

Express and Star Limited

Report and Financial Statements

52 week period ended

31 December 2016

Company Number 00018718

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Express and Star Limited

Company Information

Directors
G W Evers (Chairman)
E Alan Graham
P A Inman
T W Graham
Edward A Graham

Company secretary
S J Brown

Registered number
00018718

Registered office
50 & 51 Queen Street
Wolverhampton
West Midlands
WV1 1ES

Independent auditor
BDO LLP
Two Snowhill
Birmingham
B4 6GA

Express and Star Limited

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Express and Star Limited

Strategic Report For the 52 week period ended 31 December 2016

The directors present their strategic report together with the audited financial statements for the 52 week period ended 31 December 2016.

Business model

The principal activity of the company has continued to be that of newspaper and digital media publishing.

Business review and outlook

On 1 July 2016 the trade and assets of Express and Star Limited were hived up to its immediate parent, Midland News Association Limited and ceased to trade.

Up to the date of hive up the company continued to develop its popular print and digital portfolio to meet the changing needs of readers and advertisers across the West Midlands.

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

Principal risks and uncertainties

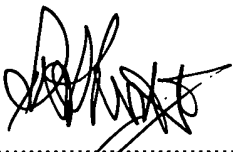
Following the hive up the company ceased to trade and therefore no longer has any significant risks or monitors key performance indicators. The underlying trade is included in MNA and the directors of this company monitor their own principal risks and uncertainties and key performance indicators.

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 and is also committed to energy saving opportunities.

Approval

This report was approved by the board on 27 April 2017 and signed on its behalf.


.....
P A Inman
Director

Express and Star Limited

Directors' Report For the 52 week period ended 31 December 2016

The directors present their report and the financial statements for the 52 week period ended 31 December 2016.

Results and dividends

The profit for the 52 week period, after taxation, amounted to £1,556,718 (2 January 2016 - loss of £246,070).

On 1 July 2016 the trade and assets of Express and Star Limited were hived up to its immediate parent, Midland News Association Limited and ceased to trade.

A dividend has been paid of £56,049,804 in the period (2 January 2016 - £Nil). The directors do not propose the payment of a final dividend.

Directors

The directors who served during the 52 week period were:

G W Evers (Chairman)
E Alan Graham
P A Inman
T W Graham
Edward A Graham
D J Hughes (resigned 30 April 2016)

Post balance sheet events

There have been no significant events affecting the company since the period end.

Disclosure of information to auditor

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

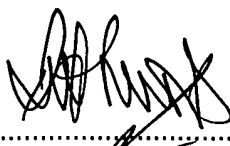
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor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

Auditor

The auditor, 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 27 April 2017 and signed on its behalf.


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P A Inman
Director

Express and Star Limited

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 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; and
- 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, to disclose with reasonable accuracy at any time the financial position of the company and to 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.

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 period ended 31 December 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).

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 31 December 2016 and of its profit 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, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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.



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

27 April 2017

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 52 week period ended 31 December 2016

		52 weeks ended 31 December 2016 £	53 weeks ended 2 January 2016 £
	Note		
Turnover	4	11,665,807	23,757,339
Net operating expenses - including exceptional costs of £820,843 (2 January 2016 - £1,070,255)	5	(11,223,465)	(26,597,197)
Operating profit/(loss)		442,342	(2,839,858)
Administrative expenses		(170,000)	-
Operating profit/(loss)		272,342	(2,839,858)
Income from fixed assets investments		-	150,660
Interest receivable and similar income	9	1,284,376	2,455,243
Interest payable and similar charges	10	-	(61,000)
Profit/(loss) on ordinary activities before taxation		1,556,718	(294,955)
Taxation on profit/(loss) on ordinary activities	11	-	48,885
Profit and total comprehensive income for the period		1,556,718	(246,070)

There was no other comprehensive income for 2016 (2016:£NIL).

The notes on pages 9 to 27 form part of these financial statements.

Express and Star Limited

Registered number:00018718

Statement of Financial Position As at 31 December 2016

	Note	31 December 2016 £	2 January 2016 £
Fixed assets			
Tangible assets	14	-	695,413
Investment property	15	-	420,000
		<u>-</u>	<u>1,115,413</u>
Current assets			
Stocks	16	-	9,178
Debtors: Amounts falling due after more than one year	17	-	30,391,753
Debtors: Amounts falling due within one year	17	1	33,783,808
Cash at bank and in hand	18	-	865,439
		<u>1</u>	<u>65,050,178</u>
Creditors: Amounts falling due within one year	19	-	(11,153,514)
Net current assets		<u>1</u>	<u>53,896,664</u>
Total assets less current liabilities		<u>1</u>	<u>55,012,077</u>
Provisions for liabilities	21	-	(518,990)
Net assets		<u>1</u>	<u>54,493,087</u>
Capital and reserves			
Called up share capital	22	1	977,683
Other reserves	23	-	30,000,055
Profit and loss account	23	-	23,515,349
		<u>1</u>	<u>54,493,087</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 April 2017.


