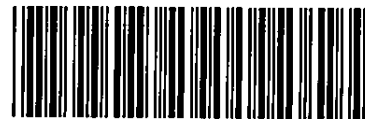


Registered number 18718

EXPRESS & STAR LIMITED

ANNUAL REPORT AND ACCOUNTS  
FOR THE PERIOD (52 WEEKS) ENDED  
29<sup>th</sup> DECEMBER 2007

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**EXPRESS & STAR LIMITED**

**ANNUAL REPORT AND ACCOUNTS FOR THE PERIOD (52 WEEKS) ENDED  
29<sup>th</sup> DECEMBER 2007**

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## **EXPRESS & STAR LIMITED**

### **DIRECTORS' REPORT**

The Directors' present their report and accounts for the period (52 weeks) ended 29<sup>th</sup> December 2007

### **RESULTS AND DIVIDEND**

The loss for period after taxation amounted to £4,266,225 (2006 - £3,144,730) The Directors do not propose to pay a dividend in respect of 2007 (2006 - £Nil)

### **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 31<sup>st</sup> March 2007)  
P Walker  
G P Clifford (Appointed 1<sup>st</sup> June 2007)  
P D Carter (Appointed 1<sup>st</sup> June 2007)  
A Couchman (Appointed 1<sup>st</sup> 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 another tough year with revenues falling by 2% The decline can be broken down into a 3% increase in volume and a 4% reduction in yield The reduction in yield is mainly due to the mix of advertising where the growth in lower yield property and free weekly advertising and a decrease in higher yielding situation vacant have distorted the average comparison

After an extremely difficult 2006 for the circulation of the Express & Star newspaper, the opening quarter of 2007 proceeded to be equally challenging, with the sale continuing to be depressed However, from the second quarter of 2007 onwards a significant and sustained reduction in the rate of decline was seen The improvement was mainly driven by the casual sale, which ran in a plus compared to 2006, however there was also a reduction in the deficit of the regular sale

## **EXPRESS & STAR LIMITED**

### **DIRECTORS' REPORT (Continued)**

#### **Key Performance Indicators**

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

	<b>2007</b>	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Revenue	42,479	43,271	46,312
Operating loss	(5,253)	(5,557)	(3,337)
Capital expenditure	267	328	649

The decline in revenue was mainly due to motors and job advertising. The difficult period that the motoring trade has incurred, particularly in the second hand market, together with the consolidation of the dealers has resulted in a significant reduction in this classification of advertising. The decline in job advertising has continued in the current period, however the rate of decline has slowed.

With the continuing strength of the housing market, property advertising was one of the areas that experienced growth together with editionised advertising as the company develops this part of the business. The investment that the company has made in digital media is starting to show a return as internet revenues have grown significantly.

#### **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 £1,096,000 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, an increase of £1,801,000 is affected by group trends, as excluding group accounts net current assets reduced by £1,884,000.

#### **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.

## **EXPRESS & STAR LIMITED**

### **DIRECTORS' REPORT (Continued)**

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Group manages competitive trading risk by providing an unrivalled service to its advertisers, however the performance of the Group is dependant on the local economy. Circulation risk is managed by producing a quality product which is considered to be the primary source for local news.

The Group is exposed to movement in the price of its key consumable, newsprint. However annual contracts are placed with its suppliers to reduce this risk.

#### **FINANCIAL INSTRUMENTS**

The main financial risks arising from the company's activities are credit risk and liquidity risk. These are monitored by the board of Directors and were not considered to be significant at the balance sheet date.

Credit risk is managed by agreeing payment terms in advance and appropriate references being taken. Credit control procedures are followed where credit risk is perceived.

The company's transactions are denominated in sterling and therefore the Group is not exposed to the movement in foreign exchange rates.

The Group is financed by a combination of loans from its immediate parent and the Group's bankers. In the year the Group has re-negotiated its banking arrangements resulting in a term loan facility until 2010.

#### **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 parent company, 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.

## **EXPRESS & STAR LIMITED**

### **DIRECTORS' REPORT (Continued)**

#### **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**

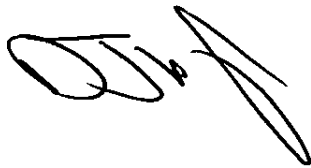
The company is investigating other revenue streams within the media landscape to achieve growth following the decline reported in recent years.

