

COMPANIES HOUSE COPY

Express and Star Limited

Report and Financial Statements

53 week period Ended

2 January 2016

Company Number 00018718

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COMPANIES HOUSE

Express and Star Limited

Company Information

Directors	G W Evers (Chairman) E Alan Graham P A Inman (appointed 24 March 2015) T W Graham (appointed 29 July 2015) Edward A Graham (appointed 29 July 2015)
Company secretary	S J Brown
Registered number	00018718
Registered office	50 - 51 Queen Street Wolverhampton West Midlands WV1 1ES
Independent auditors	BDO LLP Two Snowhill Birmingham B4 6GA

Express and Star Limited

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Express and Star Limited

Strategic Report For the 53 week period Ended 2 January 2016

The directors present their strategic report together with the audited financial statements for the 53 week period ended 2 January 2016

Business model

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

Business review

The company has continued to develop its popular print and digital portfolio to meet the changing needs of readers and advertisers across the West Midlands

It has invested in its printed products to reach new audiences and grown its digital operation to benefit from the growth of online usage, while increasing efficiencies to manage costs. As regional publishing markets continue to evolve, the business will diversify its activity to grow its mix of traditional and new businesses

A better performance than forecast resulted in an improved trading performance in comparison to the prior year. Advertising revenues and daily newspaper sales continued to decline, which has been an ongoing trend for the majority of newspaper groups, but careful cost management helped the overall performance

Principal risks and uncertainties

The company manages competitive trading risk by providing an unrivalled service to its customers, however the performance of the company is dependent on the local economy. Circulation risk is managed by providing a quality product which is considered to be one of the primary sources of news in the region

The company is exposed to the movement in price of its key consumable, newsprint

Financial key performance indicators

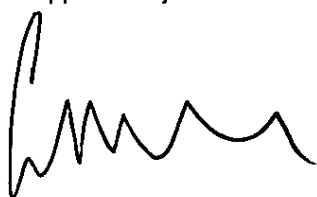
Key performance indicators include revenue, operating results and capital expenditure

	53 weeks ended 2 January 2016 £	52 weeks ended 27 December 2014 £
Revenue	23,757,339	23,861,692
Operating loss	(2,839,858)	(4,005,777)
Capital expenditure	194,127	469,632

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

This report was approved by the board on 10 June 2016 and signed on its behalf



Express and Star Limited

Directors' Report For the 53 week period Ended 2 January 2016

The directors present their report and the financial statements for the 53 week period ended 2 January 2016

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless 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 judgments 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.

Results and dividends

The loss for the 53 week period, after taxation, amounted to £246,070 (27 December 2014 - £1,141,391)

No dividend has been paid or proposed in the period (27 December 2014 - £Nil). The directors do not propose the payment of a final dividend.

Directors

The directors who served during the 53 week period were

G W Evers (Chairman)
E Alan Graham
D J Hughes (resigned 30 April 2016)
P A Inman (appointed 24 March 2015)
G P Clifford (resigned 29 July 2015)
T W Graham (appointed 29 July 2015)
Edward A Graham (appointed 29 July 2015)
M G Douglas Graham (deceased 21 March 2015)

Express and Star Limited

Directors' Report For the 53 week period Ended 2 January 2016

Future developments

Economic conditions remain somewhat unpredictable due to the performance of the oil and energy markets, as well as the impact on the UK economy of changes in the Chinese economy. The EU referendum is also expected to impact on advertising client and consumer spend, as the UK's future in Europe is decided.

Amid these conditions, the company will continue to support its traditional and online operations to build on profitable print and drive digital growth, securing a stronger future for the business as a whole.

As news and information consumption continues to change, the company will in turn evolve to ensure it offers the maximum value for readers and advertisers both in print and online.

Financial instruments

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

As highlighted in note 23 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 July 2016. The group also has a term loan facility until September 2017.

The group also has a receivables finance agreement with Lloyds Bank Commercial Finance to provide additional working capital facilities of up to £6m, which is due for renewal in July 2016.

To manage interest risk, the group has a fixed rate to floating rate LIBOR interest swap on £4m of the £8m fixed term loan taken out with Lloyds TSB in July 2012. The fair value of the interest rate swap is not considered material to the financial statements.

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.

