

Claverley Holdings Limited

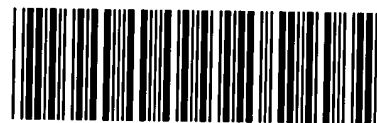
Report and Financial Statements

Period Ended

31 December 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 Averty
D G F Thompson

Company secretary R M Cross

Registered number 08114933

Registered office 51-53 Queen Street
Wolverhampton
West Midlands
WV1 1ES

Independent auditor BDO LLP
Two Snowhill
Birmingham
B4 6GA

Claverley Holdings Limited

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Claverley Holdings Limited

Strategic Report For the period ended 31 December 2016

The directors present their strategic report together with the audited financial statements for the period ended 31 December 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 newspapers and digital media, commercial printing and IT systems and services.

Group business review

The publishing businesses have continued to develop print and digital portfolios to attract the widest possible audience with compelling content to create the strongest opportunities for advertisers across the West Midlands, Shropshire and Jersey and Guernsey in the Channel Islands, whilst continuing to balance investment with significant cost control.

The commercial printing business has continued to benefit from the restructuring programme undertaken in 2015 to enable it to deliver an efficient 24/7 operation. The business continues to invest in growth and intends to spend over £2m on a new sheetfed press in 2017.

The IT systems and services business has continued to grow its recurring revenue streams with growth in licences of Knowledge Publish, its content management system. The new advertising system, Knowledge Prospect will be completed and launched in 2017.

The future trading environment continues to be uncertain but each division within the group has a clear plan for diversification, growth, continued cost control and pursuit of operating efficiencies.

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 For the period ended 31 December 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.

	52 weeks ended 31 December 2016 £000	53 weeks ended 2 January 2016 £000
Revenue	90,739	95,979
Operating profit before depreciation, amortisation, exceptional items and fair value movement on investment property	8,757	10,027
Capital expenditure on tangible fixed assets	1,755	1,551

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



.....
R M Cross
Director

Claverley Holdings Limited

Directors' report For the period ended 31 December 2016

The directors present their report and the financial statements for the period ended 31 December 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 (2 January 2016: £Nil). The Directors do not propose the payment of a final dividend.

Directors

The directors who served during the period were:

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 Averty
D G Thompson (appointed on 1 January 2017)

Future developments

Future developments are included in the Strategic Report under Business review and outlook.

Claverley Holdings Limited

Directors' report (continued) For the period ended 31 December 2016

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 are financed by facilities provided by Lloyds Bank including an overdraft facility of £1.5m (2 January 2016 - £1.5m) due for renewal in July 2017. The group also has a term loan facility of £2.6m (2 January 2016 - £4.0m) 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 2017.

The Channel Island operations are financed by facilities provided by HSBC including an overdraft facility of £0.5m (2 January 2016 - £0.5m) due for renewal in July 2017. The group also has two term loans; the first is for £3.7m (2 January 2016 - £5.1m) until June 2019. The second was taken out during the year to finance an investment in K P Services (Jersey) Limited and is for £0.9m until May 2022.

As highlighted in note 23 and 30 to the accounts, the company is party to group banking facilities. These facilities are made available to the group to meet its day to day working capital requirements and include an overdraft facility which is due for renewal in July 2017 and a term loan facility until September 2017. The bank have been engaged and do not anticipate any issues with rolling the debt on similar terms.

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 swap is not considered material to the financial statements.

To manage credit risk the group performs credit checks on new customers and also monitors credit limits on existing customers regularly.

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.

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 new products that meet the criteria 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.

Claverley Holdings Limited

Directors' report (continued) For the period ended 31 December 2016

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 auditor

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

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

Post balance sheet events

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

Auditor

The auditor, 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 27 April 2017 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 31 December 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 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, based on the work undertaken in the course of the audit:

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

Claverley Holdings Limited

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.



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

27 April 2017

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

Claverley Holdings Limited

Consolidated income statement For the period ended 31 December 2016

		52 weeks ended 31 December 2016 £'000	52 weeks ended 31 December 2016 £'000	52 weeks ended 31 December 2016 £'000	As restated 53 weeks ended 2 January 2016 £'000	As restated 53 weeks ended 2 January 2016 £'000	As restated 53 weeks ended 2 January 2016 £'000
		Before exceptional items, depreciation, amortisation and impairment	Exceptional items depreciation, amortisation, and impairment	Total	Before exceptional items, depreciation, amortisation and impairment	Exceptional items depreciation, amortisation, and impairment	Total
	Note						
Turnover	4	90,739	-	90,739	95,979	-	95,979
Net operating expenses	5	(81,982)	(8,666)	(90,648)	(85,891)	(8,548)	(94,439)
Other operating income		-	-	-	130	-	130
Changes in fair value of investment property		-	-	-	(191)	-	(191)
Operating profit	6	8,757	(8,666)	91	10,027	(8,548)	1,479
Interest receivable and similar income	10	1,384	-	1,384	322	-	322
Interest payable and similar expenses	11	(500)	-	(500)	(784)	-	(784)
Other finance costs	12	(1,050)	-	(1,050)	(1,280)	-	(1,280)
Loss before tax		8,591	(8,666)	(75)	8,285	(8,548)	(263)
Tax on loss	13	3,388	-	3,388	(155)	-	(155)
Profit/(loss) for the financial period		11,979	(8,666)	3,313	8,130	(8,548)	(418)

