claverley Company cross guaranteed their net aggregate overdraft facilities of £58 million (2005 - £63 million)

Since the year end, and with effect from 30 August 2007, the group has completed a refinancing exercise with its principal bankers, Barclays Bank PLC This has resulted in the reduction of the overdraft facility to £10 million with a review date of 10 August 2008, and the agreement of a term loan facility of £35 million until 31 December 2010 The term loan incurs interest at 1 3% per annum above base rate as is repayable within 2 to 5 years

As well as including a number of financial covenants, security for the new facility has been provided by Claverley Group Limited and its subsidiaries

21 PENSION ARRANGEMENTS

The company participates in two group defined benefit schemes It is not possible to identify the company's share of assets and liabilities in either scheme on a consistent and reasonable basis Therefore, in accordance with FRS 17 paragraph 9 (b) (multi-employer exemption), the schemes are accounted for as if they were defined contribution schemes

The total pension contribution charge for the period amounted to £3,257,859 (2005 £3,491,963)

The most recent formal valuation of the Executive scheme was carried out as at 5th April 2005 using the projected unit method and the most recent formal valuation of the Group scheme was carried out as at 5th April 2006 using the projected unit method

In order to provide information about the funding position of the schemes, separate valuations at 30th December 2006, using the projected unit basis, as required by FRS 17 have been obtained and disclosed in the accounts of the Parent Company The valuation of the group's schemes at the balance sheet date shows the following deficits

Group Scheme £19,700,000 Executive Scheme £5,000,000

For the purpose of these accounts, these figures are illustrative only and do not impact on the results or the balance sheet of the company It should also be noted that these figures include

21. PENSION ARRANGEMENTS (Continued)

a substantial proportion of pension assets and liabilities relating to other group companies which also participate in the scheme It has not been possible to identify the share of the deficit which relates solely to Express & Star Limited Full details of the pension schemes are given in the accounts of the ultimate parent company

The measurement bases required by FRS 17 are likely to give rise to significant fluctuations in the reported amounts of the defined benefit pension scheme's assets and liabilities from period to period and do not necessarily give rise to a change in the contributions payable into the scheme, which are recommended by the independent actuaries using long term assumptions

22. OPERATING LEASE COMMITMENTS

At 30th December 2006 the company had external annual commitments under operating leases as follows

	Property Leases	
	2006	2005
	£	£
Leases expiring within one year	-	10,875
Leases expiring after more than one year but within five years	16,500	-
Leases expiring after more than five years	88,750	88,750
	£105,250	£99,625

There are no other external annual operating lease commitments

23. RELATED PARTY DISCLOSURE

The company has taken advantage of the exemption in FRS8 as a wholly owned subsidiary not to disclose details of related party transactions required by the standard

24. ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of The Midland News Association Limited, registered in England & Wales It has included the company in its group accounts The ultimate parent undertaking is Claverley Company, also registered in England and Wales