#### **AUDITORS**

BDO Stoy Hayward LLP were appointed as auditors during the year and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed 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

28<sup>th</sup> April 2008

## **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 financial statements (the "financial statements") of The Express & Star Limited for the period ended 29<sup>th</sup> December 2007 which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' 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).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

### 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 judgments made by the directors in the preparation of the financial statements, 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 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 state of the company's affairs as at 29<sup>th</sup> December 2007 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

BDO Stoy Hayward LLP  
1 May 2008

BDO STOY HAYWARD LLP  
Chartered Accountants  
and Registered Auditor  
BIRMINGHAM



**EXPRESS & STAR LIMITED****PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 29<sup>th</sup> DECEMBER 2007**

	Notes	2007 £	2006 £
<b>Turnover</b>	2	42,478,923	43,270,938
Net operating expenses	3	47,731,502	48,827,665
		<hr/>	<hr/>
<b>Operating Loss</b>		(5,252,579)	(5,556,727)
Interest receivable and other income	7	1,692,504	1,614,215
Dividends from unlisted investments		9,792	17,328
		<hr/>	<hr/>
<b>Loss on Ordinary Activities before Taxation</b>		(3,550,283)	(3,925,184)
Taxation	8	(715,942)	780,454
		<hr/>	<hr/>
<b>Loss on Ordinary Activities after Taxation and retained loss for the period</b>	20	<u><u>(4,266,225)</u></u>	<u><u>(3,144,730)</u></u>


All the activities of the company are continuing

The company has no recognised gains or losses 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 29<sup>th</sup> DECEMBER 2007**

		2007	2006
	Notes	£	£
<b>Fixed assets</b>			
Intangible fixed assets	9	25,532,055	29,932,055
Tangible fixed assets	10	11,755,045	13,480,714
		<u>37,287,100</u>	<u>43,412,769</u>
<b>Current assets</b>			
Stocks	12	396,213	509,470
Debtors (includes amount due after one year of £30,000,000 – 2006 £30,000,000)	13	50,470,869	47,665,087
Cash at bank and in hand		14,721	28,067
		<u>50,881,803</u>	<u>48,202,624</u>
<b>Creditors</b> amounts falling due within one year	14	(5,746,596)	(4,868,894)
<b>Net current assets</b>		<u>45,135,207</u>	<u>43,333,730</u>
<b>Total assets less current liabilities</b>		82,422,307	86,746,499
<b>Creditors</b> amounts falling due after one year	15	(10,551,500)	(10,551,500)
<b>Provisions for liabilities</b>			
Deferred taxation	16	(1,138,199)	(1,196,166)
<b>Net assets</b>		<u>70,732,608</u>	<u>74,998,833</u>
<b>Capital and reserves</b>			
Called up share capital	17	977,683	977,683
Profit and loss account	18	14,222,870	14,089,095
Other reserves	18	55,532,055	59,932,055
<b>Shareholders' funds</b>	19	<u>70,732,608</u>	<u>74,998,833</u>

The accounts on pages 8 to 20 were approved and authorised for issue by the Board of Directors on 28<sup>th</sup> April 2008 and signed on behalf of the Board

  
G.W. EVERS  
Director

## **EXPRESS & STAR LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE 52 WEEKS ENDED 29<sup>th</sup> DECEMBER 2007**

#### **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 29<sup>th</sup> December 2007 (2006 - 52 weeks ended 30<sup>th</sup> December).

##### **c) Turnover**

Turnover is measured at fair value, net of applicable discounts and value added tax. Advertising revenue is recognised upon publication and circulation revenue is recognised upon delivery.

##### **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:

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

Assets in the course of construction are not depreciated until they are completed. 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.

## **EXPRESS & STAR LIMITED**

### **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:

- 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.

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 21 to the accounts.

## **EXPRESS & STAR LIMITED**

### **NOTES TO THE ACCOUNTS (Continued)**

#### **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.

#### **k) Cash Flow**

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group, The Midland News Association Limited and the company is included in the consolidated financial accounts.

