Registered number 123264

SHROPSHIRE NEWSPAPERS LIMITED

ANNUAL REPORT AND ACCOUNTS FOR THE PERIOD (53 WEEKS) ENDED

2nd JANUARY 2010

SHROPSHIRE NEWSPAPERS LIMITED

ANNUAL REPORT AND ACCOUNTS FOR THE PERIOD ENDED 2nd JANUARY 2010

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SHROPSHIRE NEWSPAPERS LIMITED

DIRECTORS' REPORT

The Directors' present their report and accounts for the period (53 weeks) ended 2nd January 2010.

RESULTS AND DIVIDEND

The profit for period after taxation amounted to £2,441,389 (2008 loss of £1,538,207) The Directors do not propose to pay a dividend in respect of 2009 (2008 - £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
P R Guy
S J Smith
C D Spicer (Resigned 24th July 2009)
G Walton (Resigned 31st March 2009)

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 provider of media services in the area which it serves.

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

2009 was a very difficult year as the country moved into the worst recession seen since the 1930s. The recession together with the longer term decline in newspaper circulation resulted in a significant fall in revenue which meant cost management was of prime importance.

As reported in the Directors' report for 2008, the Board initiated a fundamental reorganisation of the business. This reorganisation whilst focusing on repositioning the business as a multi platform media player and streamlining the management structure also involved the restructuring of the cost base.

The restructuring which included the centralisation of a number of shared services also included the rationalisation of the group's printing facilities across two sites with the closure of our sister company's West Bromwich print centre in February. Approximately 30% of the Express & Star newspapers are now printed at our Ketley print centre.

PERFORMANCE OF THE BUSINESS DURING THE PERIOD AND BUSINESS KPI'S (Continued)

The reorganisation costs were provided for in the 2008 accounts and this provision has been fully utilised in the year

During the period it was determined that certain intergroup loan balances due to/from other companies within the Claverley Group will not be cleared and therefore have been written off. There is no impact on the profit and loss account of the consolidated accounts of the parent.

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

	2009	2008	2007
	£000	£000	£000
Revenue	18,685	22,278	23,935
Operating Profit/(loss)	1,602	(2,220)	(1,587)
Capital Expenditure	14	642	388

The decline in revenue was mainly due to job and property advertising. The decline in job advertising continued the fall seen in 2008 as employers reduced their head count to lower their cost base as there was no improvement in the economy The fall in property advertising continued for the first three quarters of the year as the lack of the availability of credit resulted in a fall in house prices together with the uncertainty of the economy meaning people were not looking to move house The fourth quarter of the year did however see an improvement in property revenues Motors advertising saw significant falls in revenue driven by the economy but the announcement of the scrappage scheme did benefit revenues

Gross Margins

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

Operating Expenses

Operating expenses are below 2008 levels by £7,413,000 as the company reduced costs to reflect lower revenues together with profit on intercompany balances written off in the period.

Balance Sheet

The control of capital expenditure has resulted in the net book value of tangible fixed assets declining by £1 6m

As noted earlier, a number of inter company debtors and creditors were written off in the year resulting in net current assets increasing by £4.1m. Excluding group accounts, net current assets increased by £0 9m

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 company is not exposed to the movement in foreign exchange rates

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

As highlighted in note 22 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 group re-financed its facilities in December 2009. The overdraft facility is due for renewal in December 2010. The group also has a revolving credit facility and term loan facility until December 2014

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

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

SHROPSHIRE NEWSPAPERS LIMITED

DIRECTORS' REPORT (Continued)

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, the economic climate has shown no improvement from that seen last year However with the reduction in costs as a result of the reorganisation and the reduction in the price of newsprint, profits in the early part of the year have increased

FUTURE DEVELOPMENTS

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

AUDITORS

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.