Employee participation

The directors recognise the importance of good communications and relations with staff members. The company wide intra net is used to regularly update staff on the progress of the company and other general information. A staff survey was undertaken during the period and staff continue to be given a personal review session with their line managers. The company is proud of its employment policies and of the guidance it gives to those approaching retirement.

Employment of disabled persons

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.

Express and Star Limited

Directors' Report For the 53 week period Ended 2 January 2016

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

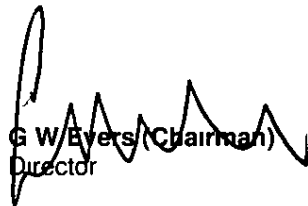
- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

Approval

This report was approved by the board on 10 June 2016 and signed on its behalf



G W Evers (Chairman)
Director

Express and Star Limited

Independent Auditor's report to the members of Express and Star Limited

We have audited the financial statements of Express and Star Limited for the 53 week period ended 2 January 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2 January 2016 and of the company's 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 matters prescribed by the Companies Act 2006

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

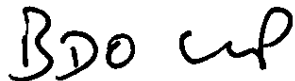
Express and Star Limited

Independent Auditor's report to the members of Express and Star Limited

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 by the parent company, 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



Stephen Hale (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Birmingham
United Kingdom

17 June 2016

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

Express and Star Limited

Statement of Comprehensive Income For the 53 week period Ended 2 January 2016

		53 weeks ended 2 January 2016 £	52 weeks ended 27 December 2014 £
	Note		
Turnover	3	23,757,339	23,861,692
Net operating expenses - including exceptional costs of £1,070,255 (27 December 2014 £1,532,767)	4	(26,597,197)	(27,867,469)
Gross loss		(2,839,858)	(4,005,777)
Income from fixed assets investments		150,660	451,980
Interest receivable and similar income	8	2,455,243	2,345,980
Interest payable and similar charges	9	(61,000)	(19,000)
Loss on ordinary activities before taxation		(294,955)	(1,226,817)
Taxation on loss on ordinary activities	10	48,885	85,426
Loss for the financial 53 week period		(246,070)	(1,141,391)
Total comprehensive income for the 53 week period		(246,070)	(1,141,391)

The notes on pages 11 to 34 form part of these financial statements

Express and Star Limited
Registered number:00018718

Statement of Financial Position
As at 2 January 2016

	Note	2 January 2016 £	27 December 2014 £
Fixed assets			
Intangible assets	11	-	1,983,055
Tangible assets	12	695,413	1,727,505
Investment property	13	420,000	420,000
		<u>1,115,413</u>	<u>4,130,560</u>
Current assets			
Stocks	14	9,178	65,365
Debtors Amounts falling due after more than one year	15	30,391,753	30,366,028
Debtors Amounts falling due within one year	15	33,783,808	25,937,573
Cash at bank and in hand	16	865,439	665,665
		<u>65,050,178</u>	<u>57,034,631</u>
Creditors Amounts falling due within one year	17	(11,153,514)	(7,492,422)
Net current assets		<u>53,896,664</u>	49,542,209
Total assets less current liabilities		<u>55,012,077</u>	53,672,769
 Creditors Amounts falling due after more than one year	18	-	(7,178,350)
Provisions for liabilities	20	(518,990)	(337,990)
Net assets		<u><u>54,493,087</u></u>	<u><u>46,156,429</u></u>
Capital and reserves			
Called up share capital	22	977,683	977,683
Other reserves	21	30,000,055	31,983,055
Profit and loss account	21	23,515,349	13,195,691
		<u><u>54,493,087</u></u>	<u><u>46,156,429</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 June 2016

G W Evers (Chairman)
Director

The notes on pages 11 to 34 form part of these financial statements

Express and Star Limited

Statement of Changes in Equity As at 2 January 2016

	Share capital £	Other reserves £	Retained earnings £	Total equity £
At 28 December 2014	977,683	31,983,055	13,195,691	46,156,429
Comprehensive income for the 53 week period				
	-	-	(246,070)	(246,070)
Loss for the 53 week period	-	-	(246,070)	(246,070)
Total comprehensive income for the period	-	-	(246,070)	(246,070)
Contributions by and distributions to owners				
Transfer	-	(1,983,000)	1,983,000	-
Intercompany loan waiver (note 28)	-	-	8,582,728	8,582,728
Total contributions by and distributions to owners and transfers	-	(1,983,000)	10,565,728	8,582,728
At 2 January 2016	977,683	30,000,055	23,515,349	54,493,087