### **2. TURNOVER**

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

### **3. NET OPERATING EXPENSES**

	2007 £	2006 £
Raw materials and consumables	8,853,824	8,952,577
Staff costs (see note 5)	21,053,290	22,163,621
Depreciation of tangible fixed assets	2,008,115	2,036,569
Amortisation of intangible fixed assets	4,400,000	4,400,000
Other operating charges	11,652,145	11,542,125
Other operating income	(235,872)	(267,227)
	<u>£47,731,502</u>	<u>£48,827,665</u>

### **4 OPERATING PROFIT**

	2007 £	2006 £
This is arrived at after charging/(crediting)		
Hire of plant and machinery		
- operating leases	481,526	593,471
Hire of land and buildings		
- operating leases	1,347,610	1,343,215
Auditors remuneration		
Audit services	18,000	18,500
Non audit services - taxation	5,000	5,250
- other	37,212	32,948
Profit on disposal of fixed assets	(12,058)	(241)
	<u>=====</u>	<u>=====</u>

## **EXPRESS & STAR LIMITED**

### **NOTES TO THE ACCOUNTS (Continued)**

#### **5. EMPLOYEES**

The aggregate staff costs during the period were

	2007 £	2006 £
Wages and salaries	16,182,260	17,095,864
Social security costs	1,476,044	1,539,898
Other pension costs (Note 21)	3,394,986	3,527,859
	<u>£21,053,290</u>	<u>£22,163,621</u>

The average number of employees including Directors during the year was as follows

	Number	Number
Sales and administration	445	486
Production and distribution	215	237
	<u>660</u>	<u>723</u>

#### **6. DIRECTORS' REMUNERATION**

Employee staff costs includes the following remuneration in respect of Directors amounted to £704,083 (2006 - £526,716)

The emoluments of the highest paid Director (excluding pension contributions) were £147,824 (2006 - £130,226) His accrued entitlement at 29<sup>th</sup> December 2007 under a defined benefit scheme constituted a pension of £76,826 (2006 - £68,737) per annum

There are five Directors to whom retirement benefits are accruing under this scheme

#### **7. INTEREST RECEIVABLE AND OTHER INCOME**

	2007 £	2006 £
Group interest receivable	1,692,504	1,614,215
	<u>£1,692,504</u>	<u>£1,614,215</u>

**EXPRESS & STAR LIMITED****NOTES TO THE ACCOUNTS (Continued)****8. TAXATION**

	2007	2006
UK Current Tax	£	£
UK corporation tax on losses of the period	-	-
Group relief payable	268,049	532,364
Adjustments in respect of previous periods	505,860	(479,011)
	<u>773,909</u>	<u>53,353</u>

**UK Deferred Tax (Note 16)****Origination and reversal of timing differences**

Short term timing differences	(37,950)	1,048
Depreciation in advance of capital allowances	64,478	(591,809)
Deferred tax on withdrawal of IBAs	(1,563)	-
Effect of changes in tax rate	(81,411)	-
Adjustments in respect of previous periods	(1,521)	(243,046)
	<u>£715,942</u>	<u>£(780,454)</u>

**Factors affecting the tax charge for the period**

The differences are explained below -

	£	£
Loss on ordinary activities before tax	<u>(3,550,283)</u>	<u>(3,925,184)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 – 30%)	(1,065,085)	(1,177,555)
Effects of		
Expenses not deductible for tax purposes	1,359,662	1,382,716
Depreciation in excess of capital allowances	(64,478)	591,809
Short term timing differences	37,950	(1,048)
Adjustments in respect of previous periods	505,860	(479,011)
Exempt income not chargeable to tax	-	(6,903)
Utilisation of unprovided losses brought forward	-	(259,793)
Other	-	3,138
	<u>£773,909</u>	<u>£53,353</u>

**EXPRESS & STAR LIMITED****NOTES TO THE ACCOUNTS (Continued)****9. INTANGIBLE FIXED ASSETS**

	Licence Fees
Cost	£
At 30 <sup>th</sup> December 2006 and 29 <sup>th</sup> December 2007	44,000,000
Amortisation	
At 30 <sup>th</sup> December 2006	14,067,945
Charge for the period	4,400,000
At 29 <sup>th</sup> December 2007	18,467,945
Net Book Value	
At 29 <sup>th</sup> December 2007	£25,532,055
At 30 <sup>th</sup> December 2006	£29,932,055

