

**Nurton Holdings Limited**

Report and Financial Statements

Period Ended

31 December 2011

Company Number 4481125

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# **Nurton Holdings Limited**

## **Report and financial statements for the period ended 31 December 2011**

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### **Directors**

M G Douglas Graham  
E A Graham  
G W Evers  
P S Meier

### **Secretary and registered office**

G W Evers, 51-53 Queen Street, Wolverhampton, WV1 1ES

### **Company number**

4481125

### **Auditors**

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

# Nurton Holdings Limited

## Report of the directors for the period ended 31 December 2011

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The directors present their report together with the audited financial statements for the period ended 31 December 2011

### Results

The profit and loss account is set out on page 6 and shows the loss for the period

The directors do not propose to pay a dividend in respect of 2011 (2010 - £Nil)

### Principal activities

The company trades as an investment holding company

### Financial instruments

The company is financed by a combination of loans from group companies and the group's bankers. These facilities are made available to the company to meet its day to day working capital requirements. As at the year end the group utilised an overdraft facility which was due for renewal in December 2011 and a revolving credit facility and term loan facility due for renewal in December 2014.

Following the year end the group entered into negotiations with Lloyds TSB to refinance the group facilities due to a covenant breach. As a result of this on the 3rd July 2012 the UK based group companies agreed new facilities with Lloyds TSB including an overdraft facility of £4m due for renewal on 2 July 2013 and a new five year term loan for £8m. These new facilities are secured by a fixed and floating charge over the assets of the UK based group companies. As part of this refinancing the company sold its investment in the The Guiton Group to Claverley Holdings Ltd (see post balance sheet events - note 18) and separate financing has been arranged for The Guiton Group.

The directors of the company have received written confirmation from the parent company, Claverley Group Limited that support will continue to be offered for at least 12 months from the date of signing these financial statements.

The directors of the UK group and the company have prepared cashflow and profit and loss forecasts for the 3 year period to 31 December 2014 which show that the directors have a reasonable expectation that the group will continue to be able to meet its liabilities as they fall due for at least the 12 months from the date of approval of these financial statements.

After making enquiries and considering uncertainties described above, the directors have a reasonable expectation that they can continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the financial statements.

### Post balance sheet events

On 3rd July 2012 the company sold its investment in The Guiton Group Limited to Claverley Holdings Ltd. The sale of The Guiton Group was completed at an open market value of £29.4m as determined by an independent valuation. As a result of the open market valuation the directors have made an impairment against the company's investment in The Guiton Group Limited as at 31 December 2011 given the circumstances leading to the impairment occurred prior to the year end. The impact of the impairment reduces the investment to the open market value realising an impairment charge of £50.6m within the profit and loss account for the year.

On 3 July 2012 £38m of the debt owed by the company to The Midlands News Association by the company was novated to Claverley Group Limited.

In addition on the 3rd July 2012 Claverley Group Limited provided an additional investment of £28m to the company in order to support its balance sheet position at the same time as completing its refinancing. This additional investment by the parent company will mean the company has c. £2m net assets.

# **Nurton Holdings Limited**

## **Report of the directors for the period ended 31 December 2011 (*continued*)**

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### **Directors**

The directors of the company during the period were

M G Douglas Graham  
E A Graham  
G W Evers  
P S Meier

### **Directors' responsibilities**

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

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

In preparing these financial statements, the directors are required to

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

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

# Nurton Holdings Limited

## Report of the directors for the period ended 31 December 2011 (*continued*)

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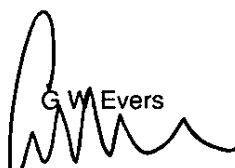
### Auditors

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

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

In preparing this directors' report advantage has been taken of the small companies' exemption.