Statement of Changes in Equity As at 27 December 2014

	Share capital £	Other reserves £	Retained earnings £	Total equity £
At 29 December 2013	977,683	33,966,055	12,287,236	47,230,974
Comprehensive income for the period				
	-	-	(1,141,391)	(1,141,391)
Loss for the 52 week period	-	-	(1,141,391)	(1,141,391)
Total comprehensive income for the period	-	-	(1,141,391)	(1,141,391)
Contributions by and distributions to owners				
Transfer	-	(1,983,000)	1,983,000	-
Fair value adjustment on intercompany loans	-	-	66,846	66,846
Total contributions by and distributions to owners and transfers	-	(1,983,000)	2,049,846	66,846

Express and Star Limited

Statement of Changes in Equity (continued) As at 17 December 1900

At 27 December 2014

977,683

31,983,055

13,195,691

46,156,429

The notes on pages 11 to 34 form part of these financial statements

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, under the historical cost convention other than reflecting certain financial instruments at fair value, and in accordance with the Companies Act 2006

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015, but may be applied early to periods ending on or after 31 December 2012 Express and Star Limited has taken the option to apply the standard early in the preparation of the financial statements for the year ended 2 January 2016 Information on the impact of first-time adoption of FRS 102 is given in Note 29

The accounts have been prepared using the reduced disclosure exemptions permitted by FRS 102 The accounts therefore do not include

- The requirements of Section 4 Statement of Financial Position paragraph 4 12 (a) (iv),
- The requirements of Section 7 Statement of cash flows,
- The requirements of Section 3 Financial Statement Presentation paragraph 3 17(d),
- The requirements of Section 11 Financial Instruments paragraphs 11 41(b), 11 41(c), 11 41(e), 11 41(f), 11 42, 11 44, 11 45, 11 47, 11 48(a)(iii), 11 48(a)(iv), 11 48(b) and 11 48(c),
- The requirements of Section 33 Related Party Disclosures paragraph 33 7

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates It also requires Company management to exercise judgment in applying the Company's accounting policies

The accounts have been prepared in the company's functional currency, pounds sterling

The following principal accounting policies have been applied

1.2 Fundamental accounting concept

The financial statements have been prepared on the going concern basis As detailed in the Strategic Report on page 1, 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

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

1 Accounting policies (continued)

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Advertising revenue

These criteria are considered to be met when the amount of revenue can be measured reliably, it is probable that the company will receive the consideration due under the transaction and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is when the advertisement has been placed in the newspaper or on the digital platform.

Circulation revenue

These criteria are considered to be met when the company has transferred the significant risks and rewards of ownership to the customer, the amount of revenue can be measured reliably, it is probable that the company will receive the consideration due under the transaction and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is when the newspapers have been delivered to the customer.

1.4 Intangible assets - licence fee

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised on a straight line basis over their estimated useful life up to a maximum of ten years.

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

1. Accounting policies (continued)

1.5 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. It is calculated at the following rates:

Freehold Property	-	2% per annum
Plant and machinery	-	5-25% per annum
Fixtures and fittings	-	7.5-33% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'net operating expenses' in the statement of comprehensive income.

1.6 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1.7 Operating leases - Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (29 December 2013) to continue to be charged over the period to the first market rent review rather than the term of the lease.

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

1. Accounting policies (continued)

1.8 Investment properties

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the income statement.

1.9 Stocks

Inventories 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.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.11 Related party transactions

The company was a wholly owned subsidiary of The Midland News Association Limited and has taken advantage of the exemption conferred by Section 33 of FRS 102 not to disclose transactions with The Midland News Association Limited or other wholly owned subsidiaries within the group.

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

1 Accounting policies (continued)

1.12 Financial instruments

Financial assets

Financial assets comprise cash at bank and in hand, trade debtors, other debtors, and amounts owed by group undertakings, these are initially recorded at cost on the date they originate and are subsequently recorded at amortised cost under the effective interest method. The company considers evidence of impairment for all individual trade and other debtors and amounts owed by company undertakings, and any subsequent impairment is recognised in profit or loss.

Impairment of financial assets carried at amortised cost

Impairment provisions are recognised when there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulties of the counterparty, default or significant delays in payment.

Impairment provisions represent the difference between the net carrying amount of a financial asset and the present value of the expected future cash receipts from that asset.

