

COMPANIES HOUSE COPY

Claverley Holdings Limited

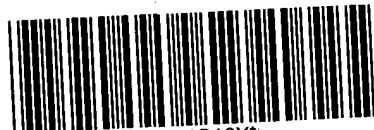
Report and Financial Statements

Period Ended

2 January 2016

Company Number 08114933

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Claverley Holdings Limited

Company Information

Directors

G W Evers (Chairman)
E Alan Graham
P S Meier
C D Brims
P B Woodman
R M Cross
P Inman
T W Graham
Edward A Graham
J C Avery

Company secretary R M Cross

Registered number 08114933

Registered office

51-53 Queen Street
Wolverhampton
West Midlands
WV1 1ES

Independent auditors

BDO LLP
Two Snowhill
Birmingham
B4 6GA

Claverley Holdings Limited

Contents

	Page
Strategic Report	1 - 2
Directors' report	3 - 5
Directors' responsibilities statement	6
Independent auditors' report	7 - 8
Consolidated income statement	9
Consolidated statement of other comprehensive income	10
Consolidated statement of financial position	11 - 12
Company statement of financial position	13
Consolidated statement of changes in equity	14 - 15
Company statement of changes in equity	16
Consolidated Statement of cash flows	17 - 18
Notes to the financial statements	19 - 58

Claverley Holdings Limited

Strategic Report For the period ended 2 January 2016

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

Business model

The principal activity of the company is as ultimate parent to a group of companies operating in the UK and Channel Islands in newspaper and digital media publishing, commercial printing and IT systems and services.

Business review

The publishing businesses have continued to develop print and digital portfolios to remain the leading local media business for readers and advertisers across the West Midlands and Shropshire in the UK and Jersey and Guernsey in the Channel Islands.

The commercial printing business has undergone a restructuring programme to enable it to deliver an efficient 24/7 operating environment to meet the needs of its customers.

The IT systems and services business has continued to grow its customer user base whilst developing its portfolio of publishing systems.

Principal risks and uncertainties

The principal risks faced by the group are driven by the UK and Channel Islands economy; the level of unemployment, consumer spending, inflation and interest rates can all have significant impact on the group.

The group manages these risks through a combination of measures. The group primarily reduces risk by providing unrivalled, cost effective services to its customers and continually seeking to enhance its products and services. It continually monitors costs and reduces exposure to price fluctuations for key consumables such as paper, newsprint and energy by establishing supply contracts. The group reduces its exposure to interest rate increases by hedging between 50% and 60% of its debt.

Environmental matters

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

Claverley Holdings Limited

Strategic report (continued) For the period ended 2 January 2016

Key performance indicators

At group level the performance of subsidiaries is monitored on a monthly basis. The key performance indicators include revenue, operating profits and capital expenditure.

	53 weeks ended 2 January 2016 £000	52 weeks ended 27 December 2014 £000
Revenue	95,979	96,755
Operating profit before depreciation, amortisation, exceptional items and fair value movement on investment property	10,027	8,998
Capital expenditure on tangible fixed assets	1,551	1,603

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



.....
R M Cross
Director

Claverley Holdings Limited

Directors' report For the period ended 2 January 2016

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

Results and dividends

The Consolidated Income Statement is set out on page 9 and shows the profit for the period.

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

Directors

The directors who served during the period and to the date of approval of this report were:

G W Evers (Chairman)
E Alan Graham
M G D Graham (deceased 21 March 2015)
P S Meier
C D Brims
P B Woodman
R M Cross
P Inman
T W Graham
Edward A Graham
J C Averty

Financial instruments

The group and company are financed by a combination of loans from other group companies and the group's bankers.

The UK operations and the Channel Islands operations are party to separate group banking facilities. These facilities are made available to subsidiaries to meet their day to day working capital requirements.

The UK operations are financed by facilities provided by Lloyds Bank including an overdraft facility of £1.5m (27 December 2014 - £1.5m) due for renewal in July 2016. The group also has a term loan facility of £4m (27 December 2014 - £5.7m) until September 2017. The UK group also has a receivables finance agreement with Lloyds Bank Commercial Finance to provide additional working capital facilities of up to £6m, which is due for renewal in July 2016.

The Channel Island operations are financed by facilities provided by HSBC including an overdraft facility of £0.5m (27 December 2014 - £0.5m) due for renewal in July 2016. The group also has a term loan facility of £5.1m (27 December 2014 - £6.4m) until June 2019.

The group reduces its exposure to interest rate risks by hedging between 50% and 60% of its term loan debt through fixed to floating swap agreements. The fair value of the interest swaps is not considered material to the financial statements.

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

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

Claverley Holdings Limited

Directors' report For the period ended 2 January 2016

Post balance sheet events

Since the year end the group has invested in a newly established undertaking called K P Services (Jersey) Limited that will undertake certain printing operations in the Channel Islands. The group has initially invested £0.4m in respect of equipment and cash in exchange for a 20% stake in this business and has also provided the company with a loan of £0.7m.

Likely future developments in the business of the company

Information on likely future developments in the business of the company has been included in the Strategic Report on page 1.

Research and development

The group continues to invest in research and development. This has resulted in improvements in the products of the IT software solutions business which will benefit the group in the medium to long term. Costs in respect of the new products that meet the criteria of £0.4m have been capitalised in the balance sheet.

Employee participation

The directors recognise the importance of good communications and relations with staff members. Company intranet sites are used to regularly update staff on the progress of the group and to provide other general information. Annual staff surveys are also undertaken to provide group management with valuable feedback from employees. The group is proud of its employment policies and of the guidance it gives to those approaching retirement.

Employment of disabled people

The group 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.