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

Claverley Holdings Limited

Consolidated statement of comprehensive income For the period ended 31 December 2016

		52 weeks ended 31 December 2016 £'000	As restated 53 weeks ended 2 January 2016 £'000
	Note		
Profit/(loss) for the financial period		3,313	(418)
Other comprehensive income			
Actuarial (loss)/gain on defined benefit schemes	31	(10,200)	7,130
Movement on deferred tax relating to pension losses/(gains)	25	422	(1,127)
Other comprehensive (loss)/income for the period		(9,778)	6,003
Total comprehensive (loss)/income for the period		(6,465)	5,585
Profit/(loss) for the period attributable to:			
Non-controlling interest		42	12
Owners of the parent Company		3,271	(430)
		3,313	(418)
Total comprehensive income attributable to:			
Non-controlling interest		42	12
Owners of the parent Company		(6,507)	5,573
		(6,465)	5,585

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

Claverley Holdings Limited
Registered number:08114933

Consolidated statement of financial position
As at 31 December 2016

	Note	31 December 2016 £'000	As restated 2 January 2016 £'000
Fixed assets			
Intangible assets	14	16,925	20,241
Tangible assets	15	31,229	33,213
Investments	17	370	-
Investment property	16	2,722	2,796
		<u>51,246</u>	<u>56,250</u>
Current assets			
Stocks	18	2,791	2,707
Debtors: amounts falling due after more than one year	19	6,577	6,452
Debtors: amounts falling due within one year	19	17,832	18,222
Cash at bank and in hand	20	2,857	4,922
		<u>30,057</u>	<u>32,303</u>
Creditors: amounts falling due within one year	21	(20,076)	(26,553)
Net current assets		<u>9,981</u>	<u>5,750</u>
Total assets less current liabilities		<u>61,227</u>	<u>62,000</u>
Creditors: amounts falling due after more than one year	22	(3,906)	(7,163)
Provisions for liabilities			
Other provisions	26	(1,430)	(1,590)
		<u>(1,430)</u>	<u>(1,590)</u>
Net assets excluding pension liability		<u>55,891</u>	<u>53,247</u>
Pension liability	31	(37,170)	(28,030)
Net assets		<u><u>18,721</u></u>	<u><u>25,217</u></u>


Claverley Holdings Limited

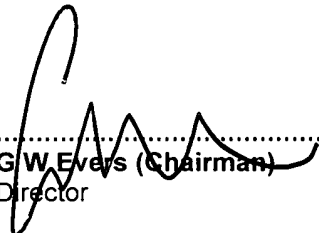
Registered number:08114933

Consolidated statement of financial position (continued) As at 31 December 2016

		31 December 2016 £000	As restated 2 January 2016 £000
	Note		
Capital and reserves			
Called up share capital	28	945	945
Profit and loss account	27	17,555	24,062
Equity attributable to owners of the parent Company		18,500	25,007
Non-controlling interests		221	210
		18,721	25,217

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


.....
R M Cross
Director


.....
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 31 December 2016

		31 December 2016 £'000	2 January 2016 £'000
	Note		
Fixed assets			
Investments	17	24,526	31,200
		<u>24,526</u>	<u>31,200</u>
Creditors: amounts falling due within one year	21	(45)	(45)
Net current liabilities		<u>(45)</u>	<u>(45)</u>
Total assets less current liabilities		<u>24,481</u>	<u>31,155</u>
Creditors: amounts falling due after more than one year	22	(33,839)	(33,038)
Net liabilities		<u><u>(9,358)</u></u>	<u><u>(1,883)</u></u>
Capital and reserves			
Called up share capital	28	945	945
Profit and loss account	27	(10,303)	(2,828)
		<u><u>(9,358)</u></u>	<u><u>(1,883)</u></u>

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

.....
R M Cross
Director

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

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 £7,475,000 (2 January 2016 - £926,000).