Financial liabilities

Financial liabilities comprise trade creditors, accruals and deferred income and amounts due to group undertakings, these are initially recorded at cost on the date they originate, and are subsequently carried at amortised cost under the effective interest method.

1.13 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

1. Accounting policies (continued)

1.14 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

Group pension plan

Where the risks of a defined benefit plan are shared between entities under common control, the net defined benefit cost is recognised in the financial statements of the group entity which is legally responsible for the plan and all other group entities recognise a cost equal to their contribution payable for the period.

1.15 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

1.16 Provisions for Liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

1 Accounting policies (continued)

1.17 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits, and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balances are not discounted.

1.18 Exceptional items

Exceptional items are items incurred which fall within ordinary activities of the business and are material by virtue to their size or incidence and are therefore highlighted separately.

1.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are

A Stock provisions

The company has recognised provisions for the impairment of stock. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

In the case of the provision for the impairment of stock, this covers obsolescence through technological or customer specific reasons. This provision is based on the assessment of stock value and ageing, quantities on hand, usage, changes in the market, technical developments and warranty periods. The value of stock in note 14 is net of the provision for the impairment of stock.

B Bad debt provisions

The company has recognised provisions for bad debts. This is based on an assessment of ageing and due date of receivables and other risk indicators. The judgement of management is then applied to provide for debts which are no longer considered recoverable.

C Carrying value of intangible assets

It is assumed that no further recharges will be made to group companies in respect of the intellectual property.

3. Revenue

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

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

4. Net operating expenses

	53 weeks ended 2 January 2016 £	52 weeks ended 27 December 2014 £
Raw materials and consumables	3,267,701	3,866,542
Staff costs (see note 6)	11,723,277	12,033,736
Depreciation of tangible fixed assets	1,197,590	958,820
Amortisation of intangible fixed assets	1,983,055	1,983,000
Other operating charges	7,615,419	7,949,463
Other operating income	(260,100)	(294,235)
Gains from changes in fair value of investment property	-	(162,264)
Exceptional items	1,070,255	1,532,767
	26,597,197	27,867,829

Exceptional items in the period relate to redundancy costs and other compensation payments of £126,255 (27 December 2014 - £676,767) and contributions to the group's defined benefit scheme for past service pension costs of £944,000 (27 December 2014 - £856,000)

5. Operating loss

This is arrived at after charging/(crediting)

	53 weeks ended 2 January 2016 £	52 weeks ended 27 December 2014 £
Operating lease costs	1,707,314	1,405,376
Fees payable to the company's auditor and its associates for the		
- audit of the company's annual accounts	18,666	18,300
- taxation services	6,013	5,895
Defined contribution pension costs	831,833	841,522
Profit on disposal of fixed assets	(14,059)	(173,174)

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

6. Employees

Staff costs, including directors' remuneration, were as follows

	53 weeks ended 2 January 2016 £	52 weeks ended 27 December 2014 £
Wages and salaries	9,924,215	10,194,969
Social security costs	967,229	997,245
Cost of defined contribution scheme	831,833	841,522
	<u>11,723,277</u>	<u>12,033,736</u>

As detailed in note 4, exceptional staff related costs of £1,070,255 (27 December 2014 - £1,532,767) have also been incurred

The average monthly number of employees, including the directors, during the period was as follows

	53 weeks ended 2 January 2016 No.	52 weeks ended 27 December 2014 No
Sales and administration	268	282
Production and distribution	75	80
	<u>343</u>	<u>362</u>

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

7. Directors' remuneration

	53 weeks ended 2 January 2016 £	52 weeks ended 27 December 2014 £
Directors' emoluments	388,633	267,871
Company contributions to defined contribution pension schemes	35,700	33,135
	<u>424,333</u>	<u>301,006</u>

The total amount payable to the highest paid director in respect of emoluments was £201,961 (27 December 2014 - £136,121) Company pension contributions of £17,260 (27 December 2014 - £16,035) were made to a money purchase scheme on their behalf. In the prior year, the highest paid director was also a member of a defined benefit scheme, under which their accrued pension liability within the scheme totalled £37,907 per annum at the period end.

There are 2 (27 December 2014 – 2) Directors to whom retirement benefits are accruing under a defined contribution pension scheme.