Licence fees are being amortised over their 10 year licence period

**10. TANGIBLE FIXED ASSETS**

	Land and Buildings	Plant and Machinery	Fittings and Equipment	Total
Cost	£	£	£	£
At 30 <sup>th</sup> December 2006	271,110	37,103,956	2,678,385	40,053,451
Additions	-	221,717	45,281	266,998
Group Transfer	-	39,301	-	39,301
Disposals	-	(567,378)	-	(567,378)
At 29 <sup>th</sup> December 2007	271,110	36,797,596	2,723,666	39,792,372
Depreciation				
At 30 <sup>th</sup> December 2006	48,112	24,248,194	2,276,431	26,572,737
Charge for the period	5,422	1,885,486	117,207	2,008,115
Group Transfer	-	23,853	-	23,853
Eliminated on disposals	-	(567,378)	-	(567,378)
At 29 <sup>th</sup> December 2007	53,534	25,590,155	2,393,638	28,037,327
Net Book Value				
At 29 <sup>th</sup> December 2007	£217,576	£11,207,441	£330,028	£11,755,045
At 30 <sup>th</sup> December 2006	£222,998	£12,855,762	£401,954	£13,460,714



**EXPRESS & STAR LIMITED****NOTES TO THE ACCOUNTS (Continued)****10. TANGIBLE FIXED ASSETS (Continued)**

The net book value of land and buildings comprises

	2007 £	2006 £
Freeholds	211,272	216,302
Long Leaseholds	6,304	6,696
	<u>£217,576</u>	<u>£222,998</u>

The aggregate amount of capital expenditure authorised and contracted for by the Directors at 29<sup>th</sup> December 2007 was Nil (2006 - Nil)

**11. 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

**12. STOCKS**

	2007 £	2006 £
Raw materials	192,191	288,731
Consumable stocks	204,022	220,739
	<u>£396,213</u>	<u>£509,470</u>

**EXPRESS & STAR LIMITED****NOTES TO THE ACCOUNTS (Continued)****13. DEBTORS:**

	2007 £	2006 £
<b>Amounts due after one year</b>		
Interest bearing loan due from Group undertaking	30,000,000	30,000,000
<b>Amount due within one year</b>		
Trade debtors	726,709	638,472
Amount due from Group undertakings	18,977,376	16,174,903
Other debtors	1,349	14,612
Loans for employees' share purchase	4,053	29,334
Prepayments and accrued income	723,468	769,803
Corporation Tax	37,914	37,963
	<u>£50,470,869</u>	<u>£47,665,087</u>

The interest bearing loan is unsecured and interest is charged at 4.85% for the first 10 years and thereafter 0.5% above the yield on 10 year treasury gilts available at that time. The loan is repayable on the 21<sup>st</sup> October 2023.

**14. CREDITORS** Amounts falling due within one year

	2007 £	2006 £
Bank Overdraft (Note 20)	1,036,772	233,859
Trade creditors	1,869,160	1,706,722
Other creditors	41,334	-
Amount due to Group undertakings	887,102	1,769,780
Group Relief Payable	807,923	34,014
Other taxation and social security costs	756,978	779,815
Accruals and deferred income	347,327	344,704
	<u>£5,746,596</u>	<u>£4,868,894</u>

**15. CREDITORS:** Amounts falling due after one year

	2007 £	2006 £
Loans from group undertakings		
Non-interest bearing	<u>£10,551,500</u>	<u>£10,551,500</u>

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 30 <sup>th</sup> December 2006	1,196,166
Released during the period (See note 8 )	(56,446)
Adjustment in respect of previous periods	(1,521)
	<u>          </u>
At 29 <sup>th</sup> December 2007	<u>1,138,199</u>

The deferred taxation consists of

	2007 £	2006 £
Tax effect of timing differences due to		
Accelerated Capital Allowances	1,235,219	1,266,036
Other timing differences	(97,020)	(69,870)
	<u>£1,138,199</u>	<u>£1,196,166</u>

**17. SHARE CAPITAL**

	Authorised £	Allotted called up and fully paid £
Ordinary shares of £1 each at 29 <sup>th</sup> December 2007 and 30 <sup>th</sup> December 2006	<u>£1,000,000</u>	<u>£977,683</u>