### By order of the board



G W Evers  
Secretary

3 July 2012

# **Nurton Holdings Limited**

## **Independent auditor's report**

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### **To the members of Nurton Holdings Limited**

We have audited the financial statements of Nurton Holdings Limited for the 52 weeks ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditors**

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

# Nurton Holdings Limited

## Independent auditor's report (*continued*)

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### 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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime

 BDO LLP

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

3 July 2012

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

# Nurton Holdings Limited

## Profit and loss account for the period ended 31 December 2011

	Note	52 weeks ended 31 December 2011 £	52 weeks ended 1 January 2011 £
Net operating expenses - including exceptional costs of £50,566,534 (2011 - £Nil)	2	50,570,007	3,230
<b>Operating loss</b>	3	(50,570,007)	(3,230)
Income from shares in group undertakings	6	2,894,212	3,894,212
Other interest receivable and similar income		41	192
Interest payable and similar charges	7	(1,121,432)	(1,121,432)
<b>(Loss)/profit on ordinary activities before and after taxation for the financial period</b>		<b>(48,797,186)</b>	<b>2,769,742</b>

All amounts relate to continuing activities

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

The notes on pages 8 to 13 form part of these financial statements



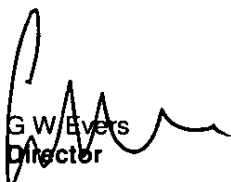
# Nurton Holdings Limited

## Balance sheet at 31 December 2011

Company number 4481125

	Note	31 December 2011 £	31 December 2011 £	1 January 2011 £	1 January 2011 £
<b>Fixed assets</b>					
Fixed asset investments	9		45,211,793		95,778,327
<b>Current assets</b>					
Debtors	10	13,438,047		11,669,612	
<b>Creditors: amounts falling due within one year</b>	11	<u>84,578,177</u>		<u>84,579,090</u>	
<b>Net current liabilities</b>			<u>(71,140,130)</u>		<u>(72,909,478)</u>
<b>Total assets less current liabilities</b>			<u>(25,928,337)</u>		<u>22,868,849</u>
<b>Capital and reserves</b>					
Called up share capital	12		1,000,000		1,000,000
Share premium account	13		19,000,000		19,000,000
Profit and loss account	13		<u>(45,928,337)</u>		<u>2,868,849</u>
<b>Shareholders' (deficit)/funds</b>	14		<u>(25,928,337)</u>		<u>22,868,849</u>

The financial statements were approved by the board of directors and authorised for issue on 3 July 2012

  
G W Evers  
Director

The notes on pages 8 to 13 form part of these financial statements

# Nurton Holdings Limited

## Notes forming part of the financial statements for the period ended 31 December 2011

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. They incorporate the results for the 52 weeks ended 31 December 2011 (2010 - 52 weeks ended 1 January 2011).

The following principal accounting policies have been applied:

#### *Fundamental accounting concept*

Notwithstanding the loss after tax of £48.8m (2010: Profit of £2.8m) and the Shareholders' deficit of £25.9m (2010: Surplus of £22.9m), the directors have prepared the accounts on the going concern basis. The directors of the company have received written confirmation from the parent company and certain fellow subsidiary companies that support will continue to be offered for at least 12 months from the date of signing these financial statements.

The directors of the group and the company have prepared cashflow and profit and loss forecasts for the 3 year period to 31 December 2014 which show that the directors have a reasonable expectation that the group will be able to meet its liabilities as they fall due for at least the 12 months from the date of approval of these financial statements.

In addition, since the year end, the UK based group companies agreed new banking facilities to meet the working capital requirements as set out in the forecasts. The new facilities include an overdraft facility with Lloyds TSB of £4m which is due for renewal on 2 July 2013 and also a new five year term loan for £8m. Further, and in order to meet the group's overall banking requirements, a separate facility of a £10m term loan has also been agreed with HSBC for The Guiton Group of companies (based in the Channel Islands).

After making enquiries and considering uncertainties, the directors have a reasonable expectation that they can continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

#### *Consolidated financial statements*

The company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements because it is a wholly owned subsidiary of Claverley Group Limited which prepares consolidated financial statements which are publicly available. These financial statements therefore present information about the company as an individual undertaking and not about its group.