There are 2 (27 December 2014 – 2) Directors to whom retirement benefits are accruing under a defined benefit pension scheme of which the highest paid director is a member.

The remuneration and pension contributions of certain directors were borne by other group companies. These are not disclosed here as it is not possible to apportion the share of their remunerations and pension costs attributable to this company.

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

8. Interest receivable

	53 weeks ended 2 January 2016 £	52 weeks ended 27 December 2014 £
Loans to group companies	2,455,243	2,345,980
	<u>2,455,243</u>	<u>2,345,980</u>

9. Interest payable and similar charges

	53 weeks ended 2 January 2016 £	52 weeks ended 27 December 2014 £
Other interest	61,000	19,000
	<u>61,000</u>	<u>19,000</u>

10 Taxation

Deferred tax

Origination and reversal of timing differences	(127,357)	(85,426)
Changes to tax rates	100,343	-
Adjustments in respect of prior periods	(21,871)	-
	<u>(48,885)</u>	<u>(85,426)</u>
Total deferred tax	<u>(48,885)</u>	<u>(85,426)</u>
	<u>(48,885)</u>	<u>(85,426)</u>
Taxation on loss on ordinary activities	<u>(48,885)</u>	<u>(85,426)</u>

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

10. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is different to the standard rate of corporation tax in the UK of 20% (27 December 2014 - 21%) The differences are explained below

	53 weeks ended 2 January 2016 £	52 weeks ended 27 December 2014 £
(Loss)/profit on ordinary activities before tax	(294,955)	(1,226,817)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 21%)	(58,991)	(257,632)
Effects of:		
Expenses not deductible for tax purposes	403,630	432,122
Capital allowances for 53 week period/period in excess of depreciation	(21,871)	-
Non-taxable income	(30,132)	(94,916)
Worldwide debt cap exemption	(491,050)	(492,581)
Group relief surrendered for nil payment	35,035	327,581
Effect of tax rate change in period	114,494	-
Total tax charge for the 53 week period/period	(48,885)	(85,426)

For further details on deferred tax balances see note 19

Factors that may affect future tax charges

The corporation tax rate reduced to 20% on the 1 April 2015. The summer budget on 8 July 2015 announced that the rate will reduce to 19% as of 1 April 2017 and 18% as of 2020. This will reduce the company's future current tax accordingly. Deferred tax has been calculated at 18% being the rate substantively enacted at the year end.

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

11. Intangible assets

	Licence fees £
Cost	
At 28 December 2014	44,000,000
At 2 January 2016	44,000,000
Amortisation	
At 28 December 2014	42,016,945
Charge for the year	1,983,055
At 2 January 2016	44,000,000
Net book value	
At 2 January 2016	-
At 27 December 2014	1,983,055

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

12. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation			
At 28 December 2014	22,590,372	2,074,597	24,664,969
Additions	155,302	38,825	194,127
Disposals	(120,849)	-	(120,849)
Transfers between classes	45,139	(45,139)	-
At 2 January 2016	22,669,964	2,068,283	24,738,247
Depreciation			
At 28 December 2014	21,178,343	1,759,121	22,937,464
Charge for the period	1,113,917	83,673	1,197,590
Disposals	(92,220)	-	(92,220)
Transfers between classes	17,307	(17,307)	-
At 2 January 2016	22,217,347	1,825,487	24,042,834
At 2 January 2016	452,617	242,796	695,413
At 27 December 2014	1,412,029	315,476	1,727,505

The aggregate amount of capital expenditure authorised and contracted for by the Directors at 2 January 2016 was £Nil (27 December 2014 - £50,500)

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

13. Investment property

	Freehold investment property £
Valuation	
At 28 December 2014	420,000
At 2 January 2016	420,000

The company's investment properties are valued annually at fair value, determined by an independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. With the exception of properties which have been sold in the year or shortly after the year end for which market value has been utilised as the valuation method.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows

Historic cost	272,496	272,496
Accumulated depreciation and impairments	(101,315)	(96,192)
	171,181	176,304