Disclosure of information to auditors

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

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

Claverley Holdings Limited

Directors' report For the period ended 2 January 2016

Auditors

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

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



.....
R M Cross
Director

Claverley Holdings Limited

Directors' responsibilities statement

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

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

In preparing these financial statements the directors are required to:

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

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

Claverley Holdings Limited

Independent Auditor's report to the members of Claverley Holdings Limited

We have audited the financial statements of Claverley Holdings Limited for the period ended 2 January 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 2 January 2016 and of the group's 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 strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

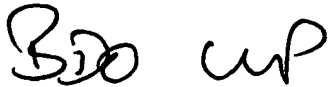
Claverley Holdings Limited

Independent Auditor's report to the members of Claverley Holdings Limited

Matters on which we are required to report by exception

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

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



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

17 June 2016

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

Claverley Holdings Limited

Consolidated income statement For the period ended 2 January 2016

	Note	53 weeks ended 2 January 2016 £'000 Before exceptional items, depreciation, amortisation and impairment	53 weeks ended 2 January 2016 £'000 Exceptional items, depreciation, amortisation and impairment	53 weeks ended 2 January 2016 £'000 Total	52 weeks ended 2 January 2014 £'000 Before exceptional items, depreciation, amortisation and impairment	52 weeks ended 27 December 2014 £'000 Exceptional items, depreciation, amortisation and impairment	52 weeks ended 27 December 2014 £'000 Total
Turnover	3	95,979	-	95,979	96,755	-	96,755
Net operating expenses	4	(85,891)	(6,955)	(92,846)	(87,724)	(8,343)	(96,067)
Other operating income		130	-	130	93	-	93
Changes in fair value of investment property		(191)	-	(191)	(126)	-	(126)
Operating profit		10,027	(6,955)	3,072	8,998	(8,343)	655
Interest receivable and similar income	9	322	-	322	974	-	974
Interest payable and expenses	10	(784)	-	(784)	(852)	-	(852)
Other finance costs		(1,280)	-	(1,280)	(1,770)	-	(1,770)
Profit/(loss) before tax		8,285	(6,955)	1,330	7,350	(8,343)	(993)
Taxation	12	(155)	-	(155)	509	-	509
Profit/(loss) for the period		8,130	(6,955)	1,175	7,859	(8,343)	(484)

The notes on pages 19 to 58 form part of these financial statements.

Claverley Holdings Limited

Consolidated statement of other comprehensive income For the period ended 2 January 2016

	Note	53 weeks ended 2 January 2016 £'000	52 weeks ended 27 December 2014 £'000
Profit for the financial period		1,175	(484)
Other comprehensive income			
Actuarial gain on defined benefit schemes		7,130	3,170
Movement on deferred tax relating to pension gains		(1,127)	(920)
Other comprehensive income for the period		6,003	2,250
Total comprehensive income for the period		7,178	1,766
Profit for the period attributable to:			
Non-controlling interest		12	(24)
Owners of the parent Company		1,163	(460)
		1,175	(484)
Total comprehensive income attributable to:			
Non-controlling interest		12	(24)
Owners of the parent Company		7,166	1,790
		7,178	1,766

The notes on pages 19 to 58 form part of these financial statements.

Claverley Holdings Limited

Registered number: 08114933

Consolidated statement of financial position As at 2 January 2016

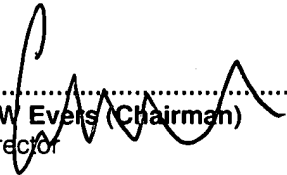
	Note	2 January 2016 £'000	27 December 2014 £'000
Fixed assets			
Intangible assets	14	25,464	26,167
Tangible assets	15	33,213	37,084
Investment property	16	2,796	2,908
		<u>61,473</u>	<u>66,159</u>
Current assets			
Stocks	18	2,707	2,898
Debtors: amounts falling due after more than one year	19	6,452	7,638
Debtors: amounts falling due within one year	19	18,222	16,947
Cash at bank and in hand	20	4,922	4,078
		<u>32,303</u>	<u>31,561</u>
Creditors: amounts falling due within one year	21	(26,553)	(26,553)
Net current assets		<u>5,750</u>	<u>5,008</u>
Total assets less current liabilities		<u>67,223</u>	<u>71,167</u>
Creditors: amounts falling due after more than one year	22	(7,163)	(10,263)
Provisions for liabilities			
Other provisions	25	(1,590)	(1,561)
		<u>(1,590)</u>	<u>(1,561)</u>
Net assets excluding pension liability		<u>58,470</u>	<u>59,343</u>
Pension liability	28	(28,030)	(36,000)
Net assets		<u><u>30,440</u></u>	<u><u>23,343</u></u>
Capital and reserves			
Called up share capital	26	945	945
Profit and loss account		29,285	22,119
Equity attributable to owners of the parent Company		<u>30,230</u>	<u>23,064</u>
Non-controlling interests		210	279
Shareholders' funds		<u><u>30,440</u></u>	<u><u>23,343</u></u>

Claverley Holdings Limited

Registered number: 08114933

Consolidated statement of financial position (continued) **As at 2 January 2016**

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


.....
G W Evers (Chairman)
Director

The notes on pages 19 to 57 form part of these financial statements.

Claverley Holdings Limited
Registered number: 08114933

Company statement of financial position
As at 2 January 2016

	Note	2 January 2016 £'000	27 December 2014 £'000
Fixed assets			
Fixed asset investments	17	31,200	31,200
Creditors: amounts falling due within one year	21	(45)	(33)
Total assets less current liabilities		31,155	31,167
Creditors: amounts falling due after more than one year	22	(33,038)	(32,124)
Net liabilities		(1,883)	(957)
Capital and reserves			
Called up share capital	26	945	945
Profit and loss account		(2,828)	(1,902)
Shareholders' deficit		(1,883)	(957)

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

.....
G W Evers (Chairman)
Director

The notes on pages 19 to 57 form part of these financial statements.

Claverley Holdings Limited

Consolidated statement of changes in equity For the period ended 2 January 2016

	Share capital £'000	Retained earnings £'000	Equity attributable to owners of parent Company £'000	Non- controlling interests £'000	Total equity £'000
At 28 December 2014	945	22,119	23,064	279	23,343
Comprehensive income for the period					
Profit for the period	-	1,163	1,163	12	1,175
Actuarial gains on pension scheme net of deferred tax	-	6,003	6,003	-	6,003
Minority interest movement	-	-	-	(81)	(81)
Other comprehensive income for the period	-	6,003	6,003	(81)	5,922
Total comprehensive income for the period	-	7,166	7,166	(69)	7,097
At 2 January 2016	945	29,285	30,230	210	30,440

The notes on pages 19 to 56 form part of these financial statements.