BDO LLP have expressed their willingness to continue in office A resolution to re-appoint them will be proposed at the Annual General Meeting

By Order of the Board

D J Hughes
Secretary
26thApril 2010

SHROPSHIRE NEWSPAPERS LIMITED

DIRECTORS' RESPONSIBILITIES

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

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

In preparing these financial statements, the directors are required to:

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHROPSHIRE NEWSPAPERS LIMITED

We have audited the financial statements of Shropshire Newspapers Limited for the period ended 2 January 2010 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 2010 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 the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHROPSHIRE NEWSPAPERS LIMITED (continued)

Matters on which we are required to report by exception

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

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

Graham Clayworth (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom
26th April 2010

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

SHROPSHIRE NEWSPAPERS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 2nd JANUARY 2010

	Notes	2009 £	2008 £
Turnover	2	18,685,468	22,277,618
Net operating expenses (including exceptional items of £5,455,952 (2008 - £nil)	3	(17,083,904)	(24,497,180)
Operating profit/(loss)		1,601,564	(2,219,562)
Costs of fundamental re-organisation	7	-	(392,028)
Interest receivable and other income	8	1,116,537	1,282,550
Preference interest		(9,973)	(9,973)
Profit/(loss) on Ordinary Activities before Taxation		2,708,128	(1,339,013)
Taxation	9	(266,739)	(199,194)
Profit/(loss) on Ordinary Activities after Taxation and retained loss for the period	20	2,441,389	(1,538,207)

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

Company Number 123264

BALANCE SHEET AT 2nd JANUARY 2010

	Notes	2009 £	2008 £
Fixed assets			
Intangible fixed assets	10	10,267,397	12,967,397
Tangible fixed assets	11	16,938,234	18,550,717
Investments	13	2	2
		27,205,633	31,518,116
Current assets			
Stocks	14	394,931	490,895
Debtors (includes amounts due over one year £18,000,000 (2008: £22,230,500)	15	44,415,481	47,990,212
Cash at bank and in hand		899	6,041
		44,811,311	48,487,148
Creditors amounts falling due within one year	16	(3,546,034)	(11,295,119)
Net current assets		41,265,277	37,192,029
Total assets less current liabilities		68,470,910	68,710,145
Creditors amounts falling due after one year	17	(200,000)	(3,060,000)
Provisions for liabilities			
Deferred taxation	18	(1,376,340)	(1,196,964)
Net assets		66,894,570	64,453,181
Capital and reserves			
Called up share capital	19	101,000	101,000
Share premium account	20	19,916,225	19,916,225
Profit and loss account	20	18,609,948	13,468,559
Other reserves	20	28,267,397	30,967,397
Shareholders' funds	21	66,894,570	64,453,181

The accounts on pages 10 to 23 were approved and authorised for issue by the Board of Directors on 26th April 2010 and signed on behalf of the Board.

G.W. EVERS
Director

SHROPSHIRE NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 2nd JANUARY 2010

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 financial statements have been prepared on the going concern basis As detailed in the Directors Report on page 5, 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.

The company is exempt under section 400 of the Companies Act from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included with in the consolidated financial statements of its parent These financial statements therefore present information about the company as an individual undertaking not about its group.

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 53 weeks ended 2nd January 2010 (2008: 52 weeks ended 27th 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	7.5% - 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

NOTES TO THE ACCOUNTS (continued)

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

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.

i) **Defined benefit pension schemes**

The company participates in a defined benefit pension scheme which is 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 scheme on a consistent and reasonable basis

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

The latest available information relating to the scheme and the implications for the company are detailed in the note 23 to the accounts

SHROPSHIRE NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS (continued)

j) Defined contribution pension scheme

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

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

	2009 £	2008 £
Raw materials and consumables	3,184,317	3,333,581
Staff costs (see note 5)	7,990,491	9,720,531
Depreciation of tangible fixed assets	1,602,540	1,668,055
Amortisation of intangible fixed assets	2,700,000	2,700,000
Other operating charges	7,132,321	7,181,954
Other operating income	(69,813)	(106,941)
Exceptional items	(5,455,952)	-
	17,083,904	24,497,180

Exceptional items include inter-company balances written off in the period.

4. OPERATING PROFIT/(LOSS)

		2009 £	2008 £
This is arrived at after charging/(crediting)			
Hire of plant and machinery			
	- operating leases	354,066	357,803
Hire of land and buildings			
	- operating leases	533,617	525,033
Auditors renumeration			
Audit services	- company	12,979	27,950
Non audit services	- taxation	3,250	8,121
	- other	19,997	-
Loss/(Profit) on disposal of fixed assets		10,623	(4,666)

SHROPSHIRE NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS (continued)

5 EMPLOYEES

The aggregate staff costs during the period were

	2009 £	2008 £
Wages and salaries	6,722,069	7,989,117
Social security costs	687,810	813,894
Other pension costs (Note 23)	580,612	917,520
	7,990,491	9,720,531

The monthly average number of employees throughout the period was·

	2009 Number	2008 Number
Sales and Administration	205	285
Production and Distribution	122	123
	327	408

6. DIRECTORS' REMUNERATION

Employees' staff costs include the following remuneration in respect of Directors £363,420 (2008 - £407,875) Pension contributions amounted to £41,089 (2008 - £37,742). There are also payments for compensation for loss of office of £Nil (2008 - £128,833).

