

Express & Star Limited

Report and Financial Statements

Period Ended

1 January 2011

Company Number 18718

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Express & Star Limited

**Report and financial statements
for the period ended 1 January 2011**

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Directors

M G Douglas Graham
E Alan Graham
G W Evers
D J Hughes
A G Harris
A Faber
G P Clifford
A Couchman

Secretary and registered office

D J Hughes, 50 & 51 Queen Street, Wolverhampton, WV1 1ES

Company number

18718

Auditors

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

Express & Star Limited

Report of the directors for the period ended 1 January 2011

The directors present their report together with the audited financial statements for the period ended 1 January 2011

Results and dividends

The profit and loss account is set out on page 7 and shows the loss for the period

The Directors paid an interim dividend of £2,000,000 (2009 - £Nil) They do not propose the payment of a final dividend (2009 - £Nil)

Principal activities, review of business and future developments

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

Directors

The directors of the company during the period were

M G Douglas Graham (Chairman)
E Alan Graham
G W Evers
D J Hughes
A G Harris
A Faber
G P Clifford
A Couchman

Nature, objectives and strategies

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

The company's objective is to be the leading provider of media services in the areas which it serves

Performance of the business during the period and business KPI's

2010 was another difficult year with the prolonged economic downturn making trading very difficult. The uncertainty that surrounded the general election together with the budget and government plans to drastically reduce public sector spending has impacted revenues. The snow that occurred at the end of the year meant advertising and circulation revenue were lower than normal. It is no consolation that other publishing centres reported similar results.

Lower advertising revenues together with the longer term decline in newspaper circulation meant the management of costs continue to be of the utmost importance. Newsprint prices dropped in the year, but to hedge against future increases the company entered into a two year deal with some suppliers to fix the price of a proportion of its consumption.

Express & Star Limited

Report of the directors for the period ended 1 January 2011 (continued)

Key performance indicators include revenue, operating profits and capital expenditure

	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Revenue	30,849	33,343
Operating (loss)/profit	(6,601)	884
Capital expenditure	553	474

The decline in revenue was generated by a 7% decline in circulation revenues and a 9% decline in advertising revenues. Revenues from newspaper sales were lower as a result of the fall in circulation as there was no cover price increase in 2010. The drop in advertising revenues was mainly down to jobs and motoring advertising. The decline in job advertising has continued over the last couple of years as companies reduce their head count to lower their cost base and the public sector reduce their numbers employed in anticipation of the government cuts in funding. The scrappage scheme announced in 2009, which finished at the end of the first quarter of 2010 resulted in motoring advertising revenues falling significantly in the second half of the year.

Margins

Gross margins excluding the exceptional item decreased in the period due to the decline in revenue, however the gross margin percentage increased as the price of our key consumable, newsprint, decreased.

Operating Expenses

Operating expenses increased in the year by £4,990,000 as although the company reduced costs to reflect the lower revenues this was offset by the profits on intercompany balances written off in 2009.

Balance Sheet

The control of capital expenditure has resulted in the net book value of tangible fixed assets declining by £838,000.

The movement in current debtors and creditors, a decrease of £1,086,000, is affected by group accounts, as excluding group accounts net current assets increased by £166,000.

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.

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 news.

The Group is exposed to movement in the price of its key consumable, newsprint. The group hedged some of the increase forecast in 2011 by taking a two year fixed price contract with a number of suppliers.

Express & Star Limited

Report of the directors for the period ended 1 January 2011 (*continued*)

Financial instruments

The company is financed by a combination of loans from its immediate parent and the group's bankers

As highlighted in note 20 to the financial statements, the company is party to group banking facilities. These facilities are made available to the company to meet its day to day working capital requirements. The overdraft facility is due for renewal in December 2011. The group also has a revolving credit facility and term loan facility until December 2014.

The current economic conditions create uncertainty particularly with regard to the level of demand for products and services and the cost of raw materials. However, the group's forecasts and projections, taking account of changes in trading performance, show that the group should be able to operate within the level of its current facilities.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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.

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 current year

The economic uncertainty followed by rises in inflation and job insecurity is expected to continue into 2011. Display advertising, situations vacant and classified advertising are showing significant falls against the prior year and with increases in our newsprint price, although, partly mitigated by our two year agreement, operating profits for the period are considerably lower. That said, these falls in revenues were anticipated and the company for the period is only marginally behind budget.