Claverley Holdings Limited

Consolidated statement of changes in equity For the period ended 27 December 2014

	Share capital £'000	Retained earnings £'000	Equity attributable to owners of parent Company £'000	Non- controlling interests £'000	Total equity £'000
At 29 December 2013	945	20,329	21,274	343	21,617
Comprehensive income for the period					
Loss for the period	-	(460)	(460)	(24)	(484)
Actuarial gains on pension scheme net of deferred tax	-	2,250	2,250	-	2,250
Minority interest movement	-	-	-	(40)	(40)
Other comprehensive income for the period	-	2,250	2,250	(40)	2,210
Total comprehensive income for the period	-	1,790	1,790	(64)	1,726
At 27 December 2014	945	22,119	23,064	279	23,343

The notes on pages 19 to 58 form part of these financial statements.

Claverley Holdings Limited

Company statement of changes in equity As at 2 January 2016

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 28 December 2014	945	(1,902)	(957)
Comprehensive income for the period			
Loss for the period	-	(926)	(926)
Total comprehensive income for the period	-	(926)	(926)
At 2 January 2016	945	(2,828)	(1,883)

Company statement of changes in equity As at 27 December 2014

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 December 2013	945	(978)	(33)
Comprehensive income for the period			
Loss for the period	-	(924)	(924)
Total comprehensive income for the period	-	(924)	(924)
At 27 December 2014	945	(1,902)	(957)

The notes on pages 19 to 58 form part of these financial statements.

Claverley Holdings Limited

Consolidated statement of cash flows For the period ended 2 January 2016

	2 January 2016 £'000	27 December 2014 £'000
Cash flows from operating activities		
Profit/(loss) for the financial period	1,175	(484)
Adjustments for:		
Amortisation of intangibles	1,149	1,143
Depreciation of tangibles	5,270	5,987
Profit on disposal of tangibles	(128)	(155)
Decrease/(increase) in stocks	191	(330)
Interest paid	2,044	2,552
Dividend income	(302)	(904)
Taxation expense	155	(509)
Increase in debtors	(1,246)	(334)
Decrease in creditors	(839)	(970)
Movement in provisions	29	(91)
Difference between net pension expense and cash contribution	(2,120)	(2,550)
Net fair value losses recognised in income statement	191	126
Corporation tax paid	(31)	(22)
Net cash generated from operating activities	5,538	3,459
Cash flows from investing activities		
Purchase of intangible fixed assets	(446)	(165)
Purchase of tangible fixed assets	(1,551)	(1,589)
Sale of tangible fixed assets	280	327
Purchase of investment properties	(79)	(14)
Interest received	18	70
Dividends received	302	904
Net cash from investing activities	(1,476)	(467)
Cash flows from financing activities		
Repayment of loans	(3,238)	(2,894)
Interest paid	(581)	(668)
Purchase of shares from minority interests	(81)	(40)
Net cash used in financing activities	(3,900)	(3,602)
Cash and cash equivalents at beginning of period	2,147	2,757
Cash and cash equivalents at the end of period	2,309	2,147

Claverley Holdings Limited

Cash at bank and in hand	4,922	4,078
Bank overdrafts	(2,613)	(1,931)
	<u>2,309</u>	<u>2,147</u>

The notes on pages 19 to 58 form part of these financial statements.

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements for the period ended 2 January 2016 have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015, but may be applied early to periods ending on or after 31 December 2012. Claverley Holdings Limited has taken the option to apply the standard early in the preparation of these financial statements for the period ended 2 January 2016.

Information on the impact first-time adoption of FRS 102 is given in note 31.

The preparation of financial statements for the period ended 2 January 2016 in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 2).

The accounts have been prepared in the group's functional currency, pounds sterling; all figures have been rounded to round thousands.

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

- No cashflow statement has been presented for the parent company; and
- No disclosures has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied consistently:

1.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 29 December 2013.

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

1. Accounting policies (continued)

1.3 Fundamental accounting concept

The financial statements have been prepared on the going concern basis. As detailed in the Strategic Report on page 1, the Directors have considered the principal risks and uncertainties that apply to the business and believe it is appropriate to continue to prepare the accounts on this basis.

1.4 Revenue

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

Publishing and printing - Advertising

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

Publishing and printing - Circulation

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

Publishing and printing - Commercial printing

Revenue is recognised upon despatch of goods and where goods are dispatched in multiple batches, if the batches delivered represent 50% or more of the total delivery, revenue is recognised in proportion to the goods despatched.

Technology

Revenue from the sales of third party licences are recognised upon delivery to a customer when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable. In circumstances where a considerable vendor obligation exists, revenue recognition is delayed until the obligation has been satisfied.

Income from internally generated software is recognised over the period of the contract. Maintenance and support contracts are recognised rateably over the period of the contract. Where multiple element contracts are entered into and the constituent parts do not stand alone, all revenues are spread over the period of the contract and recognised according to the stage of completion and right to consideration, with attributable profit recognised where the outcome of the contract can be assessed with reasonable certainty. Where the constituent parts do standalone then the contract is unbundled by attributing a fair value to each element and discounting each element where necessary.

Other professional services, such as training and consultancy, are recognised, when the services are performed.

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

1. Accounting policies (continued)

1.5 Development costs

Development costs are charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over a period of 10 years from the year the company starts to benefit from the expense.

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

1.6 Tangible fixed assets

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

In accordance with the transitional exemption available in FRS102, the group has chosen to retrospectively value certain assets at deemed cost based on the expected fair value of these assets as appropriate.

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

The estimated useful lives range as follows:

Freehold property	-	2% per annum
Leasehold buildings	-	2% per annum or the period of the lease if shorter
Plant and machinery	-	5%-33% per annum
Fixtures and fittings	-	7.5%-33% per annum
Motor vehicles	-	20% per annum
Data processing systems	-	20% - 33.3% per annum

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

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

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

1. Accounting policies (continued)

1.7 Operating leases

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

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

1.8 Investment property

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

1.9 Valuation of investments

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

The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Any impairment charges are written off against the cost as relevant.

1.10 Stocks

Stocks of raw materials and work in progress are valued at the lower of cost and estimated net realisable value. Cost comprises the invoiced price of all supplies on a 'first-in, first-out' basis. Work-in-progress includes labour and attributable overheads. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

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

1.11 Cash and cash equivalents

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

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

1. Accounting policies (continued)

1.12 Financial instruments

Financial assets

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

Impairment of financial assets carried at amortised cost

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

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

Financial liabilities

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

Finance costs

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

For loans subject to annual deferral, the carrying value of the asset/liability is as noted above. There is no interest expense/income recognised until at such time the payment terms are not subject to rolling deferral, at which point the discount applied will unwind and will be recognised as a finance cost/income in the statement of comprehensive income.

