Registered number: 123264

SHROPSHIRE NEWSPAPERS LIMITED

ANNUAL REPORT AND ACCOUNTS FOR THE PERIOD (52 WEEKS) ENDED

29th December 2007

SHROPSHIRE NEWSPAPERS LIMITED

ANNUAL REPORT AND ACCOUNTS FOR THE PERIOD ENDED 29th DECEMBER 2007

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SHROPSHIRE NEWSPAPERS LIMITED

DIRECTORS' REPORT

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

RESULTS AND DIVIDEND

The loss for period after taxation amounted to £703,756 (2006 loss of £1,178,880). The Directors do not propose to pay a dividend in respect of 2007 (2006 - £Nil).

PRINCIPAL ACTIVITIES

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

BOARD OF DIRECTORS

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

M G Douglas Graham	(Chairman)
G W Evers	
C D Spicer	
P R Guy	
S J Smith	
G P Clifford	(resigned 30th March 2007)
P Walker	
G Walton	(appointed 1st August 2007)

NATURE, OBJECTIVES AND STRATEGIES

The Company's Business

The company's business is the publication of a daily paid for evening newspaper, together with a portfolio of weekly and monthly free and paid for titles, predominantly serving the county of Shropshire.

Business Objectives

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

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

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

	2007 £000	2006 £000	2005 £000
Revenue	23,935	23,906	5,388
Operating Loss	(1,587)	(2,480)	(1,237)
Capital Expenditure	388	1,797	3,701

Revenue for the year is virtually level with the prior year but some segments of the business have performed much better than others.

Newspapers sales revenue has declined year on year in line with the circulation decline

Job advertising continued to fall but the rate of decline in 2007 was much lower than the previous year. The weekly titles had a particularly good year showing good revenue growth over 2006. Property advertising in particular was very buoyant.

Internet revenue is a relatively new revenue stream and continues to make progress, showing exceptional growth over the prior year.

Margins

Gross margins have remained constant with the performance in recent years

Operating Expenses

Operating expenses decreased in the year by £864,000, which reflects the cost control measures taken during the period.

Balance Sheet

The control of capital expenditure resulted in the net book value of total fixed assets declining by £1.3 million.

The movement in current debtors and creditors is affected by group trends. Excluding group accounts net current assets reduced by £6.1million.

RELATIONSHIPS

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

FINANCIAL INSTRUMENTS

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

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

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

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

EMPLOYEES

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

EMPLOYMENT OF DISABLED PEOPLE

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

ENVIRONMENTAL MATTERS

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

OUTLOOK FOR THE CURRENT YEAR

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

FUTURE DEVELOPMENTS

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

SHROPSHIRE NEWSPAPERS LIMITED

DIRECTORS' REPORT (Continued)

AUDITORS

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

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

By Order of the Board

G. E. Walton
Secretary
28th April 2008

SHROPSHIRE NEWSPAPERS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHROPSHIRE NEWSPAPERS LIMITED

We have audited the company's financial statements (the "financial statements") of Shropshire Newspapers Limited for the period ended 29th December 2007 which comprise the Profit and Loss Account, Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 29th December 2007 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

BDO Stoy Hayward LLP
1 May 2008

BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditor
BIRMINGHAM

SHROPSHIRE NEWSPAPERS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 29th DECEMBER 2007

	Notes	2007 £	2006 £
Turnover	2	23,935,344	23,906,204
Net operating expenses	3	(25,522,386)	(26,386,464)
Operating Loss		(1,587,042)	(2,480,260)
Interest receivable and other income	7	1,645,923	1,959,059
Preference interest		(9,973)	(9,973)
Dividends from unlisted investments		9,792	17,328
Profit / (Loss) on Ordinary Activities before Taxation		58,700	(513,846)
Taxation	8	(762,456)	(665,034)
Loss on Ordinary Activities after Taxation and retained loss for the period	19	(703,756)	(1,178,880)