P A Inman
Director


G W Evers (Chairman)
Director

The notes on pages 11 to 29 form part of these financial statements.

Express and Star Limited

Statement of Changes in Equity For the 52 week period ended 31 December 2016

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
At 3 January 2016	977,683	30,000,055	23,515,349	54,493,087
Profit for the 52 week period	-	-	1,556,718	1,556,718
Total comprehensive income for the period	-	-	1,556,718	1,556,718
Bonus share issue	55,072,122	(30,000,055)	(25,072,067)	-
Share capital reduction	(56,049,804)	-	56,049,804	-
Dividends	-	-	(56,049,804)	(56,049,804)
Total contributions by and distributions to owners and transfers	(977,682)	(30,000,055)	(25,072,067)	(56,049,804)
At 31 December 2016	1	-	-	1

Statement of Changes in Equity For the 53 week period ended 2 January 2016

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
At 28 December 2014	977,683	31,983,055	13,195,691	46,156,429
Loss for the 53 week period	-	-	(246,070)	(246,070)
Total comprehensive income for the period	-	-	(246,070)	(246,070)
Transfer	-	(1,983,000)	1,983,000	-
Intercompany loan waiver	-	-	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

The notes on pages 9 to 27 form part of these financial statements.

Express and Star Limited

Notes to the Financial Statements For the 52 week period ended 31 December 2016

1. General information

Express and Star Limited is a private limited company incorporated in England and Wales, the address of which is shown on the company information page.

2. Accounting policies

2.1 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.

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. Further details are given in note 3.

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

On 1 July 2016 the trade and assets of Express and Star Limited were hived up to its immediate parent, Midland News Association Limited.

The following principal accounting policies have been applied:

2.2 Going concern

As explained in the directors' report the entity has now ceased trading following the hive up into its immediate parent, Midland News Association Limited. Therefore the financial statements have not been prepared on a going concern basis. Nevertheless, there is no significant impact on the reported results or carrying value of assets and liabilities as at 31 December 2016.

Express and Star Limited

Notes to the Financial Statements For the 52 week period ended 31 December 2016

2. Accounting policies (continued)

2.3 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.

2.4 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.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model 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.

Depreciation is provided on the following basis:

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 in the Statement of Comprehensive Income.

Express and Star Limited

Notes to the Financial Statements For the 52 week period ended 31 December 2016

2. Accounting policies (continued)

2.6 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.

2.7 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

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 (29 December 2013) to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.8 Investment property

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 Statement of Comprehensive Income.

2.9 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.

2.10 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.

2.11 Related party transactions

The company is 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 52 week period ended 31 December 2016

2. Accounting policies (continued)

2.12 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.

2.13 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

2.14 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 payment 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.

Express and Star Limited

Notes to the Financial Statements For the 52 week period ended 31 December 2016

2. Accounting policies (continued)

2.15 Interest income

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

2.16 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 Statement of Comprehensive Income 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.

2.17 Current and deferred taxation

The tax expense for the 52 week period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge 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 country where the Company operates and generates income.

Deferred tax 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 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.

2.18 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.

Express and Star Limited

Notes to the Financial Statements For the 52 week period ended 31 December 2016

2. Accounting policies (continued)

2.19 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.

3. 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. There are no judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

4. Revenue

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

5. Net operating expenses

	52 weeks ended 31 December 2016 £	53 weeks ended 2 January 2016 £
Raw materials and consumables	1,448,435	3,267,701
Staff costs (see note 7)	5,639,346	11,723,277
Depreciation of tangible fixed assets	146,245	1,197,590
Amortisation of intangible fixed assets	-	1,983,055
Other operating charges	3,338,596	7,615,419
Other operating income	-	(260,100)
Exceptional items	820,843	1,070,255
	11,393,465	26,597,197

Express and Star Limited

Notes to the Financial Statements For the 52 week period ended 31 December 2016

Exceptional items in the period relate to redundancy costs and other compensation payments of £348,843 (2 January 2016 - £126,255) and contributions to the group's defined benefit scheme for past service pension costs of £472,000 (2 January 2016 - £944,000).