14. Stocks

	2 January 2016 £	27 December 2014 £
Raw materials	-	23,041
Consumable stocks	9,178	42,324
	9,178	65,365

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

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

15. Debtors

	2 January 2016 £	27 December 2014 £
Due after more than one year		
Amounts owed by group undertaking - interest bearing	30,000,000	30,000,000
Amounts owed by group undertakings	391,753	366,028
	<u>30,391,753</u>	<u>30,366,028</u>
	2 January 2016 £	27 December 2014 £
Due within one year		
Trade debtors	992,737	986,926
Amounts owed by group undertakings	31,165,072	23,179,886
Other debtors	4,074	1,407
Prepayments and accrued income	591,478	787,792
Deferred taxation	1,030,447	981,562
	<u>33,783,808</u>	<u>25,937,573</u>

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

16. Cash and cash equivalents

	2 January 2016 £	27 December 2014 £
Cash at bank and in hand	865,439	665,665
	<u>865,439</u>	<u>665,665</u>

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

17. Creditors. Amounts falling due within one year

	2 January 2016 £	27 December 2014 £
Trade creditors	797,474	765,336
Amounts owed to group undertakings	6,351,736	2,667,852
Corporation tax	1,110,000	1,110,000
Taxation and social security	419,938	398,578
Accruals and deferred income	2,474,366	2,550,656
	<u>11,153,514</u>	<u>7,492,422</u>

18. Creditors: Amounts falling due after more than one year

	2 January 2016 £	27 December 2014 £
Amounts owed to group undertakings	-	7,178,350
	<u>-</u>	<u>7,178,350</u>

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

19. Deferred taxation

	Deferred tax £	
At 28 December 2014	981,562	
Charged to the profit or loss	48,885	
At 2 January 2016	1,030,447	
The deferred tax asset is made up as follows		
	2 January 2016 £	27 December 2014 £
Accelerated capital allowances	877,053	826,192
Sundry timing differences	153,394	155,370
	1,030,447	981,562

As at 2 January 2016, the company had an unrecognised deferred tax asset of £181,563 (27 December 2014 - £201,737) in relation to cumulative corporation tax losses

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

20. Provisions

	Dilapidation provision £	Other £	Total £
At 28 December 2014	337,990	-	337,990
Charged to the profit or loss	81,000	100,000	181,000
At 2 January 2016	418,990	100,000	518,990

The dilapidation provision is expected to be utilised in 2-5 years, but this may vary dependant on lease renewals

During the period, a claim has been received against the company of which the outcome is yet to be concluded. A provision has been included in relation to this and represents the directors' best estimate of the future expected costs to settle the case.

21. Reserves

Other reserves

Reclassification of reserves

Profit and loss account

Cumulative net gains and losses recognised in the statement of comprehensive income

22. Share capital

	2 January 2016 £	27 December 2014 £
Allotted, called up and fully paid		
977,683 Ordinary shares of £1 each	977,683	977,683

Dividends

The profits of the company are available for distribution in respect of each accounting period. In the event of winding up the company, surplus assets and retained profits of the company after payment of its liabilities are available for distribution among the members. All shares carry voting rights of one vote per share.

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

23. Contingent liabilities

During the period the company was party to cross guarantees in respect of group banking facilities. These facilities were made available to the company to meet its day to day working capital requirements. The facilities are secured by a fixed and floating charge over the assets of the group.

As at 2 January 2016, the group's net debt under the above facilities totalled £4.0m (27 December 2014 - £5.4m).

24. Pension commitments

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. There is no stated group policy for the charging costs of the defined benefit plan. Therefore in accordance with FRS102 paragraph 28.11(A) (multi-employer exemption), the scheme is accounted for as if it was a defined contribution scheme.

The total pension charge and contributions payable for the year amounted to £831,833 (27 December 2014 - £841,522).

The most recent formal valuation of the scheme was carried out as at 5th April 2014 using the projected unit method.

In order to provide information about the funding position of the scheme, a separate valuation at 2 January 2016, using the projected unit method, as required by FRS102 has been obtained and is disclosed in the accounts of the Claverley Group Limited.

The valuations of the two schemes at 2 January 2016, calculated by the actuary on an FRS102 basis, shows a deficit on the scheme of £21,900,000 (27 December 2014 - £26,500,000).

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 and Star Limited. Full details of the pension schemes are given in the accounts of the ultimate parent company.

The measurement bases required by FRS102 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.