All the activities of the company are continuing

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

SHROPSHIRE NEWSPAPERS LIMITED

BALANCE SHEET AT 29th DECEMBER 2007

	Notes	2007 £	2006 £
Fixed assets			
Intangible fixed assets	9	15,667,397	18,367,397
Tangible fixed assets	10	19,582,112	20,877,665
Investments	12	2	2
		35,249,511	39,245,064
Current assets			
Stocks	13	418,155	385,450
Debtors (includes amounts due over one year £28,807,537 (2006: £36,237,317)	14	46,598,822	45,139,420
Cash at bank and in hand		7,009	6,509
		47,023,986	45,531,379
Creditors. amounts falling due within one year	15	(12,300,223)	(13,398,849)
Net current assets		34,723,763	32,132,530
Total assets less current liabilities		69,973,274	71,377,594
Creditors: amounts falling due after one year	16	(3,060,000)	(3,060,000)
Provisions for liabilities			
Deferred taxation	17	(921,886)	(1,622,452)
Net assets		65,991,388	66,695,142
Capital and reserves			
Called up share capital	18	101,000	101,000
Share premium account	19	19,916,225	19,916,225
Profit and loss account	19	12,306,766	7,610,520
Other reserves	19	33,667,397	39,067,397
Shareholders' funds	20	65,991,388	66,695,142

The accounts on pages 9 to 22 were approved and authorised for issue by the Board of Directors on 28th April 2008 and signed on behalf of the Board.

M G Douglas Graham

M. G. Douglas Graham
Chairman

SHROPSHIRE NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 29th DECEMBER 2007

1. ACCOUNTING POLICIES

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

a) **Fundamental accounting concept**

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

b) **Basis of accounting**

The company prepares its accounts on the historical cost basis of accounting and in accordance with the applicable accounting standards in the United Kingdom. They incorporate the results for the 52 weeks ended 29th December 2007 (2006 52 weeks ended 30th December).

c) **Turnover**

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

d) **Intangible Assets - Licence Fees**

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

e) **Depreciation**

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

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

Assets in the course of construction are not depreciated until they are completed. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

f) **Finance leases and operating leases**

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

SHROPSHIRE NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS (Continued)

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

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

g) **Deferred Taxation**

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

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

- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

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

h) **Stocks**

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

i) **Defined benefit pension schemes**

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

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

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

NOTES TO THE ACCOUNTS (Continued)

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

k) Cash Flow

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

2. TURNOVER

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

3. NET OPERATING EXPENSES

	2007	2006
	£	£
Raw materials and consumables	3,700,084	3,816,890
Staff costs (see note 5)	10,488,013	11,617,983
Depreciation of tangible fixed assets	1,671,426	1,404,711
Amortisation of intangible fixed assets	2,700,000	2,700,000
Other operating charges	7,073,767	6,953,138
Other operating income	(110,904)	(106,258)
	25,522,386	26,386,464

4. OPERATING LOSS

	2007	2006
	£	£
This is arrived at after charging/(crediting)		
Hire of plant and machinery		
- operating leases	275,509	324,857
Hire of land and buildings		
- operating leases	514,620	512,976
Auditors remuneration		
Audit services - company	26,228	19,500
Non audit services - taxation	10,744	11,482
- other	-	-
Profit on disposal of fixed assets	(23,330)	(15,262)

SHROPSHIRE NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS (Continued)

5. EMPLOYEES

The aggregate staff costs during the period were:

	2007 £	2006 £
Wages and salaries	8,000,537	9,042,636
Social security costs	750,175	779,777
Other pension costs (Note 22)	1,737,301	1,795,570
	10,488,013	11,617,983

The monthly average number of employees throughout the period was:

	2007 Number	2006 Number
Sales and Administration	286	292
Production and Distribution	123	126
	409	418

6. DIRECTORS' REMUNERATION

Employees' staff costs include the following remuneration in respect of Directors £336,627 - (2006 - £379,374). The total contribution paid into the defined contribution scheme amounted to £11,155 (2006 - nil)

The emoluments of the highest paid Director (excluding pension contributions) were £110,213 (2006 - £105,205). His accrued entitlement at 29th December 2007 under a defined benefit scheme constituted a pension of £57,333 (2006 - £52,430) per annum. There are three Directors to whom retirement benefits are accruing under this scheme (2006: four) and one director to whom benefits are accruing under a defined contribution scheme (2006 - none).