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	31 December 2016 £	2015 2 January 2016 £
Operating lease costs	761,974	1,707,314
Fees payable to the company's auditor and its associates for the		
- audit of the company's annual accounts	12,067	18,666
- taxation services	7,508	6,013
Defined contribution pension cost	399,253	831,833
Profit on disposal of fixed assets	(15,165)	(14,059)

Express and Star Limited

Notes to the Financial Statements For the 52 week period ended 31 December 2016

7. Employees

Staff costs, including directors' remuneration, were as follows:

	52 weeks ended 31 December 2016 £	53 weeks ended 2 January 2016 £
Wages and salaries	4,578,867	9,924,215
Social security costs	491,226	967,229
Cost of defined contribution scheme	399,253	831,833
	5,469,346	11,723,277

As detailed in note 5, exceptional staff related costs of £820,843 (2 January 2016 - £1,070,255) have also been incurred.

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

	52 weeks ended 31 December 2016 No.	53 weeks ended 2 January 2016 No.
Sales and administration	256	268
Production and distribution	73	75
	329	343

Express and Star Limited

Notes to the Financial Statements For the 52 week period ended 31 December 2016

8. Directors' remuneration

	52 weeks ended 31 December 2016 £	53 weeks ended 2 January 2016 £
Directors' emoluments	93,833	388,633
Company contributions to defined contribution pension schemes	48,744	35,700
Compensation for loss of office	170,000	-
	<u>312,577</u>	<u>424,333</u>

The total amount payable to the highest paid director in respect of emoluments was £263,833 including £170,000 for compensation for loss of office (2 January 2016 - £179,559). Company pension contributions of £48,744 (2 January 2016 - £17,460) were made to a money purchase scheme on their behalf.

8. Directors' remuneration (continued)

There are no (2 January 2016 – 2) Directors to whom retirement benefits are accruing under a defined contribution pension scheme.

There are no (2 January 2016 – 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.

9. Interest receivable

	52 weeks ended 31 December 2016 £	53 weeks ended 2 January 2016 £
Loans to group companies	<u>1,284,376</u>	<u>2,455,243</u>

Express and Star Limited

Notes to the Financial Statements For the 52 week period ended 31 December 2016

10. Interest payable and similar charges

	52 weeks ended 31 December 2016 £	53 weeks ended 2 January 2016 £
Other interest	-	61,000*

11. Taxation

	52 weeks ended 31 December 2016 £	53 weeks ended 2 January 2016 £
Deferred tax		
Origination and reversal of timing differences	-	(127,357)
Changes to tax rates	-	100,343
Adjustments in respect of prior periods	-	(21,871)
Total deferred tax	-	(48,885)
Taxation on profit/(loss) on ordinary activities	-	(48,885)

Express and Star Limited

Notes to the Financial Statements For the 52 week period ended 31 December 2016

11. 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% (2 January 2016 - 20%). The differences are explained below:

	52 weeks ended 31 December 2016 £	53 weeks ended 2 January 2016 £
Profit/(loss) on ordinary activities before tax	1,556,718	(294,955)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2 January 2016 - 20%)	311,344	(58,991)
Effects of:		
Expenses not deductible for tax purposes	10,675	403,630
Capital allowances for period in excess of depreciation	-	(21,871)
Non-taxable income	-	(30,132)
Worldwide debt cap exemption	(256,875)	(491,050)
Group relief surrendered for nil payment	(14,707)	35,035
Effect of tax rate change in period	(22,345)	114,494
Deferred tax not recognised	(28,092)	-
Total tax charge for the period	-	(48,885)

For further details on deferred tax balances see note 20.

12. Dividends

	31 December 2016 £	2 January 2016 £
Interim paid of £56,049,804 (2 January 2016 - £Nil) per share	56,049,804	-

Express and Star Limited

Notes to the Financial Statements For the 52 week period ended 31 December 2016

13. Intangible assets

	Patents £
Cost	
At 3 January 2016	44,000,000
Disposals	(44,000,000)
	<u>-</u>
Amortisation	
At 3 January 2016	44,000,000
On disposals	(44,000,000)
	<u>-</u>
Net book value	
At 31 December 2016	<u>-</u>
At 2 January 2016	<u>-</u>

Express and Star Limited

Notes to the Financial Statements For the 52 week period ended 31 December 2016

14. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
Cost			
At 3 January 2016	22,669,964	2,068,283	24,738,247
Additions	256,788	6,311	263,099
Transfers intra group	(22,873,405)	(2,074,594)	(24,947,999)
Disposals	(53,347)	-	(53,347)
At 31 December 2016	-	-	-
Depreciation			
At 3 January 2016	22,217,347	1,825,487	24,042,834
Charge for the period	107,426	38,819	146,245
Transfers intra group	(22,271,426)	(1,864,306)	(24,135,732)
Disposals	(53,347)	-	(53,347)
At 31 December 2016	-	-	-
Net book value			
At 31 December 2016	-	-	-
At 2 January 2016	452,617	242,796	695,413

The aggregate amount of capital expenditure authorised and contracted for by the Directors at 31 December 2016 was £Nil (2 January 2016 - £Nil).