Future developments

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

Express & Star Limited

Report of the directors for the period ended 1 January 2011 (*continued*)

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

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

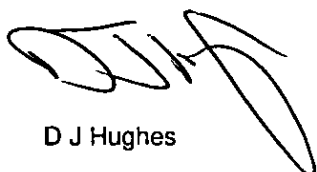
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board



D J Hughes

Secretary

Date 27 June 2011

Express & Star Limited

Independent auditor's report

TO THE MEMBERS OF EXPRESS & STAR LIMITED

We have audited the financial statements of Express & Star Limited for the 52 week period ended 1 January 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 1 January 2011 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

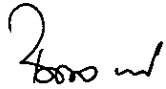
Express & Star Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Graham Clayworth (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

Date 27 June 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Express & Star Limited

Profit and loss account for the period ended 1 January 2011

	Note	52 weeks ended 1 January 2011 £	53 weeks ended 2 January 2010 £
Turnover	2	30,848,795	33,343,055
Net operating expenses - including exceptional credits of £Nil (2009 - £6,892,889)	3	37,449,654	32,459,289
Operating (loss)/profit	4	(6,600,859)	883,766
Cost of a fundamental reorganisation	5	-	(118,610)
(Loss)/profit on ordinary activities before interest and other income		(6,600,859)	765,156
Other interest receivable and similar income	8	1,951,147	1,860,894
(Loss)/profit on ordinary activities before taxation		(4,649,712)	2,626,050
Taxation on (loss)/profit on ordinary activities	9	325,323	(78,748)
(Loss)/profit on ordinary activities after taxation		(4,324,389)	2,547,302

All amounts relate to continuing activities

All recognised gains and losses in the current and prior period are included in the profit and loss account

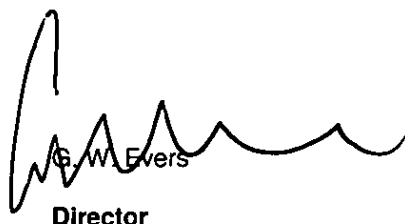
The notes on pages 9 to 22 form part of these financial statements

Express & Star Limited

Balance sheet at 1 January 2011

<i>Company number 18718</i>	Note	1 January 2011 £	1 January 2011 £	2 January 2010 £	2 January 2010 £
Fixed assets					
Intangible assets	11		12,332,055		16,732,055
Tangible assets	12		5,541,957		6,380,222
			<u>17,874,012</u>		<u>23,112,277</u>
Current assets					
Stocks	14	334,369		195,265	
Debtors - due within one year	15	19,010,662		16,140,666	
Debtors - due after more than one year	15	30,000,000		30,000,000	
			<u>49,010,662</u>	<u>46,140,666</u>	
Total debtors					
Cash at bank and in hand		278,573		246,384	
			<u>49,623,604</u>	<u>46,582,315</u>	
Creditors: amounts falling due within one year	16	6,770,049		2,642,636	
			<u>42,853,555</u>		<u>43,939,679</u>
Net current assets					
			<u>60,727,567</u>		<u>67,051,956</u>
Total assets less current liabilities					
			<u>60,727,567</u>		<u>67,051,956</u>
Capital and reserves					
Called up share capital	17		977,683		977,683
Other reserves	18		42,332,055		46,732,055
Profit and loss account	18		17,417,829		19,342,218
			<u>60,727,567</u>		<u>67,051,956</u>
Shareholders' funds	19				
			<u>60,727,567</u>		<u>67,051,956</u>

The financial statements were approved by the board of directors and authorised for issue on 27 June 2011


G. W. Evers
Director

The notes on pages 9 to 22 form part of these financial statements

Express & Star Limited

Notes forming part of the financial statements for the period ended 1 January 2011

1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. They incorporate the results for the 52 weeks ended 1 January 2011 (2009 - 53 weeks ended 2 January 2010).

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

Fundamental accounting concept

The financial statements have been prepared on the going concern basis. As detailed in the Directors Report on pages 1-3, the Directors have considered the principal risks and uncertainties that apply to the business and believe that it is appropriate to continue to prepare the accounts on this basis.

Cash flow statement

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 headed by The Midland News Association Limited and the company is included in consolidated financial statements.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Advertising revenue is recognised upon publication and circulation revenue is recognised upon delivery.

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.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Freehold property	- 2% per annum
Plant and machinery	- 5% - 20% per annum
Fixtures and fittings	- 7.5% - 33% 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.