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

1. Accounting policies (continued)

1.13 Related party transactions

The group has taken advantage of the exemption conferred by Section 33 of FRS102 not to disclose transactions with members of the group headed by the company provided that any subsidiary undertaking which is party to the transaction is a wholly owned member of the group.

1.14 Dividend income

Revenue is recognised when the group's right to receive payment is established.

1.15 Interest income

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

1.16 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

1.17 Finance costs

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

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

1. Accounting policies (continued)

1.18 Pensions

Defined contribution pension plan

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

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

Group pension plan

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

The difference between the fair value of the assets held in the group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the statement of financial position as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The employer's portion of current and past service costs are charged to operating profit with the net interest also being recognised in the income statement. Actuarial gains and losses are recognised in other comprehensive income.

1.19 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

1. Accounting policies (continued)

1.20 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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

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

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

Deferred taxation balances are not discounted.

1.21 Dilapidations provision

The provision is based on directors estimates of costs that will be incurred in the future to restore leasehold properties to their original condition at the end of their lease term.

1.22 Onerous lease provision

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the lease obligations under the lease.

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

1. Accounting policies (continued)

1.23 Provisions for liabilities

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

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

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

1.24 Exceptional items

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

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

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

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

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

A. Bad debt provisions

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

B. Other provisions

The dilapidations provision is the expected cost of future repairs as required to be made in line with contracts in place.

Other provisions represent the directors' best estimate of the future expected costs in relation to ongoing claims.

C. Defined benefit pension scheme liability

The financial statements include a net defined benefit pension scheme liability of £28,030,000 (27 December 2014: £36,000,000), comprising assets of £251,010,000 (27 December 2014: £260,800,000) and liabilities of £279,040,000 (27 December 2014: £296,800,000). These liabilities represent the costs expected to be incurred in making payments to current and past employees who are members of the scheme.

The valuation of the pension scheme liability is determined on an actuarial basis using the projected unit method discounted at a rate using the current rate of return on high quality corporate bonds of equivalent term and currency to the liability. Assumptions are made about the mortality of the beneficiaries of the pension scheme, and future rates of inflation. The assumptions underlying this calculation are discussed in more detail in note 28.

Significant changes to the assumptions underlying these calculations over the next financial year could result in significant changes to the carrying value of the pension scheme liability.

D. Property valuations

The financial statements include properties held at valuation for which the valuation of these properties is a significant estimate. In order to arrive at a reliable estimate, the Directors make use of professional valuation experts. However, significant changes to the assumptions underlying the experts' calculations, or significant changes in market conditions could result in significant changes to the carrying value of property over the next financial year.

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

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

E. Onerous lease

The group has recognised an onerous lease provision in respect of a property in the Channel Islands. The provision is based on forecasted RPI levels and other factors.

F. Goodwill and other intangible fixed assets

Intangible assets are amortised over their useful economic lives. The economic lives considered appropriate by the directors are 10 years for development costs and 20 years for mastheads.

G. Carrying value of intangible assets

In determining the recoverable amount, it is necessary to make a series of assumptions to estimate the present value of future cash flows. In each case these assumptions have been made by management reflecting past experience coupled with expected market opportunities on new products. This evidence is also used to assess the recoverability of investments in subsidiary undertakings in the company.

Key assumptions include:

Operating cash flows

The main assumptions, which are derived from past experience and anticipated market opportunities, within the forecast operating cash flows include the achievements of future sales prices and volumes, material input costs, changes in sales mix and the level of ongoing capital expenditure.

Discount rates

The discount rate is a pre-tax adjusted discount rate and reflects management's estimate of the market related rate of return of such assets based on the group's weighted average cost of capital.

Long term growth rates

The management forecasts are extrapolated using growth assumptions relevant for the business sector and are based on industry research.

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

3. Turnover

An analysis of turnover by class of business is as follows:

	53 weeks ended 2 January 2016 £'000	52 weeks ended 27 December 2014 £'000
Publishing and printing	94,284	95,422
Technology	1,695	1,333
	<u>95,979</u>	<u>96,755</u>

Analysis of turnover by country of destination:

	53 weeks ended 2 January 2016 £'000	52 weeks ended 27 December 2014 £'000
United Kingdom	73,982	73,530
Rest of Europe	21,984	23,181
Rest of the world	13	44
	<u>95,979</u>	<u>96,755</u>

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

4. Net operating expenses

	2 January 2016 £'000	27 December 2014 £'000
Purchases of goods for resale	3,908	4,178
Staff costs (note 7)	38,136	38,906
Raw materials and consumables	28,848	28,342
Other operating charges	14,999	16,298
Depreciation of tangible fixed assets	5,270	6,028
Amortisation of intangible fixed assets	1,149	1,143
Exceptional items	536	1,172
	<u>92,846</u>	<u>96,067</u>

Included within net operating expenses is net exceptional costs of £536,000 (27 December 2014 - £1,172,000). This relates to severance payments of £536,000 (27 December 2014 - £1,172,000).

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

5. Operating profit

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

	53 weeks ended 2 January 2016 £'000	52 weeks ended 27 December 2014 £'000
Operating lease costs	1,715	1,517
Defined benefit pension costs	330	330
Defined contribution pension cost	2,202	2,289
Loss / (profit) on disposal of fixed assets	41	(155)
Research and development	181	175
	<u> </u>	<u> </u>

6. Auditors' remuneration

	53 weeks ended 2 January 2016 £'000	52 weeks ended 27 December 2014 £'000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	11	11
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	139	124
Other services relating to taxation	47	59
All other services	48	109
	<u> </u>	<u> </u>

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

7. Employees

Staff costs (including directors) were as follows:

	53 weeks ended 2 January 2016 £'000	52 weeks ended 27 December 2014 £'000
Wages and salaries	32,682	33,323
Social security costs	2,922	2,964
Other pension costs	2,532	2,619
	<u>38,136</u>	<u>38,906</u>

In addition to the above, exceptional severance costs of £536,000 (27 December 2014 - £1,172,000) were incurred.