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 31 December 2016

	Called up share capital £'000	Profit and loss account £'000	Equity attributable to owners of parent Company £'000	Non- controlling interests £'000	Total equity £'000
At 3 January 2016 (as previously stated)	945	29,285	30,230	210	30,440
Prior year adjustment (see note 29)	-	(5,223)	(5,223)	-	(5,223)
At 3 January 2016 (as restated)	945	24,062	25,007	210	25,217
Comprehensive income for the period					
Profit for the period	-	3,271	3,271	42	3,313
Actuarial losses on pension scheme net of deferred tax	-	(9,778)	(9,778)	-	(9,778)
Total comprehensive loss for the period	-	(6,507)	(6,507)	42	(6,465)
Change in non controlling interest holding	-	-	-	(31)	(31)
At 31 December 2016	945	17,555	18,500	221	18,721

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

	Called up share capital £'000	Profit and loss account £'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
Prior year adjustment (see note 29)	-	(3,630)	(3,630)	-	(3,630)
At 1 December 2014 (as restated)	945	18,489	19,434	279	19,713
Comprehensive income for the period					
Loss for the period	-	(430)	(430)	12	(418)
Actuarial gains on pension scheme net of deferred tax	-	6,003	6,003	-	6,003
Total comprehensive income for the period	-	5,573	5,573	12	5,585
Change in non controlling interest holding	-	-	-	(81)	(81)
At 2 January 2016	945	24,062	25,007	210	25,217

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

Claverley Holdings Limited

Company statement of changes in equity For the period ended 31 December 2016

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 3 January 2016	945	(2,828)	(1,883)
Comprehensive loss for the period			
Loss for the period	-	(7,475)	(7,475)
Total comprehensive loss for the period	-	(7,475)	(7,475)
At 31 December 2016	945	(10,303)	(9,358)

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

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 28 December 2014	945	(1,902)	(957)
Comprehensive loss for the period			
Loss for the period	-	(926)	(926)
Total comprehensive loss for the period	-	(926)	(926)
At 2 January 2016	945	(2,828)	(1,883)

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

Claverley Holdings Limited

Consolidated statement of cash flows For the period ended 31 December 2016

	31 December 2016 £'000	2 January 2016 £'000
Cash flows from operating activities		
Profit/(loss) for the financial period	3,313	(418)
Adjustments for:		
Amortisation of intangible assets	3,983	2,742
Depreciation of tangible assets	3,686	5,270
Revaluation of investment property	20	191
Profit on disposal of tangible assets	(148)	(128)
Interest paid	500	764
Interest received	(1,384)	(302)
Taxation charge	(3,388)	155
(Increase)/decrease in stocks	(84)	191
Decrease/(increase) in debtors	390	(1,246)
(Decrease) in creditors	(1,398)	(839)
(Decrease)/increase in provisions	(160)	29
(Decrease) in net pension liabilities	(1,060)	(840)
Corporation tax	(26)	(31)
Net cash generated from operating activities	4,244	5,538
Cash flows from investing activities		
Purchase of intangible fixed assets	(667)	(446)
Purchase of tangible fixed assets	(1,755)	(1,551)
Sale of tangible fixed assets	201	280
Purchase of investment properties	(136)	(79)
Sale of investment properties	190	-
Purchase of investment	(370)	-
Interest received	3	18
Income from investments	-	302
Net cash from investing activities	(2,534)	(1,476)

Claverley Holdings Limited

Consolidated statement of cash flows (continued) For the period ended 31 December 2016

	31 December 2016 £000	2 January 2016 £000
Cash flows from financing activities		
Issue of loan	1,000	-
Repayment of loans	(2,871)	(3,238)
Interest paid	(408)	(581)
Purchase of share in non-controlling interest	(31)	(81)
Net cash used in financing activities	(2,310)	(3,900)
Net (decrease)/increase in cash and cash equivalents	(600)	162
Cash and cash equivalents at beginning of period	2,309	2,147
Cash and cash equivalents at the end of period	1,709	2,309
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	2,857	4,922
Bank overdrafts	(1,148)	(2,613)
	1,709	2,309

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

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

1. General information

Claverley Holdings Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is shown on the company information page. The nature of the group's operations and its principal activities is shown in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The functional and presentational currency is pounds sterling and the financial statements have been rounded in thousands.

The preparation of financial statements 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 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the 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.

2.3 Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- No statement of comprehensive income has been presented for the parent company;
- No disclosure 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.

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

2. Accounting policies (continued)

2.4 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.

2.5 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.

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 31 December 2016

2. Accounting policies (continued)

2.6 Intangible assets

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, which is considered to be the useful economic life.

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.

Mastheads

Mastheads are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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 31 December 2016

2. Accounting policies (continued)

2.7 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.