Express & Star Limited

Notes forming part of the financial statements for the period ended 1 January 2011 (*continued*)

1 Accounting policies (*continued*)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Stocks

Stocks which comprise principally of newsprint and consumable stores are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Defined benefit pension schemes

The company participates in a group defined benefit pension scheme which is funded, with the assets of the scheme 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 scheme on a consistent and reasonable basis.

Therefore, in accordance with the FRS 17 multi-employer exemption, the scheme is accounted for as if it were a defined contribution scheme (see below).

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

Defined contribution pension scheme

Pension costs for the company's defined contribution pension schemes are recognised within operating profit/(loss) 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.

Express & Star Limited

Notes forming part of the financial statements
for the period ended 1 January 2011 (*continued*)

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom

3 Net operating expenses

	52 weeks ended 1 January 2011 £	53 weeks ended 2 January 2010 £
Raw materials and consumables	6,287,220	7,084,213
Staff costs (see note 6)	15,479,309	15,634,314
Depreciation of tangible fixed assets	1,390,569	1,451,648
Amortisation of intangible fixed assets	4,400,000	4,400,000
Other operating charges	10,206,766	11,023,827
Other operating income	(314,210)	(241,824)
Exceptional items	-	(6,892,889)
	<u>37,449,654</u>	<u>32,459,289</u>

Exceptional items include intercompany balances written off during the period

Express & Star Limited

Notes forming part of the financial statements
for the period ended 1 January 2011 (*continued*)

4 Operating (loss)/profit

	52 weeks ended 1 January 2011 £	53 weeks ended 2 January 2010 £
This is arrived at after charging/(crediting)		
Hire of plant and machinery - operating leases	351,656	377,793
Hire of other assets - operating leases	1,453,394	1,585,083
Auditors' remuneration		
- fees payable to the company's auditor for the audit of the company's annual accounts	16,500	19,469
- taxation services	4,300	5,350
- other services	45,201	42,450
Profit on disposal of fixed assets	(51,430)	(28,300)
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5 Costs of fundamental re-organisation

The costs of the fundamental re-organisation of the business comprise

	52 weeks ended 1 January 2011 £	53 weeks ended 2 January 2010 £
Severance Payments	-	96,190
Other	-	22,420
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	-	118,610
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Express & Star Limited

Notes forming part of the financial statements
for the period ended 1 January 2011 (*continued*)

6 Employees

Staff costs (including directors) consist of

	52 weeks ended 1 January 2011 £	53 weeks ended 2 January 2010 £
Wages and salaries	12,953,508	13,066,356
Social security costs	1,319,313	1,336,686
Other pension costs (Note 22)	1,206,488	1,231,272
	<u>15,479,309</u>	<u>15,634,314</u>

The average number of employees (including directors) during the period was as follows

	52 weeks ended 1 January 2011 Number	53 weeks ended 2 January 2010 Number
Sales and administration	358	351
Production and distribution	192	208
	<u>550</u>	<u>559</u>

7 Directors' remuneration

	52 weeks ended 1 January 2011 £	53 weeks ended 2 January 2010 £
Directors' emoluments	628,924	688,566
Company contributions to money purchase pension schemes	126,267	96,572

The total amount payable to the highest paid director in respect of emoluments was £200,984 (2009 - £217,913) Company pension contributions of £Nil (2009 - £Nil) were made to a money purchase scheme on their behalf

There are 3 (2009 - 3) Directors to whom retirement benefits are accruing under this scheme

Express & Star Limited

Notes forming part of the financial statements
for the period ended 1 January 2011 (*continued*)

8 Other interest receivable and similar income

	52 weeks ended 1 January 2011 £	53 weeks ended 2 January 2010 £
Loans to group companies	1,951,147	1,860,894

9 Taxation on (loss)/profit on ordinary activities

	52 weeks ended 1 January 2011 £	53 weeks ended 2 January 2010 £
<i>UK Corporation tax</i>		
Adjustment in respect of previous periods	-	25,898
<i>Deferred tax</i>		
Adjustment in respect of previous periods	24,375	20,874
Short term timing differences	(50,986)	4,688
Capital allowances for period in excess of depreciation	(322,561)	27,288
Effect of changes in tax rate	23,849	-
Movement in deferred tax provision	(325,323)	52,850
Taxation on (loss)/profit on ordinary activities	(325,323)	78,748

Express & Star Limited

Notes forming part of the financial statements for the period ended 1 January 2011 (*continued*)

9 Taxation on (loss)/profit on ordinary activities (*continued*)

The tax assessed for the period is different to the standard rate of corporation tax in the UK applied to (loss)/profit before tax. The differences are explained below.