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

	53 weeks ended 2 January 2016 No.	52 weeks ended 27 December 2014 No.
Publishing and printing	940	982
Technology	48	46
Administration	15	15
	<u>1,003</u>	<u>1,043</u>

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

8. Directors' remuneration

	53 weeks ended 2 January 2016 £'000	52 weeks ended 27 December 2014 £'000
Directors' emoluments	1,481	1,584
Company contributions to money purchase pension schemes	92	45
	<u>1,573</u>	<u>1,629</u>

There were no directors in the group's defined benefit pension scheme (27 December 2014 - Nil). There were 2 directors in the group's defined contribution pension scheme (27 December 2014 - 2) during the period. Contributions were paid to an external pension scheme during the year on behalf of 1 director (27 December 2014 - 1).

The total amount payable to the highest paid director in respect of emoluments was £419,019 (27 December 2014 - £444,410). Company pension contributions of £Nil (27 December 2014 - £Nil) were made to a defined contribution scheme on their behalf.

9. Interest receivable

	53 weeks ended 2 January 2016 £'000	52 weeks ended 27 December 2014 £'000
Dividends from unlisted investments	302	904
Bank deposits	20	70
	<u>322</u>	<u>974</u>

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

10. Interest payable and similar charges

	53 weeks ended 2 January 2016 £'000	52 weeks ended 27 December 2014 £'000
Bank loan interest payable	484	586
Bank overdraft	-	82
Amortisation of loan arrangement fee	84	84
Other interest payable	216	100
	<u>784</u>	<u>852</u>

11. Other finance costs

	53 weeks ended 2 January 2016 £'000	52 weeks ended 27 December 2014 £'000
Net interest on net defined benefit liability	(1,280)	(1,770)
	<u>(1,280)</u>	<u>(1,770)</u>

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

12. Taxation

	53 weeks ended 2 January 2016 £'000	52 weeks ended 27 December 2014 £'000
Corporation tax		
Adjustments in respect of previous periods	52	-
	<u>52</u>	<u>-</u>
Foreign tax		
Foreign tax on income for the year	31	28
	<u>31</u>	<u>28</u>
Total current tax	<u>83</u>	<u>28</u>
Deferred tax		
Adjustment in respect of prior periods	35	18
Origination and reversal of timing differences	(281)	(555)
Effect of changes in tax rate	318	-
	<u>72</u>	<u>(537)</u>
Total deferred tax	<u>72</u>	<u>(537)</u>
Taxation on profit on ordinary activities	<u>155</u>	<u>(509)</u>

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

12. Taxation (continued)

Factors affecting tax charge for the period

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

	53 weeks ended 2 January 2016 £'000	52 weeks ended 27 December 2014 £'000
Profit/(loss) on ordinary activities before tax	1,330	(993)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (27 December 2014 - 21%)	266	(209)
Effects of:		
Expenses not deductible for tax purposes	176	175
Utilisation of tax losses	-	(20)
Short term timing differences	(45)	18
Adjustment in respect of prior periods	87	-
Effect of change in tax rate	349	28
Exempt income not chargeable to tax	(318)	(256)
Deferred tax not recognised	(49)	-
Differences between UK and overseas tax rates	(311)	(245)
Total tax charge for the period	155	(509)

Factors that may affect future tax charges

The corporation tax rate reduced to 20% on the 1 April 2015. The summer budget on 8 July 2015 announced that the rate will reduce to 19% as of 1 April 2017 and 18% as of 2020. During the budget on 16 March 2016 the Chancellor announced that the rate from 1 April 2020 will instead be 17%. This will reduce the company's future current tax accordingly. Deferred tax has been calculated at 18% being the rate substantively enacted at the period end.

13. Parent company profit for the period

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the period was £926,000 (27 December 2014 - £924,000).

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

14. Intangible assets

Group

	Development costs £'000	Mastheads £'000	Goodwill £'000	Total £'000
Cost				
At 28 December 2014	1,916	51,327	814	54,057
Additions	446	-	-	446
	<u>2,362</u>	<u>51,327</u>	<u>814</u>	<u>54,503</u>
At 2 January 2016				
Amortisation				
At 28 December 2014	641	26,435	814	27,890
Charge for the period	181	968	-	1,149
	<u>822</u>	<u>27,403</u>	<u>814</u>	<u>29,039</u>
At 2 January 2016				
Net book value				
At 2 January 2016	<u>1,540</u>	<u>23,924</u>	<u>-</u>	<u>25,464</u>
At 27 December 2014	<u>1,275</u>	<u>24,892</u>	<u>-</u>	<u>26,167</u>

Development costs are being amortised over the useful economic life of the project.

Mastheads are being amortised evenly over their useful economic lives of 20 years.

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

15. Tangible fixed assets

Group

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 28 December 2014	32,166	103,373	7,033	142,572
Additions	-	1,300	251	1,551
Disposals	(2,500)	(10,169)	(18)	(12,687)
At 2 January 2016	29,666	94,504	7,266	131,436
Depreciation				
At 28 December 2014	16,077	83,305	6,106	105,488
Charge for the period	303	4,732	235	5,270
Disposals	(2,350)	(10,167)	(18)	(12,535)
At 2 January 2016	14,030	77,870	6,323	98,223
At 2 January 2016	15,636	16,634	943	33,213
At 27 December 2014	16,089	20,068	927	37,084

The net book value of land and building may be further analysed as follows:

	2 January 2016 £'000	27 December 2014 £'000
Short leasehold	21	24
Freehold	15,615	16,063
	15,636	16,087

The aggregate amount of capital expenditure for the Group authorised and contracted for by the Directors at 2 January 2016 was £Nil (27 December 2014 - £603,000). There were no capital commitments for the company at the end of the current or prior period.

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

16. Investment property

Group

	Freehold investment property £'000
Valuation	
At 28 December 2014	2,908
Additions at cost	79
Deficit on revaluation	(191)
At 2 January 2016	2,796

The group's investment properties are valued at fair value, based on periodic assessment by an independent, professionally qualified valuer which is updated in intervening years by the directors. The last full valuation was carried out on 10 April 2012, the valuation was undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. For properties which have been sold in the year or shortly after the year end, the market value has been utilised as the valuation method.