The emoluments of the highest paid Director (excluding pension contributions) were £120,111 (2008 - £122,680). His accrued entitlement at 2nd January 2010 under a defined benefit scheme constituted a pension of £35,328 (2008 - £nil) per annum There are two Directors to whom retirement benefits are accruing under this scheme.

7. COSTS OF FUNDAMENTAL RE-ORGANISATION

The costs of the fundamental re-organisation of the business compromise:

	2009 £	2008 £
Severance payments	-	392,028

For further details, see the Director's report on page 4.

8. INTEREST RECEIVABLE AND OTHER INCOME

	2009 £	2008 £
Group interest receivable	1,116,537	1,282,550

NOTES TO THE ACCOUNTS (Continued)

9. TAXATION

UK Current Tax	2009 £	2008 £
Group Relief receivable	-	(205,397)
Adjustments in respect of previous periods	87,363	129,513
Total current tax charge (see below)	87,363	(75,884)
UK Deferred Tax (Note 18)		
Origination and reversal of timing differences		
Short term timing differences	1,953	1,287
Depreciation less than capital allowances	174,986	587,730
Adjustments in respect of previous periods	2,437	(313,939)
	266,739	199,194

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 -

	2009 £	2008 £
Profit/(loss) on ordinary activities before tax	2,708,128	(1,339,013)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008· 28%)	758,276	(374,924)
Effects of		
Expenses not deductible for tax purposes	772,108	773,283
Depreciation less than capital allowances	(174,986)	(587,730)
Short term timing differences	(1,953)	(1,287)
Adjustments in respect of previous periods	87,363	129,513
Transfer pricing adjustment	6,807	(11,136)
Effect of change in tax rate in the year	-	(3,603)
Inter company write off	(1,527,667)	-
Group relief surrendered for nil payment	167,415	-
Current tax charge for period (see above)	87,363	(75,884)

NOTES TO THE ACCOUNTS (Continued)

10. INTANGIBLE FIXED ASSETS

	Licence Fees
Cost·	£
At 2nd January 2010 and 27th December 2008	27,000,000
Amortisation:	
At 27th December 2008	14,032,603
Charge for the period	2,700,000
At 2nd January 2010	16,732,603
Net Book Value	
At 2nd January 2010	10,267,397
At 27th December 2008	12,967,397

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

11. TANGIBLE FIXED ASSETS

	Land and Buildings	Plant and Machinery	Fittings and Equipment	Total
Cost	£	£	£	£
At 27th December 2008	153,691	27,548,096	852,388	28,554,175
Additions	-	9,496	4,835	14,331
Disposals	-	(615,810)	(55,743)	(671,553)
At 2nd January 2010	153,691	26,941,782	801,480	27,896,953
Depreciation				
At 27th December 2008	94,565	9,430,610	478,283	10,003,458
Charge for the period	4,795	1,539,963	57,782	1,602,540
Eliminated on disposals	-	(592,812)	(54,467)	(647,279)
At 2nd January 2010	99,360	10,377,761	481,598	10,958,719
Net Book Value·				
At 2nd January 2010	54,331	16,564,021	319,882	16,938,234
At 27th December 2008	59,126	18,117,486	374,105	18,550,717

SHROPSHIRE NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

The net book value of land and buildings comprises

	2009 £	2008 £
Long leaseholds	12,798	14,134
Short leaseholds	41,533	44,992
	54,331	59,126

12. 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.

13. 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

14. STOCKS

	2009 £	2008 £
Raw materials	75,080	177,527
Consumable stocks	79,650	73,167
Engineering stocks	240,201	240,201
	394,931	490,895

15. DEBTORS

	2009	2008
	£	£
Amounts falling due after one year		
Interest bearing loan to group undertaking	18,000,000	18,000,000
Amount due from group undertakings	-	4,230,500
	18,000,000	22,230,500
Amounts falling due within one year·		
Trade debtors	355,435	373,949
Amount due from group undertakings	25,724,948	24,608,411
Other debtors	8,947	20,306
Prepayments and accrued income	326,151	466,458
Corporation tax	-	85,191
Group relief receivable	-	205,397
	44,415,481	47,990,212

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.