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

25. Commitments under operating leases

At 2 January 2016 the company had future minimum lease payments under non-cancellable operating leases as follows

	2 January 2016 £	27 December 2014 £
Within one year	58,877	169,013
Later than 1 year and not later than 5 years	3,222,357	4,607,682
Later than 5 years	1,791,750	1,854,000
Total	5,072,984	6,630,695

26. Related party transactions

Controlling parties

The Midlands News Association Limited is 99.3% owned by the Claverley Group Limited

Related party transactions and balances

During the period, aggregate sales to Claverley Group Limited and its fellow companies, Nurton Holdings Limited, Precision Colour Printing Limited, Press Computer Systems Limited and Roughton Insurances Limited were £Nil (27 December 2014 – £Nil) and purchases from those companies were £731,000 (27 December 2014 - £784,000)

As at 2 January 2016, the company was owed £134,000 (27 December 2014 - Creditor £16,000) from Claverley Group Limited and was also owed £82,000 (27 December 2014 - £35,000) from Precision Colour Printing Limited and £378,000 (27 December 2014 - £349,000) from Press Computer Systems Limited

27. Ultimate parent company and undertaking of a larger group

The largest group in which the results of the company are consolidated is that headed by Claverley Holdings Limited, incorporated in England and Wales. The smallest group in which they are consolidated is that headed by The Midland News Association Limited, incorporated in England and Wales. The consolidated accounts are available to the public and may be obtained from the registered office.

The ultimate parent undertaking is Claverley Holdings Limited, registered in England and Wales.

28. Inter company loan waiver

During the period a fellow subsidiary has waived a balance due to them, as a result this balance has been reflected as a capital contribution within retained earnings.

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

29. First time adoption of FRS 102

	As previously stated December 2013	Effect of transition (as restated) December 2013	FRS 102 As previously stated December 2013	Effect of transition (as restated) December 2014	FRS 102 As previously stated December 2014	Effect of transition (as restated) December 2014
Note	£	£	£	£	£	£
Fixed assets	1					
Current assets	2					
Creditors amounts falling due within one year						
	6,364,460	401,166	6,765,626	3,886,895	243,665	4,130,560
	56,493,969	(18,948)	56,475,021	57,053,221	(18,590)	57,034,631
	(9,835,378)	-	(9,835,378)	(7,492,422)	-	(7,492,422)
Net current assets	46,658,591	(18,948)	46,639,643	49,560,799	(18,590)	49,542,209
Total assets less current liabilities	53,023,051	382,218	53,405,269	53,447,694	225,075	53,672,769
Creditors amounts falling due after more than one year	2					
Provisions for liabilities						
	(6,133,499)	292,071	(5,841,428)	(7,537,267)	358,917	(7,178,350)
	(337,990)	-	(337,990)	(337,990)	-	(337,990)
Net assets	46,551,562	674,289	47,225,851	45,572,437	583,992	46,156,429
Capital and reserves	46,551,562	674,289	47,225,851	45,572,437	583,992	46,156,429

Express and Star Limited

Notes to the Financial Statements For the 53 week period Ended 2 January 2016

29. First time adoption of FRS 102 (continued)

		As previously stated 27 December 2014 £	Effect of transition 27 December 2014 £	FRS 102 (as restated) 27 December 2014 £
	Note			
Turnover		23,861,692	-	23,861,692
Net operating expenses	1	(27,704,845)	(162,624)	(27,867,469)
		(3,843,153)	(162,624)	(4,005,777)
Operating loss		(3,843,153)	(162,624)	(4,005,777)
Income from investments		451,980	-	451,980
Interest receivable and similar income	2	2,345,622	358	2,345,980
Interest payable and similar charges		(19,000)	-	(19,000)
Taxation		85,426	-	85,426
Loss on ordinary activities after taxation and for the financial period		(979,125)	(162,266)	(1,141,391)

Explanation of changes to previously reported profit and equity

- Express and Star Limited holds properties which in accordance with FRS102 are treated as investment properties. These are measured at fair value with the change in fair value being recognised in profit or loss for the period. Under previous UK GAAP these assets were recognised within tangible fixed assets at cost less accumulated depreciation and impairment. This change has increased reported profit and has increased fixed assets for the period ended 29 December 2013 and 27 December 2014.
- FRS102 requires that for intergroup loans which are held as due over one year and are not at a market rate of interest they need to be measured at the current estimate of the present value of the future payments, discounted at the market rate of interest for a similar debt instrument. Under previous GAAP these loans were measured at transaction price. This change has increased reported retained earnings and decreased current assets and creditors falling due over one year for the period ended 29 December 2013 and 27 December 2014.