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

	2 January 2016 £'000	27 December 2014 £'000
Historic cost	1,133	1,054
Accumulated depreciation and impairments	(318)	(298)
	815	756

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

17. Fixed asset investments

Subsidiary undertakings

The undertakings in which the company's interest at the period end is 20% or more are as follows:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Guiton Group Limited	Guernsey	Ordinary	100 %	Holding company
Claverley Company Limited	England	Ordinary	100 %	Holding company
Claverley Group Limited *	England	Ordinary	100 %	Holding company
Press Computer Systems Limited *	England	Ordinary	100 %	Marketing of computer systems
Precision Colour Printing Limited *	England	Ordinary	100 %	Commercial printers
Roughton Insurances Limited *	Guernsey	Ordinary	100 %	Insurance
Nurton Holdings Limited *	England	Ordinary	100 %	Holding company
Jersey Evening Post Limited *	Jersey	Ordinary	100 %	Newspaper publishers
CI Newsagents Limited *	Jersey	Ordinary	100 %	Retail
Guernsey Press Company Limited *	Guernsey	Ordinary	100 %	Newspaper publishers
The Midland News Association Limited *	England	Ordinary	99.5 %	Holding company
Express and Star Limited *	England	Ordinary	99.5 %	Newspaper publishers
Shropshire Newspapers Limited *	England	Ordinary	99.5 %	Newspaper publishers
MNA Leasing Limited *	England	Ordinary	99.5 %	Dormant
MNA Properties Limited *	England	Ordinary	99.5 %	Property management
MNAIP Limited *	England	Ordinary	99.5 %	Intellectual property management
MNA Broadcasting Limited *	England	Ordinary	99.5 %	Dormant
Shropshire Star Limited *	England	Ordinary	99.5 %	Dormant
MNA Magazines Limited *	England	Ordinary	99.5 %	Dormant
Midland News Limited *	England	Ordinary	99.5 %	Dormant

* Indirectly held

Claverley Holdings Limited

Notes to the financial statements
For the period ended 2 January 2016

17. Fixed asset investments (continued)

Company

Investments
in
subsidiary
companies
£'000

Cost

At 27 December 2014 and 2 January 2016

31,200

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

18. Stocks

	Group 2 January 2016 £'000	Group 27 December 2014 £'000	Company 2 January 2016 £'000	Company 27 December 2014 £'000
Raw materials and consumables	1,981	1,951	-	-
Work in progress	604	828	-	-
Finished goods and goods for resale	122	119	-	-
	<u>2,707</u>	<u>2,898</u>	<u>-</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

There are impairment provisions in relation to inventories recognised of £76,270 (27 December 2014 - £73,286)

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

19. Debtors

	Group 2 January 2016 £000	Group 27 December 2014 £000	Company 2 January 2016 £000	Company 27 December 2014 £000
Due after more than one year				
Deferred tax asset	6,452	7,638	-	-
	<u>6,452</u>	<u>7,638</u>	<u>-</u>	<u>-</u>
Due within one year				
Trade debtors	13,270	13,283	-	-
Other debtors	2,446	1,285	-	-
Prepayments and accrued income	2,506	2,379	-	-
	<u>18,222</u>	<u>16,947</u>	<u>-</u>	<u>-</u>

The impairment loss recognised in the group statement of comprehensive income for the period in respect of bad and doubtful trade debtors was £191,255 (27 December 2014 - £10,860).

The group deferred tax asset is made up as follows:

	2 January 2016 £'000	27 December 2014 £'000
Accelerated capital allowances	2,302	2,178
Sundry timing differences	203	148
Pension surplus	3,947	5,312
	<u>6,452</u>	<u>7,638</u>

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

20. Cash and cash equivalents

	Group 2 January 2016 £'000	Group 27 December 2014 £'000	Company 2 January 2016 £'000	Company 27 December 2014 £'000
Cash at bank and in hand	4,922	4,078	-	-
Less: bank overdrafts	(2,613)	(1,931)	-	-
	<u>2,309</u>	<u>2,147</u>	<u>-</u>	<u>-</u>

21. Creditors: Amounts falling due within one year

	Group 2 January 2016 £'000	Group 27 December 2014 £'000	Company 2 January 2016 £'000	Company 27 December 2014 £'000
Bank overdrafts	2,613	1,931	-	-
Bank loans and overdrafts (secured note 23)	2,680	2,711	-	-
Trade creditors	6,845	8,054	-	-
Amounts owed to parent and subsidiary undertakings	-	-	33	24
Corporation tax	5,392	5,340	-	-
Other taxation and social security	1,682	826	-	-
Other creditors	1,684	1,688	-	-
Accruals and deferred income	5,657	6,003	12	9
	<u>26,553</u>	<u>26,553</u>	<u>45</u>	<u>33</u>

The group is party to an HMRC enquiry into the tax implications of transactions that were entered into in prior years. Similar transactions are the subject of litigation for another tax payer and the group is a follower of that case. That other case was lost at the Upper Tribunal in April 2014 with the prospect of an additional taxation liability which is regarded as double taxation for the relevant tax payer. Such double taxation would be unusual. An appeal to the Court of Appeal by the lead tax payer has been re-scheduled for week commencing 4 July 2016. The group has previously fully provided for tax and interest in connection with the transactions although this liability is contested and the basis for this is also part of the proposed appeal. A provision for interest in the current and prior period is also included. Full consideration has also been given to the group's overall ability to settle such an amount should it fall due.

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

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

	Group 2 January 2016 £'000	Group 27 December 2014 £'000	Company 2 January 2016 £'000	Company 27 December 2014 £'000
Bank loans (secured note 23)	6,198	9,281	-	-
Amounts owed to parent and subsidiary undertakings	-	-	32,183	31,269
Other creditors	110	127	-	-
9.21% preference shares	855	855	855	855
	<u>7,163</u>	<u>10,263</u>	<u>33,038</u>	<u>32,124</u>

The maximum dividend payable on preference shares is 9.21% of the nominal value of the shares and a maximum of 150p per share is payable on winding up of the company. The company has 900,000 95p preference shares, authorised and in issue.

23. Loans

Maturity of debt:

	Group 2 January 2016 £'000	Group 27 December 2014 £'000	Company 2 January 2016 £'000	Company 27 December 2014 £'000
Amounts falling due within one year				
In one year or less, or on demand	2,680	2,711	-	-
In more than one year but not more than two years	3,966	3,879	-	-
In more than two years but not more than five years	2,232	5,402	-	-
	<u>2,232</u>	<u>5,402</u>	<u>-</u>	<u>-</u>

The bank loan and overdraft with Lloyds TSB and HSBC are secured by a fixed and floating charge over the assets of the group.