#### *Cash flow statement*

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

#### *Investments*

Investments are held at cost. Provision is made for impairment of these investments where required.

#### *Deferred taxation*

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

# Nurton Holdings Limited

Notes forming part of the financial statements  
for the period ended 31 December 2011 (*continued*)

## 2 Net operating expenses

	52 weeks ended 31 December 2011 £	52 weeks ended 1 January 2011 £
Other operating charges	3,473	3,230
Exceptional items	50,566,534	-
	<u>50,566,534</u>	<u>3,230</u>

Included in other operating charges are fees payable to the company's auditor for the audit of the company's financial statements of £2,274 (2010 - £2,228) and fees payable to the company's auditor for other services of £1,200 (2010 - £1,000)

Exceptional items relate to the impairment of the investment held in Guiton Group Limited

## 3 Operating loss

	52 weeks ended 31 December 2011 £	52 weeks ended 1 January 2011 £
This is arrived at after charging		
Auditors' remuneration - fees payable to the company's auditor for the audit of the company's annual accounts	2,273	2,228
Auditors' remuneration - taxation services	1,200	1,000
	<u>3,473</u>	<u>3,228</u>

## 4 Employees

The company did not have any employees during the period and therefore did not incur any staff costs

## 5 Directors' remuneration

No director received any emoluments during the current period (2010 - £Nil)

# Nurton Holdings Limited

## Notes forming part of the financial statements for the period ended 31 December 2011 (*continued*)

### 6 Income from shares in group undertakings

	52 weeks ended 31 December 2011	52 weeks ended 1 January 2011
Dividend received from subsidiary undertaking	2,500,000	3,500,000
Dividend receivable from fellow subsidiary undertaking	394,212	394,212
	<u>2,894,212</u>	<u>3,894,212</u>

### 7 Interest payable and similar charges

	52 weeks ended 31 December 2011 £	52 weeks ended 1 January 2011 £
Interest payable to fellow subsidiary undertakings	<u>1,121,432</u>	<u>1,121,432</u>

### 8 Taxation on (loss)/profit on ordinary activities

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

	52 weeks ended 31 December 2011 £	52 weeks ended 1 January 2011 £
(Loss)/profit on ordinary activities before tax	<u>(48,797,186)</u>	<u>2,769,742</u>
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 26% (2010 - 28%)	(12,687,268)	775,528
Effect of		
Non taxable income	(752,494)	(1,090,379)
Expenses not deductible for tax purposes	13,147,298	-
Transfer pricing adjustment	(46,941)	(37,605)
Group relief surrendered for nil payment	205,386	352,456
World wide debt cap allowance	<u>134,019</u>	<u>-</u>
Current tax charge for the period	<u>-</u>	<u>-</u>

# Nurton Holdings Limited

Notes forming part of the financial statements  
for the period ended 31 December 2011 (*continued*)

## 9 Fixed asset investments

	Guiton Group Limited £	The Midland News Association Limited £	Total £
<i>Cost or valuation</i>			
At 2 January 2011	79,966,534	15,811,793	95,778,327
Impairment adjustment	(50,566,534)	-	(50,566,534)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
At 31 December 2011	<u>29,400,000</u>	<u>15,811,793</u>	<u>45,211,793</u>

The cost of investment in The Guiton Group Limited (a company registered in Jersey) represents 100% of the issued share capital held at cost

The Guiton Group Limited is the holding company for newspaper publication and IT businesses operating primarily in the Channel Islands. During the year an impairment of £50.6m has been made against the carrying value of this investment

In 2009 the company, as shareholders of the Guiton Group Limited, received a dividend 'in specie' of 15,811,793 'B' Preference shares of £1 each in The Midland News Association Limited from the Guiton Group Limited