	52 weeks ended 1 January 2011 £	53 weeks ended 2 January 2010 £
(Loss)/profit on ordinary activities before tax	(4,649,712)	2,626,050
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009 - 28%)	(1,301,919)	735,294
Effect of		
Expenses not deductible for tax purposes	1,272,756	1,275,856
Depreciation for period in excess/(deficit) of capital allowances	334,507	(27,288)
Short term timing differences	52,874	(4,688)
Adjustments in respect of previous periods	-	25,898
Intercompany write off	-	(1,930,009)
Transfer pricing adjustment	9,156	(49,165)
Group relief surrendered/(received) for nil payment	(367,374)	-
Current tax charge for the period	-	25,898

10 Dividends

	52 weeks ended 1 January 2011 £	53 weeks ended 2 January 2010 £
Ordinary shares		
Interim paid of £2.05 (2009 - £nil) per share	2,000,000	-

Express & Star Limited

Notes forming part of the financial statements
for the period ended 1 January 2011 (*continued*)

11 Intangible fixed assets

	Licence fees £
<i>Cost</i>	
At 3 January 2010 and 1 January 2011	44,000,000
<i>Amortisation</i>	
At 3 January 2010	27,267,945
Provided for the period	4,400,000
At 1 January 2011	31,667,945
<i>Net book value</i>	
At 1 January 2011	12,332,055
At 2 January 2010	16,732,055

Licence fees are being amortised over their 10 year licence period

Express & Star Limited

Notes forming part of the financial statements
for the period ended 1 January 2011 (*continued*)

12 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Total £
<i>Cost</i>				
At 3 January 2010	271,110	37,081,572	2,973,152	40,325,834
Additions	-	519,193	33,621	552,814
Disposals	-	(409,803)	-	(409,803)
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At 1 January 2011	271,110	37,190,962	3,006,773	40,468,845
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 3 January 2010	64,378	31,272,386	2,608,848	33,945,612
Provided for the period	5,422	1,310,262	74,885	1,390,569
Disposals	-	(409,293)	-	(409,293)
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At 1 January 2011	69,800	32,173,355	2,683,733	34,926,888
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<i>Net book value</i>				
At 1 January 2011	201,310	5,017,607	323,040	5,541,957
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At 2 January 2010	206,732	5,809,186	364,304	6,380,222
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The net book value of leasehold land and buildings may be further analysed as follows

	1 January 2011 £	2 January 2010 £
Freeholds	196,177	201,207
Long Leaseholds	5,133	5,525
	<hr/>	<hr/>
	201,310	206,732
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The aggregate amount of capital expenditure authorised and contracted for by the Directors at 1 January 2011 was £16,973 (2009 - £16,160)

13 Investments

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

Express & Star Limited

Notes forming part of the financial statements
for the period ended 1 January 2011 (*continued*)

14 Stocks

	1 January 2011 £	2 January 2010 £
Raw materials	230,148	85,044
Consumable stocks	104,221	110,221
	<u>334,369</u>	<u>195,265</u>

There is no material difference between the replacement cost of stocks and the amounts stated above

15 Debtors

	1 January 2011 £	2 January 2010 £
Amounts receivable within one year		
Trade debtors	766,549	678,925
Amounts owed by group undertakings	16,444,583	14,040,044
Other debtors	1,300	1,300
Prepayments and accrued income	778,464	724,283
Loans for employees' share purchase	2,289	3,960
Deferred taxation	1,017,477	692,154
	<u>19,010,662</u>	<u>16,140,666</u>
Amounts receivable after more than one year		
Amounts owed by group undertakings - interest bearing	30,000,000	30,000,000
	<u>49,010,662</u>	<u>46,140,666</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 21 October 2023.