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

24. Financial instruments

	Group 2 January 2016 £000	Group 27 December 2014 £000	Company 2 January 2016 £000	Company 27 December 2014 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	15,716	14,568	-	-
	<u>15,716</u>	<u>14,568</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(25,787)	(29,795)	(32,229)	(31,302)
	<u>(25,787)</u>	<u>(29,795)</u>	<u>(32,229)</u>	<u>(31,302)</u>

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors, accruals and amounts owed to group undertakings.

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

25. Provisions

Group

	Dilapidation provision £'000	Other provision £'000	Onerous lease provision £'000	Total £'000
At 28 December 2014	338	-	1,223	1,561
Charged/(credited) to the profit or loss	80	100	-	180
Utilised in period	-	-	(151)	(151)
At 2 January 2016	418	100	1,072	1,590

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

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

The onerous lease provision is expected to be utilised by 2023.

There is an unrecognised deferred tax asset for the group of £1.6m in respect of trading and non-trading losses, £0.2m in respect of capital losses and £2m in respect of unrealised revaluation losses.

Claverley Holdings Limited

-Notes to the financial statements
For the period ended 2 January 2016

26. Share capital

	2 January 2016 £'000	27 December 2014 £'000
Allotted, called up and fully paid		
900,000 Ordinary shares of £1 each	900	900
900,000 Voting shares of £0.05 each	45	45
	<u>945</u>	<u>945</u>

The Ordinary shares have no voting rights, but have unlimited right to declared dividends and other distributions.

The Voting shares have no right to any distribution other than a maximum of 5p per share on the winding up of the company, after the payment of the maximum amount to the preference shareholders as indicated above and £10,000 per share to the ordinary shareholder. The company has in issue 900,000 5p voting shares.

The preference shares issued by the company are shown in note 22.

27. Contingent liabilities

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

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

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

28. Pension commitments

The group provides pensions for its current and past employees through various pension schemes.

Defined Contribution Schemes

The Claverley Holdings Group operates various defined contribution pension schemes for employees. The total pension cost for the year amounted to £2,563,000 (27 December 2014: £2,289,000) which represents contributions payable to the fund.

Defined benefit schemes

The Claverley Holdings Group operates three pension schemes (A, C & D). The three schemes provide benefits based on either final pensionable pay or defined contributions for employees of this and certain other group companies. The assets of schemes A and D are held in separate trustee administered funds whilst the assets of scheme C are held under contract with an insurer.

The schemes are subject to independent valuation at least every three years, on the basis of which the rates of the employers' contributions are determined, which, together with the specified contributions payable by the employees and proceeds from the schemes' assets, are sufficient to fund the benefits payable under the schemes. Employers' contributions in respect of all schemes have been paid throughout the period.

The company has closed Scheme A to future accruals and therefore expects to make reduced contributions in the future.

Details of the most recent formal valuation of the schemes are as follows:

	Scheme A	Scheme C	Scheme D
Valuation date	05.04.2014	24.12.2013	01.01.2015
Actuarial method	Projected Unit	Attained Age	Projected Unit
Market value of assets	£230.2m	£24.3m	£12.5m
Funding level	93.1%	92%	80%

Reconciliation of present value of plan liabilities:

	2 January 2016 £'000	27 December 2014 £'000
At the beginning of the year	(296,800)	(275,420)
Current service cost	(330)	(290)
Interest cost	(10,510)	(12,230)
Actuarial gains/losses	18,680	(19,420)
Contributions	(200)	(200)
Benefits paid	10,120	10,760
At the end of the year	(279,040)	(296,800)

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

28. Pension commitments (continued)

Composition of plan liabilities:

	2 January 2016 £'000	27 December 2014 £'000
Schemes wholly or partly funded	(279,040)	(296,800)
Total plan liabilities	(279,040)	(296,800)

Reconciliation of present value of plan assets:

	2 January 2016 £'000	27 December 2014 £'000
At the beginning of the year	260,800	235,490
Interest on assets	9,230	10,470
Actuarial gains/losses	(11,550)	22,580
Contributions	2,750	3,060
Benefits paid	(10,120)	(10,760)
Expenses	(100)	(40)
At the end of the year	251,010	260,800

The actual return on plan assets is £2,320,000 (27 December 2014 - £33,050,000).

Composition of plan assets:

	2 January 2016 £'000	27 December 2014 £'000
European equities	6,100	23,100
European bonds and gifts	194,200	196,000
Property	2,970	6,300
Cash and other	47,740	35,400
Total plan assets	251,010	260,800

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

28. Pension commitments (continued)

	2 January 2016 £'000	27 December 2014 £'000
Fair value of plan assets	251,010	260,800
Present value of plan liabilities	(279,040)	(296,800)
Net pension scheme liability	(28,030)	(36,000)

The amounts recognised in profit or loss are as follows:

	2 January 2016 £'000	27 December 2014 £'000
Interest on net liability	(1,280)	(1,770)
Total	(1,280)	(1,770)

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of other comprehensive income was £(34,200,000) (2014 - £(41,300,000)).

The Group expects to contribute £2,059,000 to its Defined benefit pension scheme in 2016.

	2 January 2016 £'000	27 December 2014 £'000
Analysis of actuarial loss recognised in Other Comprehensive Income		
Actual return on plan assets less interest income included in net interest income	(11,550)	22,580
Experience gains and losses arising on the scheme liabilities	2,980	3,540
Changes in assumptions underlying the present value of the scheme liabilities	15,700	(22,950)
	7,130	3,170

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

28. Pension commitments (continued)

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

	2 January 2016	27 December 2014
Pension scheme A		
Discount rate	3.90 %	3.60 %
RPI inflation	2.90 %	2.85 %
CPI inflation	1.80 %	1.75 %
Mortality rates		
- for a male aged 65 now	22.1	22.3
- at 65 for a male aged 45 now	24.4	24.6
- for a female aged 65 now	24.5	24.7
- at 65 for a female member aged 45 now	26.8	27.0
Pension scheme C		
Discount rate	3.90 %	3.60 %
Rate of compensation increase	3.40 %	3.35 %
RPI inflation	3.40 %	3.35 %
Mortality rates		
- for a male aged 65 now	22.4	22.6
- at 65 for a male aged 45 now	24.5	25.0
- for a female aged 65 now	24.7	25.3
- at 65 for a female member aged 45 now	27.0	27.0
Pension scheme D		
Discount rate	3.90 %	3.60 %
Rate of compensation increase	3.40 %	3.35 %
RPI inflation	3.40 %	3.35 %
Mortality rates		
- for a male aged 65 now	22.4	22.4
- at 65 for a male aged 45 now	24.5	24.5
- for a female aged 65 now	24.7	24.8
- at 65 for a female member aged 45 now	27.0	27.1

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

29. Commitments under operating leases

At 2 January 2016 the group had future minimum lease payments under non-cancelable operating leases as follows:

	2 January 2016 £'000	27 December 2014 £'000
Not later than 1 year	852	765
Later than 1 year and not later than 5 years	2,474	1,643
Later than 5 years	4,155	4,550
	<u>7,481</u>	<u>6,958</u>

The company has no commitments under non-cancellable operating leases as at the reporting date.