7. INTEREST RECEIVABLE AND OTHER INCOME

	2007 £	2006 £
Group interest receivable	1,645,923	1,959,059
	1,645,923	1,959,059

8. TAXATION

	2007	2006
UK Current Tax	£	£
Group Relief payable	998,423	604,028
UK corporation tax on profits of the period	-	-
Adjustments in respect of previous periods	464,599	3,054
Total current tax charge (see below)	1,463,022	607,082
UK Deferred Tax (Note 17)		
Origination and reversal of timing differences		
Short term timing differences	(17,537)	152
Depreciation (less than) in excess of capital allowances	(145,146)	57,800
Deferred tax on withdrawal of IBA's	(1,167)	-
Effect of Changes in tax rate on opening liability	(65,932)	-
Adjustments in respect of previous periods	(470,784)	-
	762,456	665,034

Factors affecting the tax charge for the period

The tax assessed on the loss on ordinary activities for the period differs from the standard rate of corporation tax in the UK. The differences are explained below:-

	2007	2006
	£	£
Profit/ (Loss) on ordinary activities before tax	58,700	(513,846)
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006. 30%)	17,610	(157,146)
Effects of:		
Expenses not deductible for tax purposes	818,130	835,747
Capital allowances in excess of (less than) depreciation	145,146	(57,800)
Short term timing differences	17,537	(152)
Adjustments in respect of previous periods	464,599	3,054
Exempt income not chargeable to tax	-	(16,621)
Current tax charge for period (see above)	1,463,022	607,082

SHROPSHIRE NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS (Continued)

9. INTANGIBLE FIXED ASSETS

	Licence Fees
Cost:	£
At 29th December 2007 and 30th December 2006	27,000,000
Amortisation:	
At 30th December 2006	8,632,603
Charge for the period	2,700,000
At 29th December 2007	11,332,603
Net Book Value:	
At 29th December 2007	15,667,397
At 30th December 2006	18,367,397

Licence fees are being amortised over their 10 year licence period.

10. TANGIBLE FIXED ASSETS

	Land and Buildings	Plant and Machinery	Fittings and Equipment	Total
Cost:	£	£	£	£
At 30th December 2006	146,986	27,445,213	600,246	28,192,445
Additions	6,705	372,528	8,745	387,978
Disposals	-	(305,737)	(50,745)	(356,482)
At 29th December 2007	153,691	27,512,004	558,246	28,223,941
Depreciation:				
At 30th December 2006	85,254	6,707,961	521,565	7,314,780
Charge for the period	4,516	1,640,860	26,050	1,671,426
Eliminated on disposals	-	(293,648)	(50,729)	(344,377)
At 29th December 2007	89,770	8,055,173	496,886	8,641,829
Net Book Value:				
At 29th December 2007	63,921	19,456,831	61,360	19,582,112
At 30th December 2006	61,732	20,737,252	78,681	20,877,665

The net book value of land and buildings comprises:

	2007	2006
	£	£
Long leaseholds	48,452	51,912
Short leaseholds	15,469	9,820
	63,921	61,732

The aggregate amount of capital expenditure authorised and contracted for by the Directors at 29th December 2007 was £71,000 (2006: £201,000)

11. INVESTMENTS (unlisted)

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

12. INVESTMENTS IN SUBSIDIARY COMPANY

The company owns 2 ordinary shares of £1 each representing the entire issued share capital in The Leopard Press Limited, a company registered in England and Wales. This company is dormant.

13. STOCKS

	2007	2006
	£	£
Raw materials	85,285	50,100
Consumable stocks	92,669	95,149
Engineering stocks	240,201	240,201
	418,155	385,450

SHROPSHIRE NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS (Continued)

14. DEBTORS

Amounts falling due after one year

	2007 £	2006 £
Interest bearing loan to group undertaking	18,000,000	20,938,200
Prepayments and accrued income	6,577,037	11,068,617
Amount due from group undertakings	4,230,500	4,230,500
	28,807,537	36,237,317
Amounts falling due within one year:		
Trade debtors	467,312	477,537
Amount due from group undertakings	16,761,257	7,877,436
Other debtors	13,727	12,891
Prepayments and accrued income	463,798	449,048
Corporation tax	85,191	85,191
	46,598,822	45,139,420

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 21st October 2023.