	Deferred taxation £
At 3 January 2010	692,154
Credited to profit and loss account	325,323
	<u>1,017,477</u>
At 1 January 2011	

Express & Star Limited

Notes forming part of the financial statements
for the period ended 1 January 2011 (*continued*)

15 Debtors (*continued*)

Deferred taxation

	1 January 2011 £	2 January 2010 £
The amount of deferred tax provided for is as follows		
Accelerated capital allowances	918,643	642,533
Sundry timing differences	98,834	49,621
	<u>1,017,477</u>	<u>692,154</u>

As at 1 January 2011, the company had unrecognised cumulative corporation tax losses of £903,527 (2009 - £903,527) to relieve against future trading profits

16 Creditors: amounts falling due within one year

	1 January 2011 £	2 January 2010 £
Trade creditors	2,014,838	1,497,550
Amounts owed to group undertakings	3,707,465	51,296
Other taxation and social security	529,672	550,243
Other creditors	-	5,698
Accruals and deferred income	518,074	537,849
	<u>6,770,049</u>	<u>2,642,636</u>

Express & Star Limited

Notes forming part of the financial statements
for the period ended 1 January 2011 (*continued*)

17 Share capital

	1 January 2011 £	2 January 2010 £
<i>Allotted, called up and fully paid</i>		
977,683 Ordinary shares of £1 each	977,683	977,683

18 Reserves

	Other reserves £	Profit and loss account £
At 3 January 2010	46,732,055	19,342,218
Loss for the period	-	(4,324,389)
Dividends	-	(2,000,000)
Transfers	(4,400,000)	4,400,000
At 1 January 2011	42,332,055	17,417,829

19 Reconciliation of movements in shareholders' funds

	1 January 2011 £	2 January 2010 £
(Loss)/profit for the period	(4,324,389)	2,547,302
Dividends	(2,000,000)	-
Net (deductions from)/additions to shareholders' funds	(6,324,389)	2,547,302
Opening shareholders' funds	67,051,956	64,504,654
Closing shareholders' funds	60,727,567	67,051,956

Express & Star Limited

Notes forming part of the financial statements
for the period ended 1 January 2011 (continued)

20 Contingent liabilities

During the year the company was party to group banking facilities. These facilities were made available to the company to meet its day to day working capital requirements. It has overdraft facilities set a £4m with Lloyds TBS (2009 - £4m), which are due for renewal in December 2011. The group also has a term loan and revolving credit facilities with Lloyds TSB until December 2014. The term loan has an outstanding balance of £15.0m (2009 - £17.5m) and incurs interest at between 2.5% and 3.0% per annum over Libor rate. The revolving credit facility has an outstanding balance of £3.0m (2009 - £7.5m) and incurs interest at between 2.25% to 2.75% per annum over Libor. The facilities are secured by a fixed and floating charge over the assets of the group.

As at 1 January 2011, the group's net debt under the above facilities totalled £17.9m (2 January 2010 - £19.0m).

21 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings 1 January 2011 £	Other 1 January 2011 £	Land and buildings 2 January 2010 £	Other 2 January 2010 £
Operating leases which expire				
Within one year	12,375	69,308	-	57,676
In two to five years	47,250	294,970	63,750	146,689
After five years	1,484,939	-	1,570,250	-
	<u>1,544,564</u>	<u>364,278</u>	<u>1,634,000</u>	<u>204,365</u>

Express & Star Limited

Notes forming part of the financial statements for the period ended 1 January 2011 (*continued*)

22 Pension arrangements

The company participated in two group defined benefit schemes and a defined contribution scheme up until the 1st April 2008. On that date the assets and liabilities of the defined benefit schemes were consolidated into one scheme. The defined benefit scheme is closed to new members and future accrual. It is not possible to identify the company's share of assets and liabilities in the defined benefit scheme on a consistent and reasonable basis. Therefore, in accordance with FRS17 paragraph 9 (b) (multi-employer exemption), the scheme is accounted for as if it was a defined contribution scheme.

The total pension charge and contributions payable to the defined contribution scheme for the year amounted to £1,206,488 (2009 - £1,231,272).

The most recent formal valuation of the scheme was carried out as at 5th April 2008 using the projected unit method.

In order to provide information about the funding position of the scheme, a separate valuation at 1 January 2011, using the projected unit method, as required by FRS17 has been obtained and is disclosed in the accounts of the Claverley Group Limited.

The valuation of the two schemes at 1 January 2011, calculated by the actuary on an FRS17 basis, shows a deficit on the scheme of £38,860,000 (2009 - £36,700,000).

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 scheme. 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 FRS17 are likely to give rise to significant fluctuations in the reported annual amounts of the defined benefit scheme's assets and liabilities from year to year 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.

23 Related party disclosures

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

24 Ultimate parent company and parent undertaking of larger group

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.