30. Post balance sheet events

Since the year end the group have invested in a newly established undertaking called K P Services (Jersey) Limited that will undertake certain printing operations in the Channel Islands. The group has initially invested £0.4m in respect of equipment and cash in exchange for a 20% stake in this business and has also provided the company with a loan of £0.7m.

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

31. First time adoption of FRS 102

Group

		As previously stated 29 December 2013 £000	Effect of transition 29 December 2013 £000	FRS 102 (as restated) 29 December 2013 £000	As previously stated 27 December 2014 £000	Effect of transition 27 December 2014 £000	FRS 102 (as restated) 27 December 2014 £000
Fixed assets	3,4	79,033	(7,216)	71,817	73,460	(7,301)	66,159
Current assets (including debtors falling due after more than one year)	2	26,890	6,300	33,190	26,231	5,330	31,561
Creditors: amounts falling due within one year		28,994	-	28,994	26,553	-	26,553
Net current assets		(2,104)	6,300	4,196	(322)	5,330	5,008
Total assets less current liabilities		76,929	(916)	76,013	73,138	(1,971)	71,167
Creditors: amounts falling due after more than one year		(12,760)	-	(12,760)	(10,263)	-	(10,263)
Provisions for liabilities		(1,652)	-	(1,652)	(1,561)	-	(1,561)
Pension liability	2	(33,684)	(6,300)	(39,984)	(30,668)	(5,332)	(36,000)
Net assets		28,833	(7,216)	21,617	30,646	(7,303)	23,343
Capital and reserves		28,833	(7,216)	21,617	30,646	(7,303)	23,343

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

31. First time adoption of FRS 102 (continued)

		As previously stated 27 December 2014 £000	Effect of transition 27 December 2014 £000	FRS 102 (as restated) 27 December 2014 £000
Turnover	3,4	96,755	-	96,755
Net operating expenses		(96,106)	39	(96,067)
		649	39	688
Other operating income		93	-	93
Changes in fair value of investment property	4	-	(126)	(126)
Operating profit		742	(87)	655
Interest receivable and similar income		974	-	974
Interest payable and similar charges		(852)	-	(852)
Other finance income	1	(1,490)	(280)	(1,770)
Taxation		509	-	509
Loss on ordinary activities after taxation and for the financial period		(117)	(367)	(484)

Explanation of changes to previously reported profit and equity:

- 1 Under former UK GAAP interest income on pension scheme assets was calculated separately to interest on pension liabilities using a 'return on assets rate'. Under FRS102 this is replaced by a single interest rate (equal to the discount rate on scheme liabilities) applied to the net deficit. This has increased the deficit recognised in 2014 but has no impact on equity overall because an equal and opposite adjustment has been made to other comprehensive income to maintain the pension deficit at its previously reported level.
- 2 FRS102 states that the corresponding deferred tax asset on a defined benefit pension scheme is recognised separately on the statement of financial position. This has resulted in increased debtors and pension liability.
- 3 In accordance with FRS102 section 35, the group have taken advantage of the option to use the fair value of certain assets on transition as their deemed cost. This change has reduced the value of fixed assets and retained earnings brought forward for the period ended 29 December 2013 and 27 December 2014 and decreased the depreciation charge in the prior period.
- 4 Included within land and buildings is a freehold property of which a proportion is rented externally. There is a requirement under FRS102 for this element to be classified separately as investment property. The investment property is held at fair value with any movements each year being included in profit or loss. Previously all of this property was held within fixed assets and measured at depreciated cost. This change has increased the value of fixed assets for the period ended 29 December 2013 and 27 December 2014 and decreased the depreciation charge in the prior period.

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

31. First time adoption of FRS 102 (continued)

Company

		As previously stated 29 December 2013 £000	Effect of transition 29 December 2013 £000	FRS 102 (as restated) 29 December 2013 £000	As previously stated 27 December 2014 £000	Effect of transition 27 December 2014 £000	FRS 102 (as restated) 27 December 2014 £000
	Note						
Fixed assets		31,200	-	31,200	31,200	-	31,200
Creditors: amounts falling due within one year		(21)	-	(21)	(33)	-	(33)
Net current liabilities		(21)	-	(21)	(33)	-	(33)
Total assets less current liabilities		31,179	-	31,179	31,167	-	31,167
Creditors: amounts falling due after more than one year	1	(31,642)	430	(31,212)	(32,572)	448	(32,124)
Net liabilities		(463)	430	(33)	(1,405)	448	(957)
Capital and reserves		(463)	430	(33)	(1,405)	448	(957)

Claverley Holdings Limited

Notes to the financial statements For the period ended 2 January 2016

31. First time adoption of FRS 102 (continued)

		As previously stated 27 December 2014 £000	Effect of transition 27 December 2014 £000	FRS 102 (as restated) 27 December 2014 £000
Net operating expenses		(12)	-	(12)
		(12)	-	(12)
Operating profit		(12)	-	(12)
Interest payable and similar charges	1	(930)	18	(912)
Loss on ordinary activities after taxation and for the financial period		(942)	18	(924)

Explanation of changes to previously reported profit and equity:

- FRS102 requires that for intergroup loans which are held as due over one year and are not at a market rate of interest they need to be measured at the current estimate of the present value of the future payments, discounted at the market rate of interest for a similar debt instrument. Under previous GAAP these loans were measured at transaction price. This change has increased reported retained earnings and decreased liabilities falling due over one year.