**18. RESERVES**

	Other Reserves £	Profit and Loss Account £
At 30 <sup>th</sup> December 2006	59,932,055	14,089,095
Retained loss for the period	-	(4,266,225)
Transfer between reserves	(4,400,000)	4,400,000
	<u>          </u>	<u>          </u>
As at 29 <sup>th</sup> December 2007	<u>£55,532,055</u>	<u>£14,222,870</u>

## **EXPRESS & STAR LIMITED**

### **NOTES TO THE ACCOUNTS (Continued)**

#### **19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2007 £	2006 £
Loss on ordinary activities after taxation	(4,266,225)	(3,144,730)
Dividend Paid	-	-
Net reduction to shareholders' funds	(4,266,225)	(3,144,730)
Opening shareholders' funds	74,998,833	78,143,563
Closing shareholders' funds	<u>£70,732,608</u>	<u>£74,998,833</u>

#### **20 CONTINGENT LIABILITY**

During the year, the company was party to group banking arrangements under which subsidiaries Claverley Company cross guaranteed their net aggregate overdraft facilities of £45 million (2006 - £58 million)

On the 30<sup>th</sup> August 2007, the Group completed a refinancing exercise with its principal bankers, Barclays Bank PLC. This has resulted in the overdraft facility being set at £10 million with a review date of 10<sup>th</sup> August 2008, and a term loan facility of £35 million until 31<sup>st</sup> December 2010. The term loan incurs interest at 1.3% per annum above the base rate and is repayable within 2 – 5 years.

Together with a number of financial covenants, security for the new facility has been provided by Claverley Group Limited and its subsidiaries. The security is provided by a fixed and floating charge over the assets of the group.

#### **21. PENSION ARRANGEMENTS**

The group participates in two group defined benefit schemes and a defined contribution scheme. The defined benefit schemes are closed to new members and future accrual. It is not possible to identify the group's share of assets and liabilities in either of the defined benefit schemes on a consistent and reasonable basis. Therefore, in accordance with FRS17 paragraph 9 (b) (multi-employer exemption), the schemes are accounted for as if they were defined contribution schemes.

The total pension charge and contributions payable for the year amounted to £3,394,986 (2006- £3,357,859)

	2007 £000	2006 £000
Defined benefit	2,665	3,255
Defined contribution	730	103
	<u>3,395</u>	<u>3,358</u>

## **EXPRESS & STAR LIMITED**

### **NOTES TO THE ACCOUNTS (Continued)**

#### **21. PENSION ARRANGEMENTS (Continued)**

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 also using the projected unit method

In order to provide information about the funding position of the schemes, separate valuations at 29<sup>th</sup> December 2007, using the projected unit method, as required by FRS 17 have been obtained and are disclosed in the accounts of the Claverley Group Limited

The valuations of the two schemes at 29<sup>th</sup> December 2007, calculated by the actuary on an FRS17 basis, show a deficit on the Group Scheme of £310,000. There was no surplus or deficit on the Executive scheme at that date

For the purpose of these accounts, these figures are illustrative only and do not impact on the result or the balance sheet of the company. It should also be noted that these figures include a proportion of pension assets and liabilities relating to other group companies which also participate in the schemes. It has not been possible to identify the share of the deficits 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 annual amounts of the defined benefit pension scheme's assets and liabilities from year to year and do not necessarily give rise to a change in the contributions payable into the schemes, which are recommended by the independent actuaries using long term assumptions

#### **22. OPERATING LEASE COMMITMENTS**

At 29<sup>th</sup> December 2007 the company had annual commitments under operating leases as follows

	Property Leases		Plant & Machinery	
	2007	2006	2007	2006
	£	£	£	£
Leases expiring within one year	-	-	78,415	155,648
Leases expiring after more than one year but within five years	28,750	16,500	231,665	269,166
Leases expiring after more than five years	79,250	88,750	-	-
	<u>£108,000</u>	<u>£105,250</u>	<u>£310,080</u>	<u>£424,818</u>

There are no other 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

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**EXPRESS & STAR LIMITED****NOTES TO THE ACCOUNTS (Continued)****24. ULTIMATE PARENT UNDERTAKING**

The company is a wholly owned subsidiary of The Midland News Association Limited, registered in England & Wales and is included in that company's group accounts. The ultimate parent undertaking is Claverley Company, also registered in England and Wales.