Express and Star Limited

Notes to the Financial Statements For the 52 week period ended 31 December 2016

15. Investment property

	Freehold investment property £
At 3 January 2016	420,000
Disposals	(190,000)
Transfers intra group	(230,000)
At 31 December 2016	-

The company's investment properties were valued at fair value in the prior year, 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 were sold in the prior year or at the start of the current financial period for which market value was 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:

	31 December 2016 £	2 January 2016 £
Historic cost	-	272,496
Accumulated depreciation and impairments	-	(101,315)
	-	171,181

16. Stocks

	31 December 2016 £	2 January 2016 £
Consumable stocks	-	9,178

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 52 week period ended 31 December 2016

17. Debtors

	31 December 2016 £	2 January 2016 £
Due after more than one year		
Amounts owed by group undertaking - interest bearing	-	30,000,000
Amounts owed by group undertakings	-	391,753
	<u>-</u>	<u>30,391,753</u>
	<u>-</u>	<u>30,391,753</u>
Due within one year		
Trade debtors	-	992,737
Amounts owed by group undertakings	1	31,165,072
Other debtors	-	4,074
Prepayments and accrued income	-	591,478
Deferred taxation	-	1,030,447
	<u>1</u>	<u>33,783,808</u>
	<u>1</u>	<u>33,783,808</u>

The interest bearing loan was unsecured and interest was 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 was repayable on the 21 October 2023. The loan was transferred to The Midland News Association as part of the hive up transaction.

18. Cash and cash equivalents

	31 December 2016 £	2 January 2016 £
Cash at bank and in hand	-	865,439
	<u>-</u>	<u>865,439</u>
	<u>-</u>	<u>865,439</u>

Express and Star Limited

Notes to the Financial Statements For the 52 week period ended 31 December 2016

19. Creditors: Amounts falling due within one year

	31 December 2016 £	2 January 2016 £
Trade creditors	-	797,474
Amounts owed to group undertakings	-	6,351,736
Corporation tax	-	1,110,000
Taxation and social security	-	419,938
Accruals and deferred income	-	2,474,366
	<u>-</u>	<u>11,153,514</u>

20. Deferred taxation

	31 December 2016 £
At beginning of year	1,030,447
Charged to the profit or loss	-
Transfer intra-group	(1,030,447)
At end of year	<u>-</u>

The deferred tax asset is made up as follows:

	31 December 2016 £	2 January 2016 £
Accelerated capital allowances	-	877,053
Sundry timing differences	-	153,394
	<u>-</u>	<u>1,030,447</u>

As at 31 December 2016, the company had an unrecognised deferred tax asset of £Nil (2 January 2016 - £181,563) in relation to cumulative corporation tax losses.

Express and Star Limited

Notes to the Financial Statements For the 52 week period ended 31 December 2016

21 Provisions

	Dilapidation provision £	Other £	Total £
At 3 January 2016	418,990	100,000	518,990
Transfers intra group	(418,990)	(100,000)	(518,990)
At 31 December 2016	-	-	-

22. Share capital

	31 December 2016 £	2 January 2016 £
Shares classified as equity		
Allotted, called up and fully paid		
1 (2 January 2016 - 977,683) Ordinary share of £1	1	977,683

In the year the company passed a special resolution that the issued share capital of the company be reduced from £101,000 to £1 by cancelling and extinguishing 100,999 issued and fully paid ordinary shares of £1 each.

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.

23. Reserves

Other reserves

Reclassification of reserves.

Profit and loss account

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

Express and Star Limited

Notes to the Financial Statements For the 52 week period ended 31 December 2016

24. 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 31 December 2016, the group's net debt under the above facilities totalled £2.6m (2 January 2016 – £4.0m).

25. 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 £399,253 (2 January 2016 - £831,833).

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 31 December 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 31 December 2016, calculated by the actuary on an FRS102 basis, shows a deficit on the scheme of £24,820,000 (2 January 2016 - £21,900,000).

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 52 week period ended 31 December 2016

26. Commitments under operating leases

At 31 December 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2016 £	2 January 2016 £
Within one year	-	58,877
Later than 1 year and not later than 5 years	-	3,222,357
Later than 5 years	-	1,791,750
Total	-	5,072,984

27. 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 (2 January 2016 – £Nil) and purchases from those companies were £647,864 (2 January 2016 - £731,000).

As at 31 December 2016, the company was owed £Nil (2 January 2016 - £134,000) from Claverley Group Limited and was also owed £Nil (2 January 2016 - £82,000) from Precision Colour Printing Limited and £Nil (2 January 2016 - £378,000) from Press Computer Systems Limited.

28. 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.