## 10 Debtors

	31 December 2011 £	1 January 2011 £
Amounts owed by group undertakings	<u>13,438,047</u>	<u>11,669,612</u>

All amounts shown under debtors fall due for payment within one year

## 11 Creditors: amounts falling due within one year

	31 December 2011 £	1 January 2011 £
Amounts owed to fellow subsidiary undertakings	65,000,000	65,000,000
Amounts owed to group undertakings	19,575,863	19,575,863
Accruals and deferred income	2,314	3,227
	<u>                    </u>	<u>                    </u>
	<u>84,578,177</u>	<u>84,579,090</u>

The amount of £65,000,000 due to a fellow subsidiary undertaking is an interest bearing loan. Interest is charged at 1.5% over base rate

# Nurton Holdings Limited

Notes forming part of the financial statements  
for the period ended 31 December 2011 (*continued*)

## 12 Share capital

	31 December 2011 £	1 January 2011 £
<i>Allotted, called up and fully paid</i>		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

## 13 Reserves

	Share premium account £	Profit and loss account £
At 2 January 2011	19,000,000	2,868,849
Loss for the period	-	(48,797,186)
	<u>19,000,000</u>	<u>(45,928,337)</u>
At 31 December 2011		

## 14 Reconciliation of movements in shareholders' (deficit)/funds

	31 December 2011 £	1 January 2011 £
(Loss)/profit for the period	(48,797,186)	2,769,742
Opening shareholders' funds	<u>22,868,849</u>	<u>20,099,107</u>
Closing shareholders' (deficit)/funds	<u>(25,928,337)</u>	<u>22,868,849</u>

# Nurton Holdings Limited

## Notes forming part of the financial statements for the period ended 31 December 2011 (*continued*)

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### 15 Contingent liabilities

During the year the company was party to group banking facilities. These facilities were made available to the company to meet its day to day working capital requirements. It had overdraft facilities set at £4.0m with Lloyds TSB (2010 - £4.0m), which were due for renewal in December 2011 (facility was temporarily extended during the refinancing noted below). The group also had a term loan and revolving credit facilities with Lloyds TSB until December 2014. The term loan had an outstanding balance of £12.0m (2010 - £15.0m) and incurred interest at between 2.5% and 3.0% per annum over the Libor rate. The revolving credit facility has an outstanding balance of £4.5m (2010 - £3.0m) 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 31 December 2011, the group's net debt under the above facilities totalled £16.4m (1 January 2011 - £17.9m).

In addition subsequent to the year end the UK and Channel Island banking facilities have been separated. The company is now only party to cross guarantees to the UK banking facility which total £12m as noted in Note 1.

### 16 Related party disclosures

The company has taken advantage of the exemption in Financial Reporting Standard 8 'Related party disclosures' as a wholly owned subsidiary not to disclose details of related party transactions required by the standard.

### 17 Ultimate parent company and parent undertaking of larger group

The company is a wholly owned subsidiary of Claverley Group Limited, registered in England and Wales and is included in that company's group accounts.

The ultimate parent undertaking is Claverley Company, also registered in England and Wales.

On 3 July 2012 the ultimate parent undertaking became Claverley Holdings Limited, registered in England and Wales.

### 18 Post balance sheet events

On 3rd July 2012 the company sold its investment in The Guiton Group Limited to Claverley Holdings Ltd. The sale of The Guiton Group was completed at an open market value of £29.4m as determined by an independent valuation. As a result of the open market valuation the directors have made an impairment against the company's investment in The Guiton Group Limited as at 31 December 2011 given the circumstances leading to the impairment occurred prior to the year end. The impact of the impairment reduces the investment to the open market value realising an impairment charge of £50.6m within the profit and loss account for the year.

On 3 July 2012 £38m of the debt owed by the company to The Midlands News Association by the company was novated to Claverley Group Limited.

In addition on the 3rd July 2012 Claverley Group Limited provided an additional investment of £28m to the company in order to support its balance sheet position at the same time as completing its refinancing. This additional investment by the parent company will mean the company has c £2m net assets.