16. CREDITORS·

Amounts falling due within one year

	2009	2008
	£	£
Bank overdraft (Note 22)	155,580	707,704
Trade creditors	612,882	900,421
Other creditors	118,002	371,950
Amount due to group undertakings	2,161,275	8,650,825
Other taxation and social security costs	214,544	256,959
Accruals and deferred income	283,751	407,260
	3,546,034	11,295,119

SHROPSHIRE NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS (Continued)

17. CREDITORS:

Amounts falling due after one year.

	2009	2008
	£	£
Loans from group undertakings wholly repayable on 10th December 2017		
- non interest bearing	-	2,860,000
5% Cumulative Preference Shares	200,000	200,000
	200,000	3,060,000

18. DEFERRED TAXATION

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

At 27th December 2008	1,196,964
Provided during the period (See note 9)	179,376
At 2nd January 2010	1,376,340

The deferred taxation consists of.

	2009	2008
	£	£
Tax effect of timing differences due to:		
Accelerated capital allowances	1,403,248	1,225,824
Other timing differences	(26,908)	(28,860)
	1,376,340	1,196,964

19. SHARE CAPITAL

	Allotted called up and fully paid
	£
Ordinary shares of £1 each at 2nd January 2010 and 27th December 2008	101,000

20. RESERVES

	Other Reserves	Share premium Account	Profit and loss account
	£	£	£
At 27th December 2008	30,967,397	19,916,225	13,468,559
Retained profit for the period	-	-	2,441,389
Transfer between reserves	(2,700,000)	-	2,700,000
As at 2nd January 2010	28,267,397	19,916,225	18,609,948

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009	2008
	£	£
Profit/(loss) on ordinary activities after taxation	2,441,389	(1,538,207)
Net increase/(reduction) to shareholders funds	2,441,389	(1,538,207)
Opening shareholders' funds	64,453,181	65,991,388
Closing shareholders funds	66,894,570	64,453,181

22 CONTINGENT LIABILITY

During the year the company was party to group banking facilities. These facilities were made available to the company to meet its day to day working capital requirements The group transferred its banking facilities from Barclays Bank PLC to Lloyds TSB Bank PLC in December 2009. It has overdraft facilities set at £4m with Lloyds TSB (2008 - £9m with Barclays) which are due for renewal in December 2010 The group also has a term loan and revolving credit facilities with Lloyds TSB until December 2014 The term loan has an outstanding balance of £17 5m (2008 - £25m with Barclays) and incurs interest at between 2 5% to 3 0% per annum over Libor rate The revolving credit facility has an outstanding balance of £7 5m and incurs interest at between 2.25% to 2.75% per annum over Libor The facilities are secured by a fixed and floating charge over the assets of the group.

As at 2nd January 2010, the group's net debt under the above facilities totalled £19 0m (2008 – £26.7m with Barclays)

23 PENSION ARRANGEMENTS

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

The total pension charge and contributions payable for the year amounted to £581,000 (2008 - £918,000)

	2009	2008
	£000	£000
Defined benefit	-	233
Defined contribution	581	685
	581	918

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

In order to provide information about the funding position of the scheme, a separate valuation at 2nd January 2010, using the projected unit method, as required by FRS17 has been obtained and is disclosed in the accounts of Claverley Group Limited.

The valuation of the scheme at 2nd January 2010, calculated by an actuary on an FRS17 basis, shows a deficit on the scheme of £36,700,000 (2008 - £7,860,000)

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 deficit which relates solely to Shropshire Newspapers Limited. Full details of the pension scheme is given in the accounts of the ultimate parent company

The measurement bases required by FRS17 are likely to give rise to significant fluctuation 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 independent actuaries using long term assumptions.

NOTES TO THE ACCOUNTS (Continued)

24. OPERATING LEASE COMMITMENTS

At 2nd January 2010 the company had annual commitments under operating leases as follows:

	Property Leases		Other	
	2009	2008	2009	2008
	£	£	£	£
Leases expiring within one year	-	-	-	-
Leases expiring after more than one year but within five years	7,360	6,860	173,401	246,756
Leases expiring after more than five years	506,150	516,204	-	-
	513,510	523,064	173,401	246,756

25. 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.

26. 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.