15. CREDITORS:

Amounts falling due within one year:

	2007 £	2006 £
Bank overdraft (Note 21)	947,623	562,267
Trade creditors	525,490	310,539
Other creditors	44,572	25,630
Amount due to group undertakings	7,790,816	11,107,057
Group relief payable	2,067,050	607,083
Other taxation and social security costs	314,300	328,909
Accruals and deferred income	610,372	457,366
	12,300,223	13,398,849

NOTES TO THE ACCOUNTS (Continued)

16. CREDITORS:

Amounts falling due after one year:

	2007	2006
	£	£
Loans from group undertakings wholly repayable on 10th December 2017 - non interest bearing	2,860,000	2,860,000
5% Cumulative Preference Shares	200,000	200,000
	3,060,000	3,060,000

17. DEFERRED TAXATION

The movements in deferred taxation during the current period are as follows:

At 30th December 2006	1,622,452
Released during the period (See note 8)	(700,566)
At 29th December 2007	921,886

The deferred taxation consists of:

	2007	2006
	£	£
Tax effect of timing differences due to.		
Accelerated capital allowances	952,033	1,637,924
Other timing differences	(30,147)	(15,472)
	921,886	1,622,452

18. SHARE CAPITAL

	Authorised	Allotted called up and fully paid
	£	£
Ordinary shares of £1 each at 29th December 2007 and 30th December 2006	501,000	101,000

SHROPSHIRE NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS (Continued)

19. RESERVES

	Other Reserves	Share premium Account	Profit and loss account
	£	£	£
At 30th December 2006	39,067,397	19,916,225	7,610,522
Retained loss for the period	-	-	(703,756)
Transfer between reserves	(5,400,000)	-	5,400,000
As at 29th December 2007	33,667,397	19,916,225	12,306,766

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Loss on ordinary activities after taxation	(703,756)	(1,178,880)
Net reduction to shareholders funds	(703,756)	(1,178,880)
Opening shareholders' funds as previously reported	66,695,144	67,874,024
Closing shareholders funds	65,991,388	66,695,144

21. CONTINGENT LIABILITY

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

On the 30th August 2007, the Group completed a refinancing exercise with its principal bankers, Barclays Bank PLC. This has resulted in the overdraft facility being set at £10 million with a review date of 10th August 2008, and a term loan facility of £35 million until 31st December 2010. The term loan incurs interest at 1 3% per annum above the base rate and is repayable within 2 – 5 years.

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

SHROPSHIRE NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS (Continued)

22. PENSION ARRANGEMENTS

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

The total pension charge and contributions payable for the year amounted to £1,737,301 (2006- £1,795,570).

	2007	2006
	£000	£000
Defined benefit	1,344	1,628
Defined contribution	393	168
	1,737	1,796

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

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

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

For the purpose of these accounts, these figures are illustrative only and do not impact on the result or the balance sheet of the company It should also be noted that these figures include a proportion of pension assets and liabilities relating to other group companies which also participate in the schemes. It has not been possible to identify the share of the deficits which relates solely to Shropshire Newspapers Limited. Full details of the pension schemes are given in the accounts of the ultimate parent company.

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

NOTES TO THE ACCOUNTS (Continued)

23. OPERATING LEASE COMMITMENTS

At 29th December 2007 the company had annual commitments under operating leases as follows:

	Property Leases	
	2007	2006
	£	£
Leases expiring within one year	9,360	7,760
Leases expiring after more than one year but within five years	85,601	8,850
Leases expiring after more than five years	513,403	496,403
	608,364	513,013

There are no other annual operating lease commitments.

24. RELATED PARTY DISCLOSURE

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

25. ULTIMATE PARENT UNDERTAKING

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