2.8 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 continue to be charged over the period to the first market rent review rather than the term of the lease.

2.9 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

2. Accounting policies (continued)

2.10 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 Consolidated income statement.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

2. Accounting policies (continued)

2.14 Financial instruments (continued)

Financial liabilities

Financial liabilities comprise bank overdrafts, bank loans, 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.

2.15 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.

2.16 Interest income

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

2.17 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.

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

2. Accounting policies (continued)

2.18 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 payment obligations.

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

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

2. Accounting policies (continued)

2.18 Pensions (continued)

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.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.20 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.

2.21 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.

2.22 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.

2.23 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 31 December 2016

2. Accounting policies (continued)

2.24 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.

2.25 Current and deferred taxation

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

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

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

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

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

Deferred taxation balances are not discounted.

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

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

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

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. 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 £37,170,000 (2 January 2016: £28,030,000), comprising assets of £285,380,000 (2 January 2016: £251,010,000) and liabilities of £322,050,000 (2 January 2016: £279,040,000). 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 31.

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 31 December 2016

3. Judgements in applying accounting policies (continued)

E. Onerous lease provision

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. 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 31 December 2016

4. Turnover

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

	52 weeks ended 31 December 2016 £'000	53 weeks ended 2 January 2016 £'000
Publishing and printing	89,010	94,284
Technology	1,729	1,695
	90,739	95,979

Analysis of turnover by country of destination:

	52 weeks ended 31 December 2016 £'000	53 weeks ended 2 January 2016 £'000
United Kingdom	71,031	73,982
Rest of Europe	19,629	21,984
Rest of the world	79	13
	90,739	95,979

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

5. Net operating expenses

	52 weeks ended 31 December 2016 £'000	53 weeks ended 2 January 2016 £'000
Purchases of goods for resale	3,869	3,908
Staff costs (note 8)	36,591	38,136
Raw materials and consumables	26,342	28,848
Other operating charges	15,180	14,999
Depreciation of tangible fixed assets	3,686	5,270
Amortisation and impairment of intangible fixed assets	3,983	2,742
Exceptional items	997	536
	90,648	94,439

Included within net operating expenses is net exceptional costs of £997,000 (2 January 2016 - £536,000). This relates to severance payments of £853,000 (2 January 2016 - £536,000), a write off of stock £124,000 (2 January 2016 - £Nil) and an impairment of £20,000 (2 January 2016 - £Nil). Exceptional items, depreciation, amortisation and impairment total £8,666,000 (2 January 2016 - £8,548,000).

6. Operating profit

The operating profit is stated after charging:

	52 weeks ended 31 December 2016 £000	53 weeks ended 2 January 2016 £000
(Profit)/loss on disposal of fixed assets	(148)	41
Operating lease costs	1,271	1,715
Defined contribution pension cost	1,687	2,202
Defined benefit pension cost	280	330

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

7. Auditor's remuneration

	52 weeks ended 31 December 2016 £'000	53 weeks ended 2 January 2016 £'000
Fees payable to the Group's auditor for the audit of the Group's annual accounts	10	11
	10	11
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the Group	73	139
Other services relating to taxation	38	47
All other services	130	48
	241	234

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

8. Employees

Staff costs (including directors) were as follows:

	52 weeks ended 31 December 2016 £'000	53 weeks ended 2 January 2016 £'000
Wages and salaries	31,665	32,682
Social security costs	2,959	2,922
Cost of defined contribution scheme	1,967	2,532
	<u>36,591</u>	<u>38,136</u>

In addition to the above, exceptional severance costs of £853,000 (2 January 2016 - £536,000) were incurred, see note 5.

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

	52 weeks ended 31 December 2016 No.	53 weeks ended 2 January 2016 No.
Publishing and printing	898	940
Technology	45	48
Administration	15	15
	<u>958</u>	<u>1,003</u>

The company did not incur staff costs during the period (2 January 2016 - £Nil). The average monthly number of employees in the company, including the directors, during the period was as Nil (2 January 2016 - Nil).

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

9. Directors' remuneration

	52 weeks ended 31 December 2016 £'000	53 weeks ended 2 January 2016 £'000
Directors' emoluments	1,423	1,158
Company contributions to money purchase pension schemes	95	92
	1,518	1,250

There were no directors in the group's defined benefit pension scheme (2 January 2016 - Nil). There were 4 directors in the group's defined contribution pension scheme (2 January 2016 - 4) during the period. Contributions were paid to an external pension scheme during the period on behalf of 1 director (2 January 2016 - 1).

The total amount payable to the highest paid director in respect of emoluments was £489,660 (2 January 2016 - £419,019). Company pension contributions of £Nil (2 January 2016 - £Nil) were made to a defined contribution scheme on their behalf.

10. Interest receivable

	52 weeks ended 31 December 2016 £'000	53 weeks ended 2 January 2016 £'000
Dividends from unlisted investments	-	302
Other interest (note 21)	1,342	-
Bank deposits	42	20
	1,384	322

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

11. Interest payable and similar charges

	52 weeks ended 31 December 2016 £'000	53 weeks ended 2 January 2016 £'000
Bank loan and overdraft interest payable	447	484
Amortisation of loan arrangement fee	53	84
Other interest payable	-	216
	<u>500</u>	<u>784</u>

12. Other finance costs

	52 weeks ended 31 December 2016 £'000	53 weeks ended 2 January 2016 £'000
Net interest on net defined benefit liability	(1,050)	(1,280)
	<u>(1,050)</u>	<u>(1,280)</u>

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

13. Taxation

	52 weeks ended 31 December 2016 £'000	53 weeks ended 2 January 2016 £'000
Corporation tax		
Adjustments in respect of previous periods	(3,711)	52
	<u>(3,711)</u>	<u>52</u>
Foreign tax		
Foreign tax on income for the year	26	31
	<u>26</u>	<u>31</u>
Total current tax	<u><u>(3,685)</u></u>	<u><u>83</u></u>
Deferred tax		
Origination and reversal of timing differences	67	(281)
Changes to tax rates	366	318
Adjustments in respect of previous periods	(136)	35
	<u>297</u>	<u>72</u>
Total deferred tax	<u><u>297</u></u>	<u><u>72</u></u>
Taxation on (loss)/profit on ordinary activities	<u><u>(3,388)</u></u>	<u><u>155</u></u>

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

13. 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% (2016 - 20%). The differences are explained below:

	52 weeks ended 31 December 2016 £'000	53 weeks ended 2 January 2016 £'000
Loss on ordinary activities before tax	(75)	(263)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	(15)	(53)
Effects of:		
Expenses not deductible for tax purposes	664	495
Adjustments in respect of prior periods	(3,847)	87
Short term timing differences	-	(20)
Effect of change in tax rate	316	349
Exempt income not chargeable to tax	(24)	-
Deferred tax not recognised	92	(49)
Differences between UK and overseas tax rate	(206)	(311)
Defined benefit pension adjustment	(340)	(340)
R&D expenditure credits	(28)	(3)
Total tax charge for the period	(3,388)	155

Factors that may affect future tax charges

The tax rate will reduce to 19% as of 1 April 2017 and 18% as of 2020. 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.

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

14. Intangible assets

Group and Company

	Development costs £'000	Mastheads £'000	As restated Total £'000
Cost			
At 3 January 2016	2,362	51,327	53,689
Additions	667	-	667
At 31 December 2016	3,029	51,327	54,356
Amortisation			
At 3 January 2016 (as restated)	822	32,626	33,448
Charge for the year	181	2,566	2,747
Impairment charge	-	1,236	1,236
At 31 December 2016	1,003	36,428	37,431
Net book value			
At 31 December 2016	2,026	14,899	16,925
At 2 January 2016	1,540	18,701	20,241

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

15. Tangible fixed assets

Group

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 3 January 2016	29,666	94,504	7,266	131,436
Additions	136	1,393	226	1,755
Disposals	(2,627)	(926)	(72)	(3,625)
At 31 December 2016	<u>27,175</u>	<u>94,971</u>	<u>7,420</u>	<u>129,566</u>
Depreciation				
At 3 January 2016	14,030	77,870	6,323	98,223
Charge for the period on owned assets	287	3,156	243	3,686
Disposals	(2,600)	(900)	(72)	(3,572)
At 31 December 2016	<u>11,717</u>	<u>80,126</u>	<u>6,494</u>	<u>98,337</u>
Net book value				
At 31 December 2016	<u>15,458</u>	<u>14,845</u>	<u>926</u>	<u>31,229</u>
At 2 January 2016	<u>15,636</u>	<u>16,634</u>	<u>943</u>	<u>33,213</u>

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

	31 December 2016 £'000	2 January 2016 £'000
Short leasehold	21	21
Freehold	15,437	15,615
	<u>15,458</u>	<u>15,636</u>

The aggregate amount of capital expenditure for the Group authorised and contracted for by the Directors at 31 December 2016 was £306,000 (2 January 2016 - £Nil). 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 31 December 2016

16. Investment property

Group

	Freehold investment property £'000
Valuation	
At 3 January 2016	2,796
Additions	136
Disposals	(190)
Deficit on revaluation	(20)
At 31 December 2016	2,722

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 31 December 2015, 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:

	31 December 2016 £'000	2 January 2016 £'000
Historic cost	1,569	1,437
Accumulated depreciation and impairments	(476)	(446)
	1,093	991

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

17. Fixed asset investments

Group

	Investments £000
Cost	
Additions	370
At 31 December 2016	<u>370</u>
Net book value	
At 31 December 2016	<u>370</u>
At 2 January 2016	<u>-</u>

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 7% stake in this business and has also provided the company with a loan of £0.7m.

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Guilton Group Limited	Ordinary	100 %	Holding company
Claverley Company Limited	Ordinary	100 %	Holding company

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

17. Fixed asset investments (continued)

Claverley Company Limited's registered office is 51 - 53 Queen St, Wolverhampton, West Midlands, WV1 1ES.

Guiton Group Limited's registered office is Guiton House, Five Oaks, St Saviour, Jersey, JE4 8XQ.

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Claverley Group Limited	Ordinary	100 %	Holding company
Press Computer Systems Limited	Ordinary	100 %	Marketing of computer systems
Precision Colour Printing Limited	Ordinary	100 %	Commercial printers
Roughton Insurances Limited	Ordinary	100 %	Insurance
Nurton Holdings Limited	Ordinary	100 %	Holding company
Jersey Evening Post Limited	Ordinary	100 %	Newspaper publishers
CI Newsagents Limited	Ordinary	100 %	Retail
Guernsey Press Company Limited	Ordinary	100 %	Newspaper publishers
Guiton Publishing Limited	Ordinary	100 %	
Guiton Trustees Limited	Ordinary	100 %	
The Midland News Association Limited	Ordinary	99.6 %	Holding company
Express and Star Limited	Ordinary	99.6 %	Newspaper publishers
Shropshire Newspapers Limited	Ordinary	99.6 %	Newspaper publishers
MNA Leasing Limited	Ordinary	99.6 %	Dormant
MNA Properties Limited	Ordinary	99.6 %	Property management
MNAIP Limited	Ordinary	99.6 %	Intellectual property management
MNA Broadcasting Limited	Ordinary	99.6 %	Dormant
Shropshire Star Limited	Ordinary	99.6 %	Dormant
MNA Magazines Limited	Ordinary	99.6 %	Dormant
Midland News Limited	Ordinary	99.6 %	Dormant

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

17. Fixed asset investments (continued)

Roughton Insurances Limited registered office is Level 5, Mill Court, St Peter Port, Guernsey, GY1 1EJ.

The Guernsey Press registered office is Braye Road, Vale, Guernsey, CI, GY1 3BW.

Jersey Evening Post Limited, CI Newsagents Limited, Guiton Publishing Limited and Guiton Trustees Limited registered office is Guiton House, Five Oaks, St Saviour, Jersey, JE4 8XQ.

All other companies in the group have the registered office of 51 - 53 Queen St, Wolverhampton, West Midlands, WV1 1ES in England and Wales.

Company

	Investments in subsidiary companies £000
Cost	
At 3 January 2016	31,200
At 31 December 2016	<u>31,200</u>
Impairment	
Charge for the period	6,674
At 31 December 2016	<u>6,674</u>
Net book value	
At 31 December 2016	<u>24,526</u>
At 2 January 2016	<u>31,200</u>

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

18. Stocks

	Group 31 December 2016 £'000	Group 2 January 2016 £'000	Company 31 December 2016 £'000	Company 2 January 2016 £'000
Raw materials and consumables	2,063	1,981	-	-
Work in progress	542	604	-	-
Finished goods and goods for resale	186	122	-	-
	2,791	2,707	-	-

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 £364,981 (2 January 2016 - £76,270).

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

19. Debtors

	Group 31 December 2016 £000	Group 2 January 2016 £000	Company 31 December 2016 £000	Company 2 January 2016 £000
Due after more than one year				
Deferred tax asset	6,577	6,452	-	-
	<u>6,577</u>	<u>6,452</u>	<u>-</u>	<u>-</u>
	Group 31 December 2016 £'000	Group 2 January 2016 £'000	Company 31 December 2016 £'000	Company 2 January 2016 £'000
Due within one year				
Trade debtors	12,204	13,270	-	-
Other debtors	3,022	2,446	-	-
Prepayments and accrued income	2,606	2,506	-	-
	<u>17,832</u>	<u>18,222</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 £5,604 (2 January 2016 - £191,255).

20. Cash and cash equivalents

	Group 31 December 2016 £000	Group 2 January 2016 £000	Company 31 December 2016 £000	Company 2 January 2016 £000
Cash at bank and in hand	2,857	4,922	-	-
Less: bank overdrafts	(1,148)	(2,613)	-	-
	<u>1,709</u>	<u>2,309</u>	<u>-</u>	<u>-</u>

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

21. Creditors: Amounts falling due within one year

	Group 31 December 2016 £'000	Group 2 January 2016 £'000	Company 31 December 2016 £'000	Company 2 January 2016 £'000
Bank overdrafts	1,148	2,613	-	-
Bank loans (note 23)	4,120	2,680	-	-
Trade creditors	5,707	6,845	-	-
Amounts owed to group undertakings	-	-	45	33
Corporation tax	1,788	5,392	-	-
Other taxation and social security	1,132	1,682	-	-
Other creditors	1,907	1,684	-	-
Accruals and deferred income	4,274	5,657	-	12
	20,076	26,553	45	45

The group was party to two HMRC enquiries into the tax implications of transactions that were entered into in prior years. Similar transactions were the subject of litigation for other tax payers and the group was a follower of those cases. Both cases have subsequently been found in favour of HMRC and the final amount of tax and accrued interest due agreed with HMRC in December 2016 and paid in full on 9th January 2017. This had led to the release of accrued interest of £1.3m as recorded in note 10.

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

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

	Group 31 December 2016 £'000	Group 2 January 2016 £'000	Company 31 December 2016 £'000	Company 2 January 2016 £'000
Bank loans (note 23)	3,051	6,198	-	-
Amounts owed to parent and subsidiary undertakings	-	-	32,984	32,183
Other creditors	-	110	-	-
9.21% preference shares	855	855	855	855
	3,906	7,163	33,839	33,038

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. The preference shares have no voting rights, and dividends are payable on winding up in preference to other shares in issue.

23. Loans

Maturity of debt:

	Group 31 December 2016 £'000	Group 2 January 2016 £'000	Company 31 December 2016 £'000	Company 2 January 2016 £'000
Amounts falling due within one year				
Bank loans	4,120	2,680	-	-
Amounts falling due 1-2 years				
Bank loans	1,594	3,966	-	-
Amounts falling due 2-5 years				
Bank loans	1,457	2,232	-	-
	7,171	8,878	-	-

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 31 December 2016

24. Financial instruments

	Group 31 December 2016 £000	Group 2 January 2016 £000	Company 31 December 2016 £000	Company 2 January 2016 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	18,083	20,638	-	-
	<u>18,083</u>	<u>20,638</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(20,064)	(25,787)	(33,029)	(32,228)
	<u>(20,064)</u>	<u>(25,787)</u>	<u>(33,029)</u>	<u>(32,228)</u>

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

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

25. Deferred taxation

Group

	£000
At 2 January 2016	6,452
Charged to profit or loss	(297)
Credited to other comprehensive income	422
Utilised in year	-
At 31 December 2016	<u><u>6,577</u></u>

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

25. Deferred taxation (continued)

	Group 31 December 2016 £000
Accelerated capital allowances	2,126
Sundry timing differences	226
Pension surplus	4,225
	<u>6,577</u>

There is an unrecognised deferred tax asset for the group of £1.6m (2 January 2016: £1.6m) in respect of trading and non-trading losses.

26. Provisions

Group

	Dilapidation provision £'000	Other provision £'000	Onerous lease provision £'000	Total £'000
At 3 January 2016	418	100	1,072	1,590
Charged to profit or loss	64	(100)	(124)	(160)
At 31 December 2016	<u>482</u>	<u>-</u>	<u>948</u>	<u>1,430</u>

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

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

27. Reserves

Profit and loss account

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

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

28. Share capital

	31 December 2016 £'000	2 January 2016 £'000
Shares classified as equity		
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.

Shares classified as debt

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

29. Prior year adjustment

The group has identified that in previous years there has been a shortfall of amortisation recorded for the mastheads based on its accounting policy of 20 years, total being £5.2m. As a result retained earnings and masthead amortisation brought forward as at 28 December 2014 have been reduced by £3.63m. The amortisation charge for the period ended 2 January 2016 has increased by £1.59m, resulting in retained earnings and masthead net book value brought forward as at 3 January 2016 being reduced by £5.63m.

30. 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 31 December 2016, the group's net debt under the above facilities totalled £2.6m (2 January 2016 - £4.0m).

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

31. 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 £3,424,000 (2 January 2016: £2,563,000) 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	01.01.2014
Actuarial method	Projected Unit	Attained Age	Projected Unit
Market value of assets	£230.2m	£24.3m	£12.5m
Funding level	93.1%	92%	80%

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

31. Pension commitments (continued)

	31 December 2016 £'000	2 January 2016 £'000
Reconciliation of present value of plan liabilities		
At the beginning of the year	279,040	296,800
Current service cost	280	330
Interest cost	10,680	10,510
Actuarial gains/(losses)	42,960	(18,680)
Contributions	190	200
Benefits paid	(10,600)	(10,120)
At the end of the year	322,550	279,040

Composition of plan liabilities:

	31 December 2016 £'000	2 January 2016 £'000
Schemes wholly or partly funded	(322,550)	(279,040)
Total plan liabilities	(322,550)	(279,040)

Reconciliation of present value of plan assets:

	31 December 2016 £'000	2 January 2016 £'000
At the beginning of the year	251,010	260,800
Interest income	9,630	9,230
Actuarial gains/(losses)	32,760	(11,550)
Contributions	2,580	2,750
Benefits paid	(10,600)	(10,120)
Derecognition of surplus	-	(100)
At the end of the year	285,380	251,010

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

31. Pension commitments (continued)

The actual return on plan assets is £42,390,000 (2 January 2016 - £2,320,000).

Composition of plan assets:

	31 December 2016 £'000	2 January 2016 £'000
European equities	7,094	6,100
European bonds and gifts	172,323	194,200
Property	2,890	2,970
Cash and other	103,073	47,740
Total plan assets	285,380	251,010
	31 December 2016 £'000	2 January 2016 £'000
Fair value of plan assets	285,380	251,010
Present value of plan liabilities	(322,550)	(279,040)
Net pension scheme liability	(37,170)	(28,030)

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

31. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	31 December 2016 £'000	2 January 2016 £'000
Current service cost	280	-
Interest on net liability	(1,050)	(1,280)
Total	(1,330)	(1,280)

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £44,400,000 (2 January 2016 - £(34,200,000)).

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

31. Pension commitments (continued)

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

	31 December 2016 £'000	2 January 2016 £'000
Analysis of actuarial loss recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	32,760	(11,550)
Experience gains and losses arising on the scheme liabilities	4,370	2,980
Changes in assumptions underlying the present value of the scheme liabilities	(47,330)	15,700
	<u>(10,200)</u>	<u>7,130</u>

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

	31 December 2016	2 January 2016
Pension scheme A		
Discount rate	2.70 %	3.90 %
RPI inflation	3.30 %	2.90 %
CPI inflation	2.20 %	1.80 %
Mortality rates		
- for a male aged 65 now	20.8	22.1
- at 65 for a male aged 45 now	23.1	24.4
- for a female aged 65 now	22.5	24.5
- at 65 for a female member aged 45 now	24.9	26.8
Pension scheme C		
Discount rate	3.90 %	3.90 %
Rate of compensation increase	3.40 %	3.40 %
RPI inflation	3.40 %	3.40 %
Mortality rates		
- for a male aged 65 now	22.5	22.4
- at 65 for a male aged 45 now	24.8	24.5
- for a female aged 65 now	24.6	24.7
- at 65 for a female member aged 45 now	27.1	27.0
Pension scheme D		
Discount rate	3.90 %	3.90 %

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

31. Pension commitments (continued)

Rate of compensation increase	3.40 %	3.40 %
RPI inflation	3.40 %	3.40 %
Mortality rates		
- for a male aged 65 now	22.5	22.4
- at 65 for a male aged 45 now	24.8	24.5
- for a female aged 65 now	24.6	24.7
- at 65 for a female member aged 45 now	27.1	27.0

32. Commitments under operating leases

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

	31 December 2016 £'000	2 January 2016 £'000
Not later than 1 year	1,601	1,660
Later than 1 year and not later than 5 years	3,355	4,216
Later than 5 years	339	713
	<u>5,295</u>	<u>6,589</u>

The company has no commitments under non-cancellable operating leases either in the current or prior period.

Claverley Holdings Limited

Notes to the financial statements For the period ended 31 December 2016

33. Related party transactions

The group has taken advantage of the exemption in FRS 102, 33.2 not to disclose transactions with wholly owned related parties.

The group owns 99.6% (2 January 2016 - 99.4%) of The Midland News Association Limited and during the period ended 31 December 2016 the group charged management charges of £1,896,000 (2 January 2016 - £1,856,000) and received dividends of £25,200 (2 January 2016 - £25,200) from The Midland News Association Limited.

As at 31 December 2016, the group was owed £266,000 (2 January 2016 - £2,700,000) from The Midland News Association Limited and owed £Nil (2 January 2016 - £121,000) to Express and Star Limited.

The group has incurred expenditure at an arm's length value on behalf of directors of £13,700 and have balances included within prepayments totaling £12,645 (2 January 2016 - £1,368).

Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £1,859,461 (2 January 2016 - £1,982,790).

34. Controlling party

In the opinion of the directors there is no one